



MEETING OF THE CEESEX ORGANIZED- MARKET COMMITTEE

Budapest, 2022.06.13.

ceesex
CENTRAL EASTERN EUROPEAN
GAS EXCHANGE



AGENDA

- 1 New OMC Members and Sales Team Introduction
- 2 Ex post products to trade imbalances after a gas day
- 3 CEEGEX and MGP Index Development
- 4 HUDEX Financial Gas Product without Physical Delivery
- 5 Gas GOs and Renewable Gas
- 6 Conclusions and further plans

NEW OMC MEMBERS AND SALES TEAM INTRODUCTION

NEW OMC MEMBERS

OMC mandates - from 01.06.2022						
No.	Name of OMC Member	Member / Observer	Mandate starts	Mandate expires	Company	Title
1	Csilla Szanyi	observer	2022.06.01	2024.06.01	KELER CCP Ltd.	Chief Risk Officer
2	Dávid Arnótfalvy-Juhász	member	2022.06.01	2024.06.01	Uniper Global Commodities SE	Senior Legal Counsel
3	Máté Józsa	member	2022.06.01	2024.06.01	MOL Plc.	Group Gas Logistics Specialist
4	József Pogonyi	member	2022.06.01	2024.06.01	E.ON Energiamegoldások Ltd.	Senior Team Leader of Trading
5	Miroslav Stojanovic	member	2022.06.01	2024.06.01	WIEE Hungary Kft.	Head of Gas Trading
6	dr. Imre Varga	member	2022.06.01	2024.06.01	MET Hungary Ltd.	Portfolio expert

NEW SALES TEAM



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EX POST PRODUCTS TO TRADE IMBALANCES AFTER A GAS DAY

CONTEXT

- Significant increase of marginal prices from 2021 Q3 **(+225%)**
- Small adjustment 6% -> 3% from Nov 2021
- Despite a lower amount of imbalanced volumes, the **costs of system users have increased drastically.**
- Within Day Obligation (WDO) introduced in Apr 2022.
- Linepack Flexibility Service (LFS) planned from Oct 2022.
- LFS product would be available **only for subscribers and subject to the availability of the dedicated flexibility stock (10 GWh).**
- The planned fee of the LFS service between 12.5%-25% of the spread between marginal sell and buy prices.
- Neutrality redistribution (volumetrically and not based on the imbalances) planned from Oct 2022.

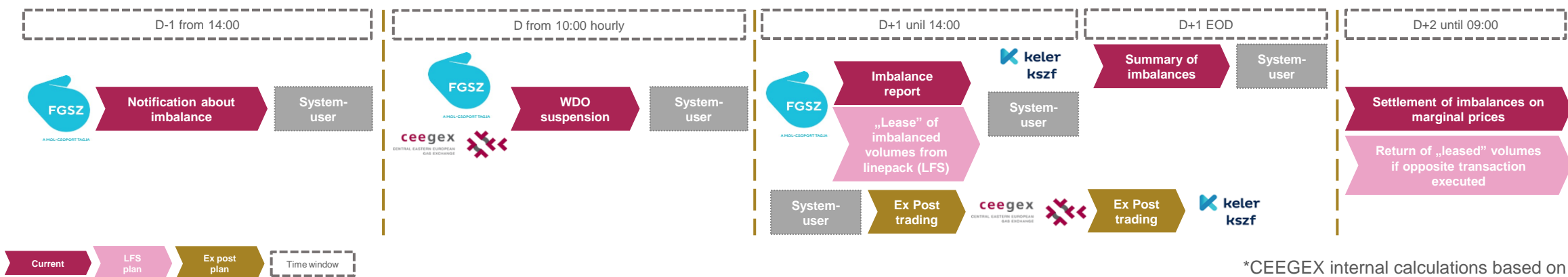
MARGINAL PRICES & NEUTRALITY

- Imbalances are either settled at the lowest selling / the highest buying price of the TSO or on CEEGEX VWAP plus the small adjustment.
- TSO shall not make a profit or loss -> any loss or gain (sales difference) is redistributed among the system users monthly.
- The value and the direction of the sales difference is **not predictable to system users.** Its value in 2021 was positive, but **in 2022 mostly negative.**

EX POST PRODUCT DEVELOPMENT PLAN

- Possibility to trade the missing or surplus volumes on D+1 following the FGSZ notification, but prior to the CCP settlement in a **wider timeframe** in order to **avoid being settled on marginal prices.**
- The ex post product can be **available for all CEEGEX members without any additional fixed fee.**
- In 2021 the amount of tradable imbalanced volumes neared **700 GWh/y.***

IMBALANCE LIFECYCLE OF „D” GAS DAY



How do you see the Ex Post product in this context?

*CEEEX internal calculations based on FGSZ data.

CEEGEX AND MGP INDEX DEVELOPMENT

CONTEXT

- Need to express a more precise EOD price due to a **swift of trades to later hours**.
- **Follow the European practice**, apply the same trader or order qualification parameters, same algorithm & same RP window.
- Min. 3 qualifying trades in the RP window: arithmetic average trade price
- Fall-back options: secondary RP window, member indication, VWAP
- Planned launch: **Summer 2022**

NEW REFERENCE PRICE (RP) WINDOW

- In 2020 ~1.5% of the trades was executed in the 17:15-17:30 window, by 2022 increased to 3% -> **end of the day activity increased.***
- **Primary reference window** would be between **17:15-17:30**, thus the RP would be able to **express an accurate end of the day price**.
- If necessary, the reference window can be extended to a **secondary reference window**.



1 What should be the secondary reference price window?

2 What is the motivation of late hour trading?

HUDEX FINANCIAL GAS PRODUCT WITHOUT PHYSICAL DELIVERY

— Product — Specification — Launch —



SETTLEMENT MECHANISM

- Similar settlement as on other gas financial exchanges
- Price calculation based on CX VWAP in the delivery period
- Daily settlement price is defined as the **arithmetic average of:**
 - the already **available CX VWAP** values for delivery days in the delivery period and
 - the **last HDX settlement price** of the respective futures contract before the start of delivery

$$SP_{financial} = \frac{CXVWAP_1 + CXVWAP_2 + \dots + CXVWAP_{18} + Mc1SP * (contract\ size - number\ of\ days\ elapsed)}{contract\ size}$$

$$SP_{financial} = \frac{CXVWAP_1 + CXVWAP_2 + \dots + CXVWAP_{31}}{contract\ size}$$

Settlement of HUDEX Gas Financial Futures in the delivery month - May 17th

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
103.27	103.59	99.27	100.13	105.58	105.00	100.77	100.77	101.35	96.35	91.25	93.40	107.55	99.38	99.38	99.88	96.87	96.64	93.26	93.26	93.26	93.26	93.26	93.26	93.26	93.26	93.26	93.26	93.26	93.26	93.26
CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	HDX	HDX	HDX	HDX	HDX	HDX	HDX	HDX	HDX	HDX	HDX	HDX	HDX

Settlement price (May 17th)
= 97.19

Settlement of HUDEX Gas Financial Futures in the delivery month - May 30th

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
103.27	103.59	99.27	100.13	105.58	105.00	100.77	100.77	101.35	96.35	91.25	93.40	107.55	99.38	99.38	99.88	96.87	96.64	98.13	95.80	90.68	90.68	91.63	86.12	87.19	87.42	87.99	86.65	86.56	87.18	92.89
CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX	CX

Final Settlement price
= 95.79

CX VWAP
HDX Mc1 SP

GAS GOs AND RENEWABLE GAS

1 How do you see the mid term biogas production potential of Hungary?

2 What are the main drivers of green gas demand?

3 Are gas GOs the appropriate tool, or is biogas (synthetic methane etc.) preferred?

4 Which GO scheme can you rely on the procure gas GOs from another country?

5 How do you set the price of gas GOs?

ANALYST OPINION

- Slow growth due to the absence of state support.
- Corporates and sustainability schemes are driving green demand just as for electricity GOs.
- Trading GOs unbundled after the production can be more efficient, just as on power markets.
- ERGaR seems to provide the key to standardization.
- In power markets GO prices correlate with forward prices.

