



Excerpt from the minutes of the meeting of the Risk Committee of IRGiT on 22 May 2019

Attendees:

Committee Members:

1. Tomasz Wieczorek – Committee Chairman, Representative of IRGiT
2. Leszek Prachniak – Committee Member, Representative of Towarowa Giełda Energii S.A. (Polish Power Exchange)
3. Olga Dzilińska-Pietrzak – Committee Member, Representative of Izba Energetyki Przemysłowej i Odbiorców Energii (Polish Chamber of Industrial Energetics and Energy Customers)
4. Katarzyna Piłat – Committee Member, Representative of Izba Gospodarcza Gazownictwa (The Chamber of the Natural Gas Industry)
5. Robert Sikorski – Committee Member, Representative of Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)
6. Arkadiusz Wronka – Committee Member, Representative of Towarzystwo Obrotu Energią (The Association of Energy Trading)
7. Iwona Ustach – Committee Member, Representative of Izba Domów Maklerskich

Invited guests:

8. Łukasz Goliszewski – Vice-President of the IRGiT Management Board
9. Jarosław Michalak – Representative of Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)
10. Krzysztof Borowiec – Representative of Towarzystwo Obrotu Energią (The Association of Energy Trading)
11. Katarzyna Matuszewska – Representative of Izba Domów Maklerskich
12. Janusz Kurzak – Representative of the European Federation of Energy Traders

The meeting was presided over by the Committee Chairman.

Course of the meeting:

1. Committee Members were familiarized with the organizational changes in the Committee which pertained to:
 - a. appointment of Tomasz Wieczorek, Director of the IRGiT Risk Management Department as the Committee Chairman,
 - b. notification of Arkadiusz Wronka as a new Committee Member representing the Association of Energy Trading,
 - c. expanding the composition of the Committee to include a representative of the European Federation of Energy Traders.

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2. The Committee was familiarized with the status of implementation of the Committee's recommendations from previous meetings. In particular, the Committee recapitulated the implementation of the auction mechanism for the needs of position closing in the electricity and gas markets (full implementation took place on 10 May 2019) and recapitulated the adoption of the new Clearing House Member default management procedure whose excerpt was published, in the form of rules, on IRGiT's website. The new Clearing House Member default management procedure assumes that IRGiT will carry out yearly default management procedure tests with participation of market participants. The Committee recommended that a draft test script be prepared for the next Committee meeting.
3. Representatives of IRGiT's external advisor responsible for the work on the implementation of new margin netting capabilities presented the details of the planned initial margin netting mechanisms:
 - a. BASE/PEAK/OFFPEAK cross-product netting in the electricity market
 - b. Cross-period netting within delivery groups
 - c. Cross-period netting between delivery groups

In particular, Committee Members were familiarized with the projected impact of application of the netting mechanisms on the value of initial margins from the perspective of the entire market.

The Committee recommended placing in the agenda of the next meeting an item pertaining to presentation of the results of the analyses of the impact of the netting mechanisms on the security of the entire clearing guarantee system, in particular, a presentation of the results of historical verification tests of the adopted models.

4. Committee Members were familiarized with selected statistics regarding the area of collaterals and risk management in IRGiT as at 30 April 2019 (total value of the required collaterals, structure of the collaterals lodged and statistics regarding the volatility level for yearly contracts).
5. Committee Members were familiarized with the planned review of IRGiT's regulations regarding the efficiency and effectiveness of their provisions in the case of a default of a Clearing House Member. The Committee adopted a recommendation regarding individual areas in which analyses will be carried out.
6. Committee Members were familiarized with the spot market security model and planned collateral mechanisms for XBID. The Committee recommended that the solutions proposed by IRGiT regarding development of security models for the spot market (including the XBID market), should not impact the level of the collaterals lodged with IRGiT.
7. The Committee was familiarized with the draft announcements regarding defaults in the market. Committee Members discussed the question of the scope of information which, in their opinion, should be found in the contents of the announcements.

The date of the next Committee meeting was set for 5 September 2019.

For more information on the Risk Committee see: <https://www.irgit.pl/en/risk-committee>