

Glossary

API#2 Index (All Publications Index)	Price index for hard coal with a calorific value of 6,000 kcal/kg when delivered within the ARA territory. The financial quotation is shown including CIF (cost, insurance and freight) and NAR (net as received) in US\$ per tonne.
API#4 Index (All Publications Index)	Price index for hard coal deliveries FOB (free on board) Richards Bay (South Africa)
ARA	Oil and coal trading area in the triangle formed by the cities Amsterdam-Rotterdam-Antwerp. Alternative designations are NWE (North West Europe) or "Rotterdam".
Ask, offer	Price at which a seller is prepared to sell securities or products. Antonym: bid.
BAFA	German Federal Office of Economics and Export Control
Base (base load)	Electric power supplied during a standardized delivery period (month, quarter, year) over 24 hours of any given day as constant output. Synonym: fixed quantity deliveries
BDEW	German Federal Association of the Energy and Water Industry
bearish	A situation in which prices on the market are expected to fall. The bear is a symbol for pessimists on exchanges. Antonym: see "bullish"
BEE	Black Economic Empowerment
Bid	Price at which a buyer is prepared to buy securities. As a rule, the bid price is lower than the offer price.
Bid-ask spread/Bid-offer spread	Difference between the offer and asking price on a market. See also "spread".
Bilateral trade	See OTC market.
GDP	Gross domestic product
Broker	Person who buys and sells on an Anglo-American exchange. In contrast to the German broker (<i>Börsenmakler</i>), brokers are permitted to act on behalf of private clients as well. They are not themselves the contracting party. They are interested solely in the conclusion of the transaction and receive a brokerage fee for their services which is determined by the volume of the transaction. In the energy sector, there are brokers on the EEX, for instance. These so-called "certified brokers" have been admitted to the EEX and offer third parties a means of gaining access to this market
BTU (British Thermal Unit)	Trading unit on the American gas market. 1,000 BTU = 1,055 kilojoules or 0.2931 kWh = 0.036 kg TCE.
Bullish	A situation in which prices on the market are expected to rise. The bull is a symbol for optimists on exchanges. Antonym: see "bearish"
Capacity options	Options to buy or sell additional capacities. The prices for the contracted energy deliveries are not set until the purchase or sale is actually carried out.
Capesize	Size designation for bulk carriers between 100,000 and 150,000 DWT
CCS (Carbon Capture and Storage)	Separation of CO ₂ from the emissions of fossil fuel-fired power plants and the geological storage of the separated CO ₂ in suitable rock formations; it is one of the climate protection measures.
CER (Certified Emission Reductions)	CO ₂ emissions rights from successful CO ₂ reduction projects in developing countries (Clean Development Mechanism (CDM) projects).
CIF (cost, insurance and freight; named port of destination)	CIF, just like CFR and FOB, is an abbreviation for INCOTERMS. The seller accepts the same obligations in the CIF clause as in the CFR clause.
CIS	Confederation of Independent States
Clearing	Balancing of mutual claims between two or more partners, whereby the balance is settled by payment or crediting of the amount. Clearing may refer to trading transactions on exchanges and to forward transactions on OTC markets.
Compliance	Acting in accordance with applicable laws and regulations in accordance with requirements from government supervisory authorities, usual practice on exchanges etc. The goal of compliance is to ensure certain forms of behaviour in conformity with laws and regulations and to regulate conflicts of interest accordingly.
Contango	Forward curve for a base value; the prices for short-term contracts are lower than the prices for long-term contracts. The contrary market situation is known as backwardation.

Dark spread	See "spread".
Day ahead (today for tomorrow transaction)	In day-ahead trading, transactions are concluded for delivery and payment on the following day. These types of transactions are frequently attributed to the spot market and not to the forward market. The day-ahead trading on many power and gas exchanges is more significant than the intraday trading. Day-ahead transactions are frequently traded on the OTC market as well.
Derivative	Financial instrument derived from a trade agreement. At the point of time of its performance, the product itself (e.g. energy) is not delivered; instead, financial compensation dependent on the settlement price of the underlying base value is paid. Options and futures are important derivatives.
DIW	German Institute for Economic Research
ECE	Economic Commission for Europe
EE	Renewable energies
EEG	German Renewable Energy Act
EEX (European Energy Exchange)	European Energy Exchange, located in Leipzig. Electric power has been traded on the spot market here since the summer of 2000. Buy and sell bids for specific hours and blocks can be placed on the day-ahead auction market. The Phelix [®] is determined as a daily electric power index on the basis of the hourly spot market prices. Besides the day-ahead auction market, there is continuous day-ahead trading where buy and sell orders for blocks on base load and peak load are placed. Standardized futures can be traded on the EEX futures market. Monthly, quarterly and annual futures are offered with the Phelix [®] as the base price. Besides electric power, gas, coal and emissions certificates are traded on the EEX.
EFET (European Federation of Energy Traders)	Federation of about 60 European energy trading companies from 15 countries, headquarters in Amsterdam. The goals of the Federation of Energy Traders are the promotion of energy trade in Europe, the development of standards in the energy trade sector and the sharing of experience and information with the energy industry and government institutions.
EFET General Trader Agreement	General trader agreements of the EFET for the European power and gas trade regulate the general, essential rights and obligations of the parties; the subject of these agreements is the delivery of electric power and gas. Price and quantity of the concrete transactions are set forth in the separate trade agreements and not in the general trader agreement. Both are documented in the confirmation.
ETS	Emissions Trading Scheme
ERU (Emission Reduction Units)	CO ₂ emissions rights from successful CO ₂ reduction projects in other industrialised countries (Joint Implementation (JI) projects).
ETS (Emissions Trading Scheme)	European Union trading scheme for CO ₂ emissions rights. The trading scheme was implemented per 01/01/2005 for plant operators in the areas of combustion plants (especially power plants), refineries, coking plants, iron and steel mills, and the cement, glass, lime, tile, ceramics, pulp and paper industries. The first trading period encompassed the period from 2005 to 2007; the second began in 2008 and ended in 2012.
EUA (European Union Allowances)	CO ₂ emissions rights under the European Emissions Trading Scheme.
EWEA	European Wind Energy Association
FOB (free on board; named port of shipment)	Clause from the so-called INCOTERMS for maritime shipping of goods. The seller assumes the obligation to clear the goods through customs and to load them on board a ship specified by the buyer in the designated shipping port at its expense. The risk and any further shipping costs transfer to the buyer at the moment the goods cross the ship's railing.
Forward	Individually drafted futures transaction not traded on an exchange (see OTC) in which the parties mutually agree on the price of the traded object, the delivery quantities and the point in time at which performance becomes due or the delivery period. Furthermore, the security provisions are also agreed individually because, in contrast to a futures transaction, the business partners rather than the clearing office bear the counterparty risk.

Forward curve	Course of the current futures prices for various maturity dates. The forward curve shows the price at which futures contracts (forward and futures transactions) for a base value with varying maturity dates can be concluded at this time. See also backwardation, contango and HPFC.
Future	Contractual obligation to purchase or supply a pre-determined volume of power at a fixed price during a future delivery period. A future is a standardized forward contract, generally traded on the exchange, for which a financial exchange (cash settlement) between the trader and the exchange as the contract parties is effected. The amount corresponds to the difference to the price of the underlying transaction during the delivery period.
GVSt	German Hard Coal Association
ICER	International Certified Emission Reduction
IEA	International Energy Agency
Hedging	A reduction of the risk of unfavourable market developments by the conclusion of trade transactions. Depending on the selected hedging strategy and available trade products, a party can hedge against rising or falling prices, against unfavourable weather conditions or other risks. The basic types of price increase hedges include long transactions (future, forward, swap, call, cap and collar); short transactions (future, forward, swap and collar) can be used as strategies to protect from price declines.
HFO	Heavy fuel oil
ICE (IntercontinentalExchange)	The ICE in Atlanta/USA is one of the largest electronic commodity exchanges for natural gas, petroleum, precious metals, energy and weather derivatives; it is the owner of the International Petroleum Exchange (IPE) in London.
INCOTERMS (International Commercial Terms)	The INCOTERMS were established for the purpose of defining international rules for the interpretation of contract wordings in foreign trade contracts, avoiding misunderstandings arising from differences in trade practices and regulating the transfer of risk and costs from the seller to the buyer. The CIF, FOB and CFR clauses regulate contracts for maritime shipping, including the shipping of steam coal and other products.
Indexing/Index linkage	The price of a product is tied to an index. Prices for power and gas deliveries for a certain delivery period, for instance, can be tied to a contractually agreed index. It is important in this case that the index in use be transparent and observable for both parties (i.e. published).
kWh	kilowatt hour
CHP	Combined heat and power
LNG (Liquefied Natural Gas)	Natural gas which has been liquefied by cooling it to a temperature of -161°C . Liquefaction reduces the volume to about 1/600 of the volume of the natural gas under normal pressure (standard cubic metre), making it possible to transport large quantities of natural gas by ship.
Mark-to-Market	Measurement method used to measure the outstanding items in futures contracts at the current market prices.
MENA	Middle East North Africa
Minute reserve	See Balancing power
mt	Metric tonne
NAR	net as received
NER	New Entrants Reserve
NPS	New Policies Scenario in the WEO 2012 issued by the IEA
OECD	Organisation for Economic Co-operation and Development
Off-peak	Hours when the load in the power grid is low; opposite is peak hours. There are 108 off-peak hours a week on the German market: Monday to Friday between midnight and 8 a.m. and between 8 p.m. and midnight, and Saturdays and Sundays from midnight to midnight.
Option	By taking an option, a party acquires the right, but not the obligation, to buy or sell a defined quantity of a product at a price fixed in advance during the term of the contract or at the exercise date upon its expiration.
Option premium	The option premium is the price of an option. The value corresponds to the total of the intrinsic value and fair value.

OTC market (over-the-counter market)	Off-market contract trading. The contracts can be adapted to specific requirements and are not as highly standardized as it is the case in on-market trading. An over-the-counter market is not localised and does not have fixed trading times. Negotiations are conducted nationally and internationally on computer monitors or over telephone systems. The transactions are usually handled by brokers. There is a spot and a forward market for the OTC market.
Panamax	Size designation for bulk carriers between 50,000 and 90,000 DWT
PCI Peak / Peak load	Pulverised coal injection Hours with high demand for electric power. There are 60 hours of peak load a week on the German market: between 8 a.m. and 8 p.m. on the weekdays Monday to Friday. See also "Off-peak".
Phelix [®] (Physical Electricity Index)	EEX's electric power price index for the day-ahead market. A distinction is made between Phelix Base and Phelix Peak. Phelix Base reflects the average price in the hours 1 to 24, weighted according to hour. It is calculated for all calendar days during the year. Phelix Peak is an average price, determined by the hour, for the hours 9 to 20 (i.e. 8 a.m. to 8 p.m.) on the weekdays Monday to Friday.
Physical electricity trading	Transactions in physical electricity trading involve an actual exchange of performance. A certain quantity of energy is traded and delivered at a defined price within a fixed period of time.
PEC	Primary Energy Consumption
QLD	Queensland
Balancing power	<p>Since electricity cannot be stored, the demand for power must be covered in the power grid by the generation of the corresponding output at every moment. The power grid operator is responsible for each balancing zone. It procures output reserves and activates them when the total of the actual output deviates from the total of the reported schedules. The use of balancing power enables the power grid operator to secure an even output balance and stable frequency in the power grid of its balancing zone.</p> <p>A distinction is made:</p> <ul style="list-style-type: none"> – The primary balancing power is automatically activated all across Europe at a local level within seconds by the participating power plants. – The secondary balancing power is automatically activated within a maximum period of 10 minutes to ensure that the schedules are maintained across the borders of balancing zones and to replace the primary balancing reserve. – The tertiary balancing power/minute reserve is supposed to take over from the secondary reserve in the event of disruptions over a longer period of time and is initiated manually. <p>The power grid operators procure the balancing power (performance, work) at auctions where — in contrast to the day-ahead market — compensation is based on the pay-as-bid principle.</p>
Sintering coal	Low-volatile coal or coke breeze, used in sintering plants
TCE	Tonne of coal equivalent (7,000 kcal/kg = 29,307 kilojoules)
Spot market (spot exchange, cash market)	Wholesale trading market where short-term transactions (off- or on-market) are concluded. Delivery, acceptance and payment of spot transactions must be completed within a short period of time.
Spread	<p>Generally refers to the difference between two prices.</p> <ol style="list-style-type: none"> 1. The bid-ask spread is the difference between the best buying and selling prices for a product/security at a certain point in time. 2. Generation margin for electricity corresponding to the difference between the power price and fuel costs for the generation of the power. A distinction is made: <ul style="list-style-type: none"> Spark spread: margin for natural gas-fired power plants; Dark spread: margin for coal-fired power plants; Clean spread: margin taking into consideration the costs for emissions certificates.
st	short ton (= 0.90719 mt)
Strike	Agreed price for exercise of the option in an option agreement.

Swap	Agreement between two parties to exchange payment flows in the future. The action is strictly a financial transaction; there is no physical delivery. The agreement defines how the payments will be charged and when they will be carried out.
t	Tonne
t/a	Tonnes per year (annually)
Therm	Trading unit on the British gas market. 1 therm = 105.5 GJ or 29.31 MWh.
Power grid	Electricity network used to transport electric power to subordinated distribution networks. As a general rule, German power grids have voltage levels between 220 kV and 380 kV. The electricity networks at lower voltage levels belong to the distribution networks as a rule.
Power grid operator	Operator of an electric power transmission network who is responsible for the safe and dependable operation of a power grid.
Volatility	Measurement of the degree of fluctuation in price of a security or index from its mean value within a certain period of time.
Full load hours	Quotient of the annual energy volume (in kWh) and maximum output (in kW). The term is used for power plants and in contracts for electricity. In the natural gas trade, the term usage hours is used.
WCI	World Coal Institute
WEO	World Energy Outlook
Wholesale market	Wholesale market
WKA	Wind farm