



Speedwell **Climate**
› epexspot

Speedwell - EPEX Wind Power Quanto Indices

Indices for Renewable Energy Risk Management





Background

Speedwell Climate and EPEXSPOT are pleased to announce the release of three families of indices combining Speedwell's existing Wind Power Production Indices with EPEXSPOT price data. For wind power producers, asset holders and investors, these Wind Power Quanto Indices can be used to hedge the impact of shape risk, renewables cannibalisation and total revenue risk over a period of time (month, quarter, season, etc.).

Over the past five years the energy and climate risk markets have used Speedwell Climate's Wind Power Indices for OTC risk transfer relating to wind volume risk. These original indices model wind energy production based on a frozen asset base. They have been successfully used in a number of Australian, European and U.S. generation areas to manage renewable energy volume risk.

The Wind Power Quanto Indices represent a natural evolution combining generated energy volume and price information, thus covering the additional hedging needs arising from the relationship between renewable energy production volume and energy price. These indices may be of value as hedging tools to renewable energy companies, PPA buyers and sellers as well as fossil fuel generators.





Renewable Energy Risks

Both the timing and the volume of renewable energy production are highly variable and create unique risks for producers, investors, off-takers and the energy markets as a whole. These Wind Power Quanto Indices are designed to facilitate the management of three types of risk impacting this market.

Shape Risk

Renewable energy producers may hope to generate revenues according to an estimated day-ahead power curve but in practice their own output is intermittent and modifies the price curve. The risk corresponding to the difference between the expected price curve and the realised curve is known as Shape Risk.

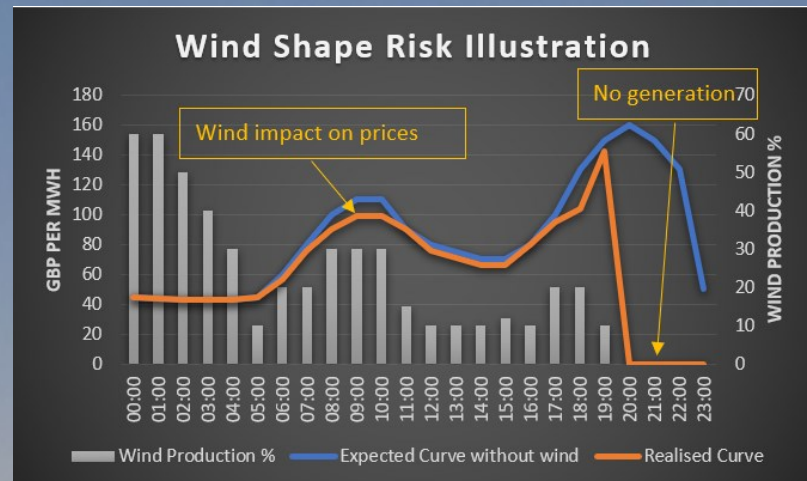
Cannibalisation Risk

With no fuel to burn when producing power, renewable energy companies can offer low auction prices. This competition can drive prices down and lead to a cannibalisation of revenues.

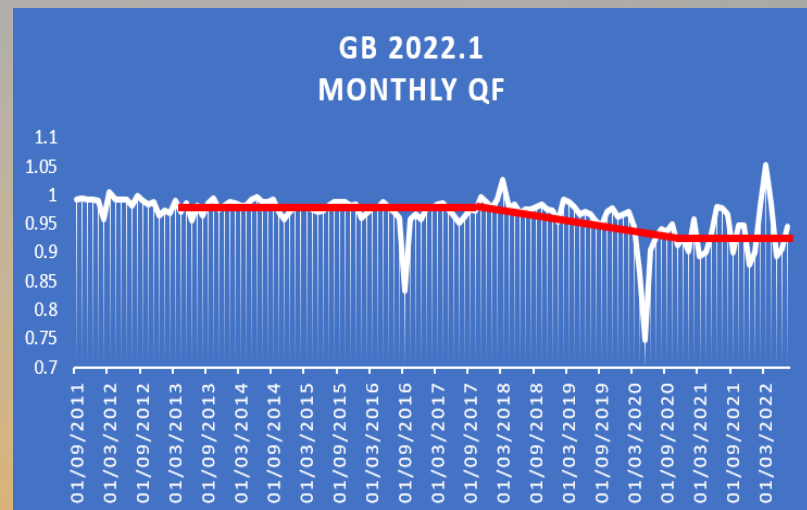
This cannibalisation can be directly quantified using the Quality Factor (QF) index. This is equal to the ratio between the achieved price and the baseload price.

Achieved Revenue Risk

Achieved Revenue Risk integrates all the risks faced by a renewable energy company including Shape Risk, cannibalisation and Achieved Price risk.



The above image depicts a day in which the realised hourly price curve deviates significantly from the curve that would have applied had there not been any production coming from wind. This risk between the expected and realised is known as Shape Risk.



The above image demonstrates the cannibalisation effect (decrease in Quality Factor) for wind power companies in the GB market since 2011. Wind power generation now captures a reduced fraction of the baseload price than it did historically.



Index Availability

Three Wind Power Index types are available for Great Britain (i.e. UK excluding Northern Ireland):

Achieved Revenue Index - revenues generated for each hour (volume multiplied by market price)

Achieved Price Index - measure of the actual price received on a weighted basis per MWh

Quality Factor Index - ratio of the Achieved Price Index to baseload price

Additional Geographies (coming soon)

We expect Wind Power Quanto Indices to be launched for the following geographies in Q1 2023:

- Belgium
- Germany
- Netherlands



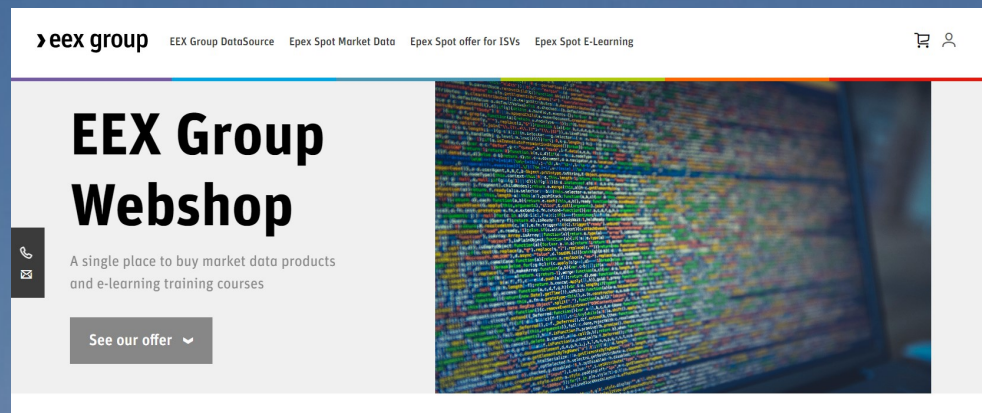


Index Access - Historical Values

Historic index values are available for analysis and structuring.

Region	Great Britain
Index Type	Achieved Revenue, Achieved Price, Quality Factor
Historical Period	2011 to present (with a 3-month delay)
Index Periods	Monthly, Quarterly, Extended Periods

Data can be accessed via the EPEX and Speedwell Climate online stores.



<https://webshop.eex-group.com/>



<https://www.SpeedwellClimate.com/>

Historic index values are available free-of-charge till March 2023. Licenses for consultants, resellers and distributors are available on a chargeable basis.



Index Access - Real-Time Data for Risk Transfer

Real time data for Risk Transfer is available from Speedwell Settlement Services on request via the Speedwell Settlement Services [website](#).

- The fee is dependent on underlying transaction size in MW and the term of the transaction.
- Standard Periods available: monthly, quarterly, seasonal.
- Tailored Periods: any non-standard period can be provided on request

The screenshot shows the Speedwell Settlement Services website. The header includes navigation links: Speedwell Settlement Services, Settlement Data, How It Works, Benchmark Statements, Other Services, Regulation, About, and Clients. The main banner features a landscape image with the text 'Request Service – Wind Power Quanto Indices'. Below this, a paragraph states: 'This form is used to request Settlement Data / Risk Transfer Feeds for the Speedwell Wind Power Indices (Volume) and the Wind Power Quanto Indices. Upon receiving your request, the Speedwell Settlement Services Team will contact you (by email) with a quote for the service.' The form title is 'Request Settlement Data / Risk Transfer Feeds'. The description reads: 'The following form is for requesting Settlement Data / Risk Transfer Feed for the Wind Power Quanto Indices. Please complete the form and submit it for review. A member of the Speedwell team will contact you shortly with a quote for the service.' A note mentions that all information is sensitive and should be sent to info@SpeedwellSettlementServices.com. The form section 'Transaction Details' contains three fields: 'Index Type' (dropdown), 'Transaction Type' (dropdown), and 'Start Date of the Transaction' (calendar icon).

Standard-Period Refund Scheme (SPRS)

The SPRS scheme is designed for more frequent users of the Speedwell - EPEX Wind Power Quanto Indices. For users of standard period contracts, SPRS allows self-reporting of trades and netting against offsetting trades in the same contract. In addition, discounts are applied to the charge depending on the total accumulated charges paid in the current quarter. Total charges are capped irrespective of volumes transacted. Paperwork is also simplified with a single master contract replacing the need for individual contracts.

Please [contact](#) Speedwell Settlement Services for further information.



Speedwell Climate

» epexspot

Contact Us

For general questions and sales enquiries relating to historical data please contact:

Speedwell Climate:
info@speedwellclimate.com

EPEX SPOT Market Data:
marketdata.sales@epexspot.com

For questions and enquiries relating to risk-transfer data feeds please contact:

Speedwell Settlement Services:
info@speedwellsettlementservices.com