

French Zone Merger Required Screen Adaptations

Paris, 23/08/2018

General concept

- On 1st November 2018, the two French zones, Nord and TRS, will merge to form a unique balancing zone
 - “TRF” (standing for “Trading Region France”) will be the name of the new French zone
 - “PEG” (standing for “Point d’Echange de Gaz”) will be the name of the new French hub of this zone
 - ➔ PEGAS and brokers’ products will be named “PEG” (not “TRF”)
- Following members’ request, French products will be traded in **three order books, for one month (Oct 18)**:
 - **PEG Nord** and **TRS** for Spot products (in the already existing stacks)
 - **PEG** for Futures products (in a new PEG stack)
- This was indeed requested to avoid trading products with a delivery period beyond 1st Nov that would still be called PEG Nord or TRS, to avoid confusion in trade capture and nomination. For that purpose :
 - **M+1 product will be listed as PEG (and not as PEG Nord or TRS) as of end of September**, although DA at that time will still be traded in a PEG Nord or TRS order book
 - **DA product will be listed as PEG (and not as PEG Nord or TRS) as of 31st October**, although WD at that time will still be traded in a PEG Nord or TRS order book
- **PEGAS and brokers agreed to align their product offering and timing in order not to create confusion in the market and avoid errors in trading, trade capture and nomination for our common members**

Screen Design

28 Sept 2018
(8 AM CET)

	PEG*			
	Qty	Bid	Ask	Qty
WD				
DA				
M+1	2000	21,800	21,850	1200
Q+1	1500	22,150	22,250	2000
S+1	1250	19,500	19,600	2000
C+1	2000	19,000	19,150	1750

	PEG NORD*			
	Qty	Bid	Ask	Qty
WD	2000	20,775	20,850	1200
DA	1000	20,625	20,700	1000
M+1				
Q+1				
S+1				
C+1				

	TRS*			
	Qty	Bid	Ask	Qty
WD	1500	21,725	21,800	1200
DA	1000	22,350	22,750	1500
M+1				
Q+1				
S+1				
C+1				

31st Oct 2018
(3 AM CET)

	PEG*			
	Qty	Bid	Ask	Qty
WD				
DA	1000	20,700	20,800	1000
M+1	2000	21,800	21,850	1200
Q+1	1500	22,150	22,250	2000
S+1	1250	19,500	19,600	2000
C+1	2000	19,000	19,150	1750

	PEG NORD*			
	Qty	Bid	Ask	Qty
WD	2000	20,775	20,850	1200
DA				
M+1				
Q+1				
S+1				
C+1				

	TRS*			
	Qty	Bid	Ask	Qty
WD	1500	21,725	21,800	1200
DA				
M+1				
Q+1				
S+1				
C+1				

1st Nov 2018
(2 AM CET)

	PEG*			
	Qty	Bid	Ask	Qty
WD	2000	20,800	20,825	1200
DA	1000	20,700	20,800	1000
M+1	2000	21,800	21,850	1200
Q+1	1500	22,150	22,250	2000
S+1	1250	19,500	19,600	2000
C+1	2000	19,000	19,150	1750

	PEG NORD*			
	Qty	Bid	Ask	Qty
WD				
DA				
M+1				
Q+1				
S+1				
C+1				

	TRS*			
	Qty	Bid	Ask	Qty
WD				
DA				
M+1				
Q+1				
S+1				
C+1				

Summary of actions for market participants

1/ Before 28/09/2018 :

- **Setup the new PEG instruments** (and spreads) from PEGAS and brokers in your ETRM systems

2/ On 28/09/2018 :

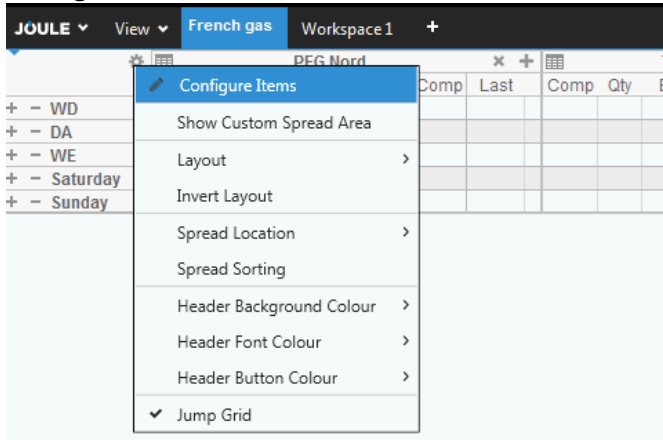
- Gold **mapping** update is provided by Trayport ; Non Gold members (if any) must redo the mapping manually themselves
- **Add the PEG market (new stack) in the Joule Front End** to trade PEG Futures (see next slide)

3/ Between 28/09/2018 and 01/11/2018 :

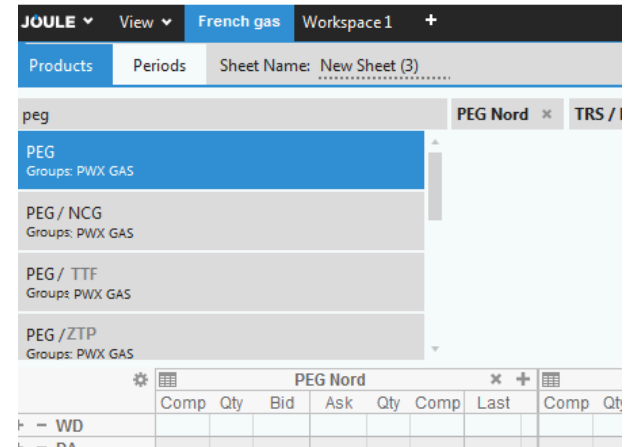
- **Get used to trade in the right order book**
 - For Futures → already in PEG stack
 - For Spot → still in PEG Nord and TRS stacks

How to add PEG stack in Joule

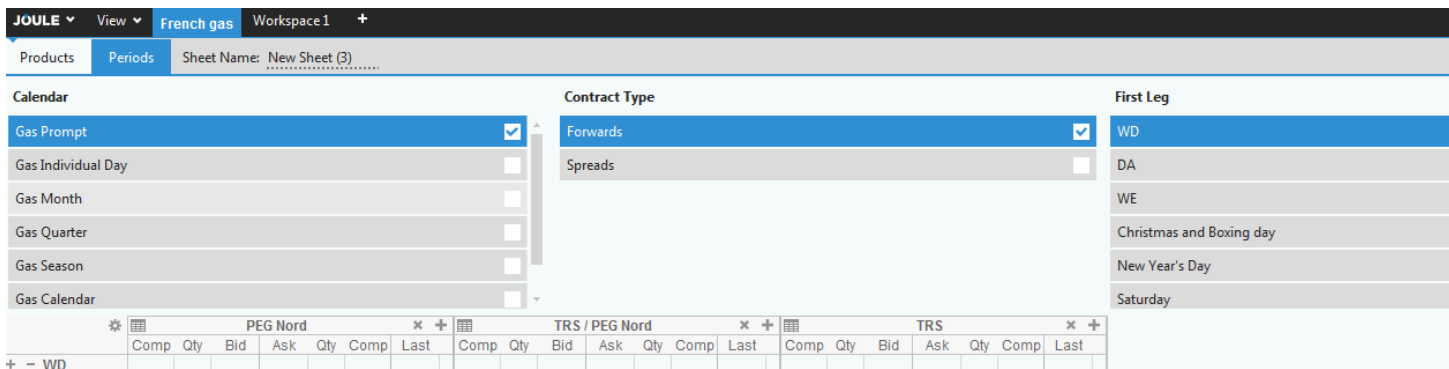
1) Right click on your workspace and select « Configure Items »



2) Choose « Products » and add « PEG »



3) Choose « Periods » and add the PEG maturities



4) Repeat the same process for the spreads and 1MWh/d products

Reasons for selected model

- On 16 October 2017 and 14 December 2018, stakeholders of the French market gathered during the “Concertation Gaz” process to raise the below concerns and agree on this model
 - **Concern n°1 : risk of nomination mismatch**
 - After 1st November 2018, market participants will have to nominate all their physical positions on PEG only (creation of a new technical nomination point for this new VTP).
 - Any nomination on PEG Nord or TRS will automatically be rejected by GRTgaz causing imbalance penalties to shippers.
 - **Concern n°2 : required consistency between trade capture and nomination**
 - Traders book already contain for example Calendar 2018 positions previously traded on PEG Nord and TRS, part of which will have to be delivered on PEG → For those, a manual breaking / renaming / position transfer in their ETRM books is required, or alternatively, adaptation to nomination tools are needed so that the PEG component can correctly be delivered on PEG.
 - Members strongly requested to prevent as much as possible such processes within their ETRM (to avoid incidents related to trade capture or nomination)
- To both prevent mismatches in the nomination process, and limit the amount of trades to be renamed in market participants' books, French stakeholders strongly requested platform operators to implement PEG products as early as possible, ahead of the zone merger
- This can only be achieved by creating a new PEG product (and not by renaming the existing PEG Nord, although this may have appeared as a simpler way at first sight)

Detailed model

Brokers have confirmed their intention to follow the same approach (creation of a new PEG instrument in Brokers' BTS) and timing (28/09) to have a unified model in order not to create confusion in the market and avoid errors in trading, trade capture and nomination for our common members.

- **Currently in Joule:**

- The PEG Nord* stack contains all the venues for PEG Nord (PEGAS + brokers)
- On PEGAS, the PEG Nord is currently tradable through 2 venues:
 - PEG Nord (venue PGAS) for Spot only (Futures are disabled)
 - PEG Nord (venue EEX) for Futures only (Spot is disabled)
- On Brokers, the PEG Nord is currently tradable through 2 products:
 - PEG Nord (venue OTC) for Spot and non-cleared Futures
 - PEG Nord PEGAS (venue PGAS) for Cleared Futures only (Spot is disabled)

- **Agreed solution between PEGAS, Brokers and Trayport**

- Creation of a new 'PEG*' stack in Joule
- Creation of a new "PEG" instrument in PEGAS ETS and of "PEG PEGAS" in Gold
- Creation of a new "PEG" instrument in Brokers' BTS
- Both PEG instruments at PEGAS (venue EEX, for Futures and venue PGAS for Spot) will be linked to the PEG PEGAS Gold instrument as of 28/09 → This is therefore very close to a new product launch for Trayport and members

Technical process overview

- 1) Before 27/09/2018 :
 - PEGAS and brokers create their new PEG instruments in their ETS/BTS
 - Trayport creates the new instruments : PEG PEGAS, PEG and associated spread products (PEG/TTF, PEG/NCG, ZTP/PEG) on Gold for Spot and Futures but hides them to the traders
 - Trayport, PEGAS and brokers remind members that the new PEG instruments have to be setup in their ETRM systems

- 1) On 27/09/2018 after trading hours:
 - Trayport maps the new PEG products (from PEGAS and brokers) to the newly created PEGs on Gold.
 - Trayport creates a new stack 'PEG*' in Joule

- 2) On 28/09/2018, PEG Futures instruments become tradable:
 - Members have to add the new market "PEG" in their Joule Front end
 - PEG Spot products are not tradable yet: Spot maturities are blocked (by PEGAS and brokers) and traders will receive an error message if they try to put an order on PEGAS PEG Spot.

- 3) Between 28.09 and 01.11:
 - Prompt maturities are progressively closed/open
 - Example : 1st November 2018 being a Thursday (in the middle of a week), Week 44 products will therefore overlap zone merger → Week 44 should not be listed as such, but be cut in two and listed as PEG Nord Week 44 Mon-Wed and PEG Week 44 Thu-Fri

- 4) On 01/11/2018 at 2am:
 - The PEG WD is open for trading (last maturity to be open)
 - The PEG Nord and TRS WD contracts are closed (i.e. the entire PEG Nord and TRS instrument are disabled)

Process overview

Visualisation of tradable maturities per stack

On 28.09:

PEG *	PEG Nord *	TRS*
	PGAS PEG Nord PEGAS (Prompt) Brokers PEG Nord (Prompt)	PGAS TRS (Prompt) Brokers TRS (Prompt)
EEX PEG (Futures) Brokers PEG PEGAS (Futures) Brokers PEG (Futures) (new)		

Between 28.09 and 01.11: Prompt maturities are progressively closed/open with market events

On 30.10:

PEG *	PEG Nord *	TRS*
PGAS PEG PEGAS (ID 1/11) (new*) Brokers PEG (ID 1/11, BOW 44 Th-Fr, WE, WDNW, Week+, WE+, Half-Month+, BOM) (new*)	PGAS PEG Nord PEGAS (DA & WD) Brokers PEG Nord (DA & WD)	PGAS TRS (DA & WD) Brokers TRS (DA & WD)
EEX PEG (Futures) Brokers PEG PEGAS (Futures) Brokers PEG (Futures) (new)		

* already mapped on 28/9 (but remained not tradable thanks to market events)

Process overview

Visualisation of tradable maturities per stack

On 31.10:

PEG *
PGAS PEG PEGAS (ID 2/11, DA) (new) Brokers PEG (ID 2/11, DA, BOW 44 Th-Fr, WE, WDNW, Week+, WE+, Half-Month+, BOM) (new)
EEX PEG (Futures) Brokers PEG PEGAS (Futures) Brokers PEG (Futures) (new)

PEG Nord *
PGAS PEG Nord PEGAS (WD) Brokers PEG Nord (WD)

TRS*
PGAS TRS (WD) Brokers TRS (WD)

After 01.11:

PEG *
PGAS PEG PEGAS (Prompt) (new) Brokers PEG (Prompt) (new)
EEX PEG (Futures) Brokers PEG PEGAS (Futures) Brokers PEG (Futures) (new)

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Thank you

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