



## Excerpt from the minutes of the meeting of the Risk Committee of IRGiT on 7 March 2019

### Committee Members:

1. Łukasz Goliszewski – Committee Chairman, Representative of IRGiT
2. Leszek Prachniak – Representative of Towarowa Giełda Energii S.A. (Polish Power Exchange)
3. Olga Dzilińska-Pietrzak – Representative of Izba Energetyki Przemysłowej i Odbiorców Energii (Polish Chamber of Industrial Energetics and Energy Customers)
4. Katarzyna Piłat – Representative of Izba Gospodarcza Gazownictwa (The Chamber of the Natural Gas Industry)
5. Robert Sikorski – Representative of Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)
6. Piotr Wąsik – Representative of Towarzystwo Obrotu Energią (The Association of Energy Trading)
7. Maciej Maciejko – Representative of Związek Pracodawców Prywatnych Energetyki Konfederacji Lewiatan (Union of Private Energy Sector Employers)

### Invited guests:

8. Jarosław Michalak – Representative of Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)
9. Krzysztof Borowiec – Representative of Towarzystwo Obrotu Energią (The Association of Energy Trading)

### Course of the meeting:

1. The Committee was familiarized with the status of implementation of the Committee's recommendations from meetings on 25 October 2018 and 17 December 2018. In particular, the Committee recapitulated the changes in the collateral model introduced recently – implementation of a new model of monthly update of the risk parameters taking into account the staggered approach to attainment of the target model agreed with the market (full implementation from 28 February 2019) and implementation of a new model for netting of initial margins within Power Groups (implementation as of 1 March 2019). The Committee resolved that the presentation of the status of implementation of the Committee's recommendations from previous meetings will be a fixed item on the agenda of Committee meetings.
2. 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

Committee Members were informed about the planned project execution schedule and key schedule items (obtaining the approval of the Office of the Polish Financial Supervision Authority, adaptation of the clearing system in selected areas).

The Committee unanimously emphasized the high priority of the project in question and recommended expanding the agenda of the next meeting by an item pertaining to the project execution status and an item on presentation of the final value of the parameters adopted in the models.

3. Committee Members were familiarized with selected statistics regarding the area of collaterals and risk management in IRGiT as at 28 February 2019 (total value of the required collaterals, structure of the collaterals lodged, IRGiT's exposure to banks on account of bank guarantees and maintained resources, and statistics regarding the volatility level for yearly contracts). The Committee resolved that the presentation of selected statistics will be a fixed item on the agenda of Committee meetings.
4. The Committee discussed in detail the draft document entitled "Rules of conduct in the event of insolvency of an Exchange Clearing House Member". The document is an excerpt from the Clearing House Member Default Management Procedure and, in accordance with the information presented by IRGiT, it will be available to the public, which will increase the transparency and market awareness regarding the default management process. In particular, the Committee agreed upon the following issues:
  - a. Clearing House Members will be immediately informed about the occurrence of an event of default in the market,
  - b. IRGiT will carry out annual default management procedure tests with participation of market participants.
5. The Committee continued the discussion from previous meetings regarding default management, in particular discussed the following issues:
  - a. The status of the Committee's request for verification from the regulatory perspective of the possibility of using own funds by IRGiT in guarantee funds.
  - b. The scope of the planned legal analyses pertaining to regulating the question of default management in IRGiT's regulations, with special focus on the possibility of pursuit of claims from entities that caused a default,
  - c. Assumptions of the planned position concentration monitoring model in individual futures markets.
6. Committee Members were familiarized with the assumptions of the Clearing House Members financial standing analysis model.
7. Committee Members accepted IRGiT's proposal regarding defining in more detail IRGiT's regulations regarding bank guarantees as regards correlation of the insolvency risk of a bank and Clearing House Member (no acceptance of guarantees in the event of risks correlation).
8. Committee Members were familiarized with the draft amendments to IRGiT's Investment Policy and draft amendments to the resolution on non-cash collaterals as regards taking into account the cases of counterparty rating downgrading.
9. On the request of a Committee Member, the question of the possibility of earlier information of Clearing House Members about selected values contained in the clearing report was discussed. IRGiT's representative noted that this topic will be also discussed at the next meeting with market participants.

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The date of the next Committee meeting was set for 22 May 2019.

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