

Trading THE

EEX Trader Workshop, MS Teams, 10th of June 2021

Political background and envisaged timeline

07.07.2017 – renewed German gas grid access was approved by parliament

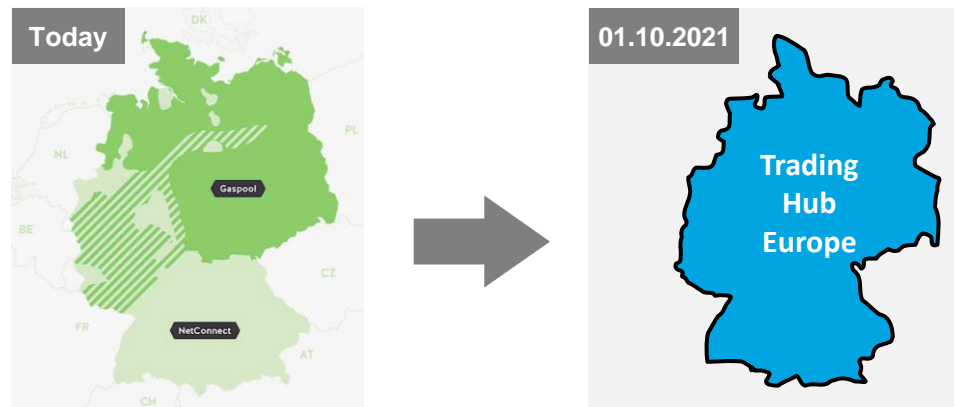
- Merger of German gas markets GPL and NCG latest on 1 April 2022
 - One German reference price avoid regional price discrimination for customer
 - Increase liquidity in the German gas market, security of supply & competitiveness
 - Enable pan-European market mergers thereafter (The Netherlands, Belgium,...)

28.06.2018 – press release by all German TSO's and MAM

- Preponing of German market merger to the 1 October 2021- agreed with BNetzA

13.09.2019 – press release by all German TSO's and MAM

- Nationwide German Market Area is named “Trading Hub Europe” (THE)



Introduction: Trading of THE products at EEX

General concept

- Merger leads to following adaptation on tradable products:
 - Futures market
 - Renaming of current NCG products into THE (please see EEX CI from Sep. 20)
 - Removal of current GPL products
 - Spot market
 - 13* new zonal THE products will be introduced
 - 3 current NCG products at VTP will be renamed into THE
 - 16 current GPL and NCG products will be removed
- New zonal THE products are ready for tests as 02 August 2021
 - Renamed products (from NCG into THE) don't need any tests, simply renaming
- Current EEX member for GPL & NCG, will automatically become THE member
 - No need for new signatures, forms and whatnot

Setup of new zonal products for THE

Setup of 13* new spot products for THE trading

- As today for THE (GPL/NCG), also in the future the following is needed:
 - Balancing products, tailor-made for the nationwide German gas market
 - Congestion management products (CMP), to ensure German market integrity
- New balancing and congestion management products will not be offered at other trading venues, but are system-relevant for the German gas market
 - MAM/Trader have to adapt trading, back office & nomination systems
 - Some companies have to adapt and test trading algorithm before Go-Live
 - Trader should enter test orders for the new products, to ensure and prove readiness for Go-Live towards EEX, regulator and MAM
- Time-wise staggered activation of delivery periods in new THE products
 - 30th September, 03:00 am: End of trading in GPL & zonal NCG Day products
 - 30th September, 03:00 am: Start of trading in THE zonal Day products
 - 1st of October 01:30 am: End of trading in GPL & NCG Within-Day/hourly products
 - 1st of October 02:00 am: Start of trading in THE zonal Within-Day/hourly products

Renaming of common used NCG VTP products

Renaming of 3 common used NCG VTP products into THE

- 3 NCG VTP products are today common used with other trading venues (e.g. broker, other exchanges) in Trayport and will therefore be renamed
- As communicated in Sept. 2020, EEX aligned with the main trading venues for Germany but also regulator, to ease the market merger at best
 - Renaming minimise adaptations on customer side, for broker and exchanges
 - Continuing of existing product codes/instruments in the trading systems (e.g. Trayport)
 - Visibility and tradability of products ensured without any adaptations on member side
- Renaming will happen on 1st October, between 01:30 and 02:00 am

Removal of outdated GPL and NCG products

Removal of 16 outdated GPL and NCG products

- GPL market area will cease to exist end of September 2021
 - Thereby 9 GPL products will be removed

- At NCG, not common used zonal spot products will cease to exist
 - Thereby 7 NCG products will be removed

- Time-wise staggered removal of products according their delivery periods
 - 28th September, 06:00 pm: all GPL futures products will be suspended
 - 30th September, 03:00 am: all GPL & NCG zonal Day products will be suspended
 - 1st of October, 01:30 am: all GPL & zonal NCG Within Day/Hourly products will be suspended

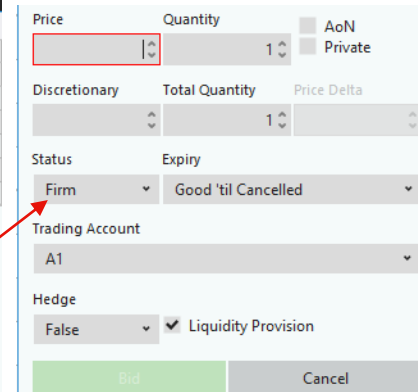
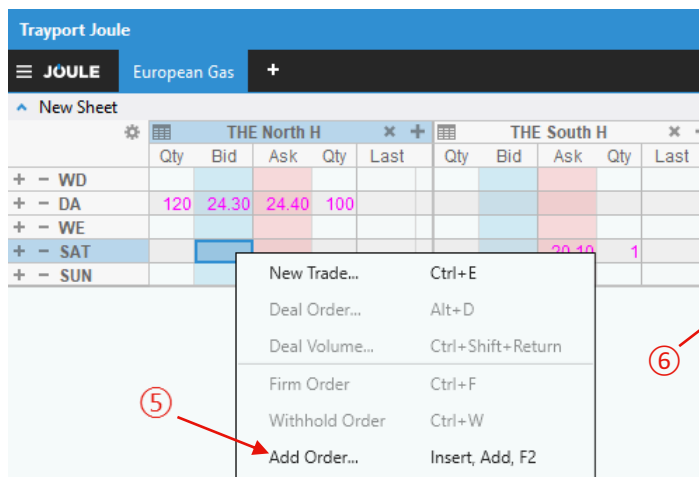
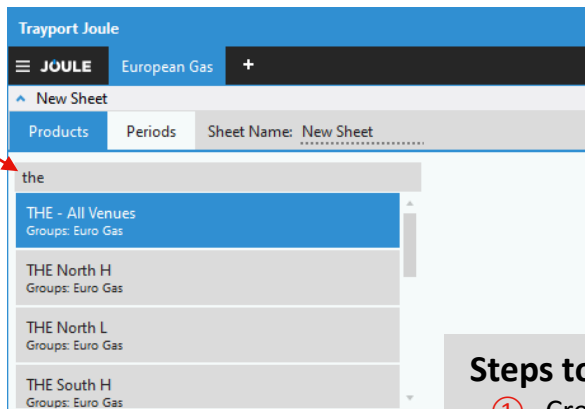
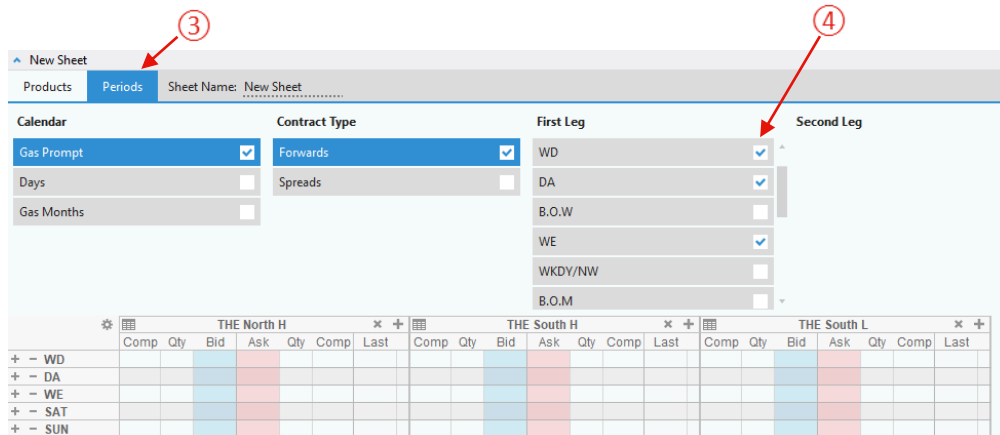
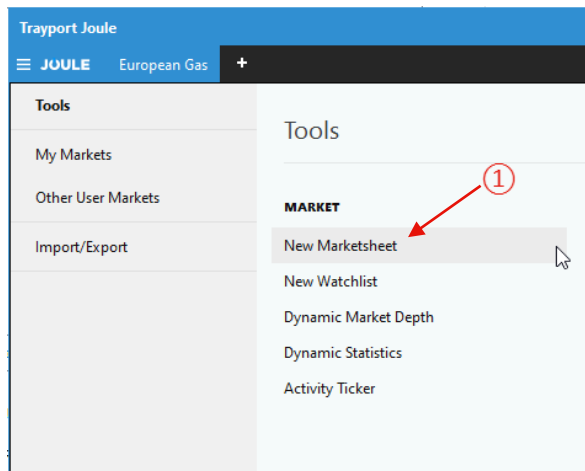
Access to THE products and testing

1/2

- New zonal THE products will be visible/testable as of 02.08.2021
- Access to THE products at EEX
 - User of EEX Direct or Joule Direct Screen
 - EEX creates new and rename current order books → no action on member side
 - User of Trayport Trading gateway with “gold mapping”
 - Trayport creates new and rename current order books → no action on member side
 - User of Trayport Trading gateway without “gold mapping”
 - Member itself creates new and rename current order books → action on member side
 - On request, Trayport will support member for mapping and setup of THE products
- Testing of new zonal THE order books
 - As of 02.08.2021, all new THE gas spot order books are setup for testing
 - Test will be executed by entry of a “withheld” order in the respective order book
 - “Withheld order” is only visible for the trader & EEX and can’t be matched anyhow

Access to THE products and testing

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Steps to add new zonal THE products and enter Withhold Order

- ① Create New Market sheet
- ② Enter "THE" → the EEX zonal order books will be listed
- ③ Go to the tab Periods
- ④ Click on WD, DA and WE
- ⑤ Click on "Add Order" for the wanted product in the order book
- ⑥ Choose "Withheld" as status in the order input dialog box

Settlement and Limit Management

- Physical settlement
 - All processes for the physical settlement remains unchanged
 - All nominations will be sent with the new THE shipper codes of member and ECC

- Financial settlement and margining
 - THE products will be included into existing processes for financial settlement as well as margin processes of ECC

- Limit management
 - THE products will be included in the existing limit management services

Indices / End-of-Day and settlement prices

- Indices and End-of-Day prices
 - As of 01.10.2021, EEX Indices for WDRP, EGSI, EGIX and Monthly Index will be calculated also for THE
 - Current Indices of GPL and NCG will be published until 30.09.2021
 - New THE End-of-Day prices will be calculated, as today between 05:15 - 05:30 pm

- Settlement prices
 - New daily settlement prices for THE futures will be calculated, as today, between 05:00 - 05:15 pm

Regulatory reporting and pricing scheme

Usage of a new EIC for trading on the VTP THE

- DVGW* issued for regulatory reporting of THE, following EIC

Market area	EIC of market area	EIC of VTP	Valid from	Valid until
GPL	37Y701133MH0000P	37Z701133MH0000B	01.10.2009	30.09.2021
NCG	37Y701125MH0000I	37Z701125MH00004 37Z701125ML0000H	01.04.2011	30.09.2021
THE	37Y005053MH0000R	37Z005053MH0000D	01.10.2021	-

- EEX will use the EIC of the market area to report gas futures trades after the German gas market merger
 - Until 01 October 2021, all deals for gas markets GPL and NCG will be published with existing EIC for GPL and NCG

Pricing scheme: no changes for renamed or new THE products

Open Interest transfer

Steps for Open Interest transfer

1. Trading in GPL Futures will be available until end of 28 September 2021
2. Transfer of Open Interest from GPL into NCG Futures on 29 September 2021
 - On 29 September 2021, 4 pm ECC will close any remaining positions in GPL Futures and open the respective positions in NCG Futures.
 - This will be done for positions in GPL Futures of the Regulated Market as well as the OTF market
 - The transfer will be technically conducted in the ECC clearing system C7
 - The respective price for this transfer, is the settlement price of 28 September 2021
3. On 30 September after 6 pm, Open Interest in NCG will be renamed into THE

Additional information

- Technical transactions pertaining to this transfer will be included in the C7 data streams, C7 reports but also reports provided via SMSS
- Open Interest transfer via “technical transactions” is free of charge

Admission

- EEX Trading participants
 - Existing GPL and/or NCG member, will be automatically admitted for THE

- ECC Clearing member
 - Clearing licence already covers clearing of new THE products

- ECC Non-Clearing member
 - Existing GPL and/or NCG member, will be automatically admitted for THE
 - Transfer of existing balancing agreements of NCG/GPL to THE based on mapping file published by THE
 - <https://www.tradinghub.eu/en-gb/Download/Download-center-THE>
 - Transfer will happen according following rule:
 - a. GPL only shipper: EEX will use former but renamed GPL shipper code for THE
 - b. NCG only shipper: EEX will use former but renamed NCG shipper code for THE
 - c. GPL+NCG shipper: EEX will use former but renamed NCG shipper code for THE

Your last steps to THE trading

1. Ensure visibility of new THE products in your trading screen (e.g. Joule, TT,)
 - If needed, add 13 new zonal products manually in your trading screen
2. Ensure tradability of new THE products by order entry tests before Go-Live
 - EEX Sales and EEX MO will contact you to attend on the offered testing period
 - Call EEX Market Operation in case of any questions before and after Go-Live:
 - Paris: +33 173 03-9624, gas@powernext.com
 - Leipzig: +49 341 2156-222, trading@eex.com
3. Trade new zonal THE products on 01 October 2021
 - Optional: Let your KAM know, that you intend to trade (goodies,...)

We are ready for THE

01/10/2021

Questions?

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Updated product list for THE - Spot and Futures market

Product name	Status	Delivery			Quality		Delivery period			ECC	SMSS
		VTP	Zone	Global	H-Gas	L-Gas	Futures	Day / WD	Hour	Shipper Code	Product Code
THE	Renamed, former NCG	✓		✓			✓	✓	✓	THE2BFH800030000	EEX_DF_NATGAS_THE
											EEX_DS_NATGAS_THE
											EEX_FT_NATGAS_THE_OTF
											EEX_FE_NATGAS_THE
											EEX_FT_NATGAS_THE
											EEX_IT_NATGAS_THE
EEX_ST_NATGAS_THE											
THE H	Renamed, former NCG H	✓			✓			✓		THE2BFH800040000	EEX_DS_NATGAS_THE_H
											EEX_IT_NATGAS_THE_H
											EEX_ST_NATGAS_THE_H
THE L	Renamed, former NCG L	✓				✓		✓	✓	THE2BFL800130000	EEX_DS_NATGAS_THE_L
											EEX_IT_NATGAS_THE_L
											EEX_ST_NATGAS_THE_L
THE North H	New		✓		✓			✓		THE2BFH800050000	EEX_IT_NATGAS_THE_NH
THE North H VIP BE	New		✓		✓			✓		THE2BFH800080000	EEX_IT_NATGAS_THE_NHV_BE
THE North H VIP NL*	New		✓		✓			✓		THE2BFH800070000	EEX_IT_NATGAS_THE_NHV_NL
THE North H Cluster	New		✓		✓			✓		THE2BFH800060000	EEX_IT_NATGAS_THE_NHC
THE South H	New		✓		✓			✓		THE2BFH800090000	EEX_IT_NATGAS_THE_SH
THE South H VIP NL	New		✓		✓			✓		THE2BFH800110000	EEX_IT_NATGAS_THE_SHV_NL
THE South H VIP BE*	New		✓		✓			✓		THE2BFH800120000	EEX_IT_NATGAS_THE_SHV_BE
THE South H Cluster	New		✓		✓			✓		THE2BFH800100000	EEX_IT_NATGAS_THE_SHC
THE North L	New		✓			✓		✓		THE2BFL800140000	EEX_IT_NATGAS_THE_NL
THE L North (Hour) *	New		✓			✓		✓		THE2BFL800180000	EEX_IT_NATGAS_THE_LNORTH
THE South L	New		✓			✓		✓		THE2BFL800150000	EEX_IT_NATGAS_THE_SL
THE L West (Hour)	New		✓			✓		✓		THE2BFL800170000	EEX_IT_NATGAS_THE_LEAST
THE L East (Hour)	New		✓			✓		✓		THE2BFL800160000	EEX_IT_NATGAS_THE_LWEST

* THE North H VIP NL, THE South H VIP BE and THE L North (Hour) will become tradable, once German Gas TSO's give their approval
Internal

Timeline for cut-over arrangements

Date	Time (CEST)	Cut-Over Activity
28 September 2021	18:00	<ul style="list-style-type: none"> ▪ End of trading and last trading day for GPL Futures
29 September 2021	16:00	<ul style="list-style-type: none"> ▪ Transfer of Open Interest from GPL Futures to NCG Futures by ECC
30 September 2021	03:00	<ul style="list-style-type: none"> ▪ End of trading in GPL Day and zonal NCG Day products ▪ Start of trading in THE zonal Day products
30 September 2021	18:00	<ul style="list-style-type: none"> ▪ End of trading and last trading day for NCG Futures ▪ Renaming of NCG Futures into THE Futures in T7 and C7 backends
1 October 2021	01:30	<ul style="list-style-type: none"> ▪ End of trading in Within-Day/Hourly products for GPL and NCG ▪ Start of Market Halt on GPL and NCG
1 October 2021	02:00	<ul style="list-style-type: none"> ▪ End of Market Halt ▪ Publication of the Gold Mapping Update in Trayport Joule ▪ Start of renamed THE Day/Within-Day/Hourly products at VTP* ▪ Start of new THE zonal Within-Day/Hourly products.
1 October 2021	08:00	<ul style="list-style-type: none"> ▪ Launch of trading in renamed THE Futures (former NCG Futures).

* Users of Global Vision, Joule Direct and API applications will need to reconnect their accounts to observe the changes
Internal