



Equias Quarterly 2020 - 2nd edition

This is the second edition of Equias Quarterly this year. It provides an update on developments over the past three months and we also look ahead to the rest of the year. We start this issue with a short interview with Hugh Brunswick, followed by the results of our recent client satisfaction survey. We also provide you with an update on eTM and eSM and will introduce you to electronic Back Office (eBO). Furthermore we report on the webinars we've organised or participated in. Finally, we let you know when you can expect upcoming webinars on our services.

Our view of the market



Five questions for Hugh Brunswick on market conditions under COVID19

Trading companies have been operating under difficult conditions – due to COVID19 – for three months now. What can you say about how this has affected the market?

From the trade volumes flowing through eCM and eRR during this period, it seems that trading activity has held up well, which is a testament to the people (along with the procedures and tools they use) who keep the market going. But data volumes only tell part of the story. We know that energy markets have been volatile and that energy prices have suffered from reduced demand as result of lockdowns across most of Europe.

Can you say something about the trading volumes compared to the same period last year?

OTC trading in the first quarter of 2020 exceeded that in the same period in 2019. In April things were noticeably lower, albeit in comparison with April 2019, which was the most active month on record. May 2020 was down on 2019, but not significantly and June 2020 transaction volumes are similar to those in June 2019. Hopefully, this positive trend will continue and we will see a steady improvement in demand and a return to more normal prices. difficult economic times ahead, but at least we can claim that our European wholesale energy market and the people who work in it have been able to meet the immediate challenge.

What are your expectations for the months ahead, now most European countries are slowly coming out of lockdown?

The biggest unknown seems to be the return of energy demand and it's not easy to predict how that will play out in an

atypical summer holiday season. In the absence of any major setbacks, I hope that in Q4/20 we will see a return to stability in terms of energy consumption and market activity. In the longer term we shall have to wait and see if we will indeed see a 'new normal' or a transition back to the 'old normal' in terms of energy use in the post-lockdown period.

How did Equias deal with the situation caused by COVID19?

We've just completed our annual user survey and I'm proud to say that all the responses about our services were very positive and that nobody noticed any real changes in relation to the lockdown – which is the best feedback we could have received. This because our systems and service team kept on performing to the same high standard that users have become used to over the past decade.

How did Equias perform in the last three months?

As I've just said, the feedback is that we coped really well with the unusual situation we were faced with.

Results of our client survey

In recent years we've been conducting an annual client survey prior to our conference, where the results are usually presented. Unfortunately, we were unable to meet in person this year for our annual conference, which was scheduled for the second week in June in Barcelona. Nevertheless we wanted to hear your experience of our services over the past 12 months. So we distributed the survey at the beginning of June and the results were shared during a client update webinar on 1 July. Below we present a summary of the results.

The results of the survey were very encouraging with nearly 80% of respondents rating our services as either "Very good" or "Excellent." Users see Equias as a product company, with key strengths related to ease of use, reliability, and client engagement. Areas for improvement included a sharper focus on spot-market data for eTM, more extended training and "how to" videos, as well as clearer communication when new clients take up one of our services.

A number of potential new services were proposed, including multilateral netting for eSM, a move to a fully SaaS model for our CMS and better reporting facilities. This was very encouraging, since this response reflected our key focus areas: eSM, eBO and our data infrastructure refresh.

The main challenges were not really a surprise: COVID-19, BREXIT, and adapting to digitalisation. We at Equias may not be able to help with all of these, but we believe that we do provide tools which make transition easier.

Overall, the results of the survey were very positive, and they gave us inspiration about areas to improve in the second half of 2020. We hope to present next year's survey in person.

Product update



electronic Trade Monitoring

eTM is being “re-platformed” and improved as part of a broader initiative to make the data we process and report on your behalf more accessible, so that as well as cost effective trade monitoring you will also be able to easily gain greater insight into the market in general. We believe that access to information reduces risk, leads to better decision making, and encourages great participation in, and better functioning of, the energy market.

We’ve also recently conducted an analysis of the behaviour of spot-market contracts in comparison with forward/futures contracts as part of our focus on monitoring of spot market trading. Trade monitoring algorithms make certain assumptions about how markets behave, which break down in the case of spot-market contract trading, especially as delivery approaches and other short term physical market events occur. This begs the question as to how trade monitoring of spot markets might be improved. If you’re interested, look out for the spot-market paper which will be published on our website in the upcoming weeks and/or participate in one of the upcoming spot-data special interest group meetings which we will be organising soon.



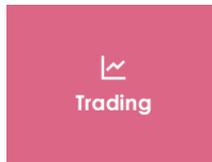
electronic Settlement Matching

eSM is a companion service to eCM and eRR - it completes automation of the back-office system for standard OTC energy trading. The basics of eSM are explained in this [animated video](#).

We implemented eSM in 2019 and, since the beginning of 2020, we’ve been working with the eSM early mover group, which comprises over 20 companies, to refine, test and implement eSM with the aim of going live in 2020.

The work of the eSM early mover group has been critical in understanding and resolving the technical and business issues of implementing a new end-to-end industry process that automates the matching of invoices and netting statements so that inter-company payments become fully automated. Knowledge of best practice when connecting a company to eSM is essential in de-risking the broad adoption of eSM across the industry and that is precisely what the eSM early mover group have been working on this year.

So eSM is set to go live in 2020 – and to be adopted industry-wide in 2021 – completing the automation of the OTC energy trading industry back office.



electronic Back Office

eBO is a new way to connect to our services and maintain your trades on the CMS for on-going back-office lifecycle processing in eCM, eRR and eSM. Initially designed for ETRM providers, eBO-compliant trading platforms come with all of our services built in.

eBO keeps a synchronised version of each trade in the CMS, across all of our services – eCM, eRR and eSM are ‘always on’, ensuring that all new trades and lifecycle events in the ETRM are automatically processed by the CMS.

There are currently two ETRM providers ready to use our eBO, one in the UK and one in Germany, and the first client is due to go live this month. More ETRM providers are scheduled to follow in 2020 and in 2021 we intend to make it available to traders.



Client contacts in Q2

Product demo's webinar

To ensure that our clients have the chance to keep up to date with our products and services we organised a series of online demos on 9 June. After a short opening address by Hugh Brunswick, our four main services were highlighted in individual demonstrations. We introduced the core functionalities of each service and there was time for questions after each session. More than 100 people joined us, many of whom asked for more in-depth follow-up meetings. If you would like a one-to-one product demo, please send an email to support@equias.org

ETW online

From 16-18 June Commodities People organised ETW online. We sponsored this online event and were represented in a panel discussion by Hugh Brunswick. Hugh explained how we are dealing with COVID19 and its effects on the trading business. Hugh also emphasised the importance of a trading monitoring system which helps organisations to manage their increased reputational and regulatory risk. It was possible to visit our virtual stand, where interested parties could see animated videos on eTM and eSM (N.B. these are also available on our website www.equias.org).

Client update webinar

As an alternative to our annual conference, we organised a client update webinar on 1 July. During this event Hugh Brunswick and Liam Dunne shared the results of our recent survey and presented a “solution roadmap” for the next 18 months.

Upcoming webinars

Following the positive feedback we received on the demos webinar, we decided to organise another series of demos. These will take place on **Wednesday 16 September**. Our main services – eSM, eTM, eRR and eCM – will be discussed in online demonstrations, each taking around 40 minutes. You will receive an invite for this webinar with exact timings in due course.

Support

Our team will soon return to the office and continue to support you from there. A plan is currently being developed so that everyone can work in safe conditions. We will let you know when it will be possible to contact the support team by phone (+44(0)1372 3657 60). Until then, please feel free to contact us via email: support@equias.org



Enjoy your summer!



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