An Introduction to EFET

9th of November 2021
Agenda

1. A brief history of EFET and mission statement
2. Key EFET documents
3. EFET Deutschland
4. EFET staff members
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6. Legal Committee
7. EFET Training & Legal Masterclass
8. Local Issuing Office for EIC codes
9. EFET Structure
10. Our Board
11. EFET Committee Chairs & Senior Officer Holders
12. EFET ways of working
13. Role of Committee Chairs and the Secretariat
14. Decision making & approval processes at EFET
15. EFET core principles & 10 pillars
A Brief History of EFET

- 1998 – The idea for EFET is developed by Jan van Aken and Paul van Son.
- 22 April 1999 – EFET is established as a Stichting (a Foundation established under Dutch Law).
- 2001 – EFET Deutschland founded
- 2005 – EFETnet founded
- 2011 – First Bye-Laws adopted
- 2017 – EFETnet divested via a management buy-out

EFET has been a consistent advocate for energy market liberalisation.

- Influencing multiple pieces of EU legislation.
- The EFET standard contract is the basis for the majority of trading in Europe.

- Membership has grown from the original 5 members to 87 regular and 43 associate members in 2020.
We promote **competition, transparency** and **open access** in the European energy sector.

We build trust in power, gas and associated markets across Europe, so that they may underpin a **sustainable, efficient** and **secure energy supply** and enable the **transition to a carbon neutral economy**.

We do this by:

- Working to maintain the **functionality** and **good design** of **European gas, electricity and associated markets** for the benefit of the overall economy, society and end consumers.

- Developing and maintaining **standard wholesale supply contracts** and **standardising related transaction and business processes**.

- Elaborating and promoting **wholesale market design improvements** and taking policy initiatives, for **discussion between traders, market operators and others** in the energy value chain on the one hand and **facilitating debate amongst TSOs, regulators, policy makers, and legislators** on the other.
“Our mission is to improve conditions for energy trading in Europe and to foster the development of an open, liquid and transparent European wholesale energy market.”

Our main activities

- Advocacy for liberalised markets
- Promotion of energy trading in Europe
- Standardisation of contracts

Improving the wholesale energy market through better

- Information transparency
- Data exchange
- Products and procedures
- Laws
- Regulation
- Taxation
- European Contracts
- Organised market
Key EFET Documents

- **The Bye-Laws:**
  → Which detail how EFET operates.

- **The Core Principles for Energy Markets:**
  → Which guide our policy positions.

- **The 10 Pillars:**
  → Which each member company undertakes to follow.
EFET Deutschland is a separate organisation – headquartered in Berlin.

EFET Deutschland is run by Geschäftsführer Barbara Lempp with support from Marko Cubelic.

The EFET Deutschland Board is chaired by Bernhard Walter (ENBW).

5 of the 9 members of the EFET Deutschland Board are also members of the EFET Board – to ensure consistency between the organisations.
EFET Staff Members

Mark Copley  Doug Wood  Peter Styles  Marianne Alfenaar  Barbara Lempp  Marko Cubelic  Pawel Lont

Maria Popova  Lorenzo Biglia  Federico Barbieri  Jérôme Le Page  Sandra Milardovic  Jan Haizmann  Sonia Auguscik  Filip Sleeuwagen

Mike Bostan  Aygul Avtakhova  Nataliya Askerova  Mariana Liakopoulou  Stuart Beeston  Gavin Ferguson
Categories of Membership

- **Regular Membership** → gives members the right to
  - participate in all *meetings and activities* of EFET and its respective Committees, Working Groups and Task Forces
  - be involved in any *decision-making process* at such meetings as well as at the Annual General Meeting

- **Associate Membership** → gives full access to the member section of the EFET website. Associate Members cannot
  - become members of any task force, work group or committee (their status is purely informational)
  - vote at the Annual General Meetings.

Members of EFET Deutschland must also be members, in some form, of EFET

**Membership Fee 2022 (euros)**

<table>
<thead>
<tr>
<th>Membership</th>
<th>Fee 2022 (euros)</th>
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<tbody>
<tr>
<td>Regular Membership</td>
<td>18,600</td>
</tr>
<tr>
<td>Associate Membership</td>
<td>5,600</td>
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**Eligibility**

- EFET represents the interests of parties trading energy. That is parties who “trade on their own account”
- Active members include representatives of trading divisions of upstream oil & gas producers, utilities, competitive suppliers, power generators, banks, pure traders; EU & non-EU; state owned, privately owned & publicly traded
- Power exchanges, brokers and network operators are not eligible to join

As of January 2021, EFET has 87 Regular members and 43 Associate members
A wide variety of EFET Member Companies ...

Regular members

Associate members

...all committed to the development of energy trading
The Legal Committee

EFET Legal Committee is one of key standardisation arms of EFET tasked with coordinating EFET contract development, legal opinion procurement and similar activities intended to facilitate the trading of energy. There is a separate fee for membership of the Legal Committee and different categories of membership:

- **Regular membership** is **15.000 € / year** (and Regular/Full Legal Committee Members must be either Full or Associate Members of EFET)
- **Associate membership** is **12.500 € / year** (and Associate LC members must be Associate or Full Members of EFET)
- **Access to the Legal Opinions Module** is **11.000 € / year** – this module gives EFET members the right to access a section of the EFET website covering more than 30 legal opinions, otherwise reserved for EFET Legal Committee Members only. This requires members to be an EFET Subscriber Member
- There is a special **Subscriber membership** available for companies which only require the Legal Module and are not EFET members
The EMTP

- The Energy Markets Training Programme (EMTP) is a specialised online training course providing a comprehensive insight into the complexities of energy commodity markets.

- Through seven detailed modules, the course provides participants with both a broad and deep knowledge of energy trading.

- The course is available to both EFET members and other interested parties upon payment of a fee.

- Anyone interested should contact Marianne Alfenaar at academy@efet.org.

Wider Training Activity

- We are always happy to share our experience with policy makers.

- EFET partners with the Council of European Energy Regulators (CEER) to offer training to regulators.

- We also organise sessions for Commission colleagues.

- And have sessions planned with MEP Assistants via the European Energy Forum.

- Mike Bostan (m.bostan@efet.org) coordinates this activity.
The EFET legal Masterclass is an intensive, across-the-board training seminar for delegates currently using or wishing to become familiar with the EFET General Agreements Concerning the Delivery and Acceptance of Electric Power and Natural Gas

Who should attend?

- Energy trading lawyers
- Traders and front office personnel
- Contract negotiators, back office personnel and contracts administration managers
- Risk and credit managers
- Treasury + all those who negotiate contracts

Course outline:

- Clarify specific issues with the industry expert on the EFET agreements
- Learn the history of the development of the EFET documents
- Understand why and how certain provisions came to be drafted as they were
- Learn the key risk allocation philosophies and mechanics employed in the drafting of each of the EFET form Master Trading and Credit Support documents, related supplemental Appendices and other EFET form documents

For more information, please contact:

Aygul Avtakhova (a.avtakhova@efet.org) or
Sonia Auguscik (s.auguscik@efet.org)

An Introduction to EFET – November 2021
A common identification scheme called EIC (Energy Identification Code) has been introduced to guarantee an efficient electronic data exchange in the European energy sector (gas and electricity).

EFET is entitled to allocate and maintain EIC codes in its capacity of a Local Issuing Office (LIO). The codes are allocated according to the current Reference Manual of ENTSO-E (Central Issuing Office - CIO).

Local Issuing Office (LIO) Management → Marko Cubelic (eic@efet.org)
The Board

There are 3 Board subgroups:

→ The Oversight sub-committee
→ The Finance sub-committee
→ The Grants sub-committee

EFET activities are overseen by a Board made up of 11 elected senior member company representatives and of up to 8 co-opted executive and non-executive members.

The Board typically meets on a quarterly basis and makes the decisions which steer the foundation.

Elections are held at the Annual General Meeting (normally November) for Regular Member Companies to appoint elected Board members.

The elected Board members may co-opt additional Board members by virtue of their essential functions in EFET.

For an elected member the normal term is two years and he or she may serve no more than up to two further terms of the same length.
Committee Chairs & Senior Officer Holders

Doug Wood
- Gas Committee Chair

Jérôme Le Page
- Electricity Committee Chair

Peter Styles
- Carbon Neutrality Strategy Group Interim Chair

Markus Bokermann
- EFET Chair

Mark Copley
- CEO

Barbara Lempp
- COO Business Process Optimisation Committee Chair

Jan Haizmann
- Legal Committee Chair

Karl-Peter Horstmann
- Market Supervision Committee Chair (RWE)
**Responsive**
Policy makers can rely on us for expert views, sometimes in short timelines

- Avoid bureaucracy
- Set clear timescales for engaging
- Strive to provide as much time as feasible

We ask members to
- Follow the timescales
- Recognise that making an impact sometimes requires us to respond fast

**Inclusive**
Our positions balance member interests without resorting to the lowest common denominator

- Ensure all members have a chance to input
- Consider all comments & explain inclusion/exclusion
- Always take a balanced, cross-organisation view

We ask members to
- Help us understand the issues underlying concerns
- Recognise the need for trade-offs on occasion

**Consistent**
Our reputation is enhanced/protected through consistency in the positions we advocate

- Ensure the EFET principles are followed
- Coordinate between groups and Committees
- Engage the Board where necessary

We ask members to
- Be aware of broader EFET positions
- Coordinate within companies to ensure consistency

**Impactful**
Our interventions reflect Europe’s challenges & are timed to have a meaningful impact

- Understand legislative timings
- Develop responses in advance
- Communicate and advocate

We ask members to
- Share intelligence about timelines
- Use their networks and contacts to support advocacy work
Role of Committee Chairs

→ **Committee Chairs** play a central role in steering EFET work

→ Working closely with the Chairs of relevant national/regional or subject specific **Task Forces & Working Groups**

→ Chairs may come from **member companies** or the **Secretariat**

- Determining the workplan for Committees
- Ensuring meetings are well managed
- Ensuring the views of all members are heard
- Developing and agreeing positions
- Coordinating internally with other groups to ensure a consistent message
- Coordinating external communications and advocacy
- Representing EFET externally
- Identifying opportunities to develop EFET activities
- Assessing member satisfaction and improving working practices.
The Secretariat supports the work of all EFET Committees, Task Forces & Working Groups - working closely with chairs.

Secretariat colleagues are retained consultants. This approach:

→ Provides flexibility for consultants and EFET

→ Enables the retention of senior individuals who EFET would not otherwise be able to attract

→ Contributes to ensuring that EFET provides value for money to members.

Each consultant is required to declare all other clients and/or potential conflicts of interest.
**EFET Decision Making & Approval Processes**

**Position Papers**
- Should be consistent with the EFET Principles
- Committee Chairs can agree positions consistent with the Principles
- Chairs should consult with other impacted Committees
- Positions requiring evolution of the Principles should be discussed with the Board
- Task Forces & Working Groups should liaise with the relevant Committee Chair in determining positions

**Press Releases**
- Require careful drafting by the Committee Chairs
- Must go via Communication Coordinator
- If there is an EFET Deutschland angle, Barbara Lempp should be consulted

**Formal letters**
- Any letter to a named Minister, Commissioner or very senior official requires the signature of the CEO or Board Chair
- Any such letter must be reviewed by the office holder
- Who must approve the use of their signature

**The Board**
- Should be involved in setting the Association’s direction
- Should consider major evolutions/changes to existing positions or changes to the EFET Principles themselves
- Will advise on matters of communications and advocacy
- Will also consider requests for membership
- And budget and administrative issues
EFET Core Principles for Energy Markets

1. Competition and market access
2. Access to networks
3. Wholesale energy markets and price formation
4. Generation adequacy and capacity remuneration mechanisms
5. Transparency
6. Freedom of choice of trading venue
7. Carbon pricing
8. Integration of renewable energy in wholesale markets
9. Technology neutrality and allocating system costs
10. Flexibility and storage
11. System balancing
12. Market integrity
13. Standardisation
Our 10 pillars → companies engaged in trading in energy markets will:

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<th>No.</th>
<th>Pillar Description</th>
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<tr>
<td>1</td>
<td>Respect and promote free and fair competition as the basis for trading sustainable traded energy markets.</td>
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<td>2</td>
<td>Not engage in any activities which would amount to market abuse, market manipulation or fraud, nor relay information known or strongly suspected to be false or misleading.</td>
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<td>3</td>
<td>Deal with each other in accordance with established market practices and the standards expected of professional market counterparties.</td>
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<td>4</td>
<td>Deal with customers fairly and with integrity and manage any conflicts of interest that may arise appropriately.</td>
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<td>5</td>
<td>Organise their energy trading business effectively, respecting appropriate segregation of staff duties, and exercise diligent control over trading functions.</td>
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<td>6</td>
<td>Establish effective risk management policies and control procedures governing the key risks managed by their energy trading functions.</td>
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<td>7</td>
<td>Establish compliance policies setting out the company’s procedures for fulfilling all legal and regulatory obligations and any related corporate governance rules relating to their energy trading functions.</td>
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<td>8</td>
<td>Ensure that their traders are suitably qualified and properly supervised to carry out their duties, including where appropriate to have taken relevant industry examinations.</td>
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<td>9</td>
<td>Prohibit employees from giving or receiving bribes and from indulging in other corrupt behaviour in all circumstances; establish policies governing gifts and hospitality, highlighting acceptable and unacceptable practices.</td>
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<td>10</td>
<td>Maintain accounts related to trading transactions and risk books in accordance with relevant accounting standards, and respecting normal audit practices.</td>
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