

Implementation of new financial settlement procedures for gas volumes delivered on the Spanish PVB hub

Summary

As off 1st October 2020, ECC withholds financial settlement payments for natural gas spot and futures transactions with delivery in the Spanish Gas Transmission System (PVB) of the Spanish TSO (“Enagas GTS”) in accordance with the Spanish gas market regulation until authorisation of Enagas GTS. This regulatory change affects all financial settlement procedures for gas days starting delivery after 1st October 2020 at 06:00 CET for all selling positions on gas products traded on the EEX PVB market, even if those trades were closed before 1st October 2020.

The reference documents from the regulator and the TSO can be found below:

- Circular de Balance 2/2020 of 9 January 2020 of the Spanish regulatory authority (Comisión Nacional de los Mercados y la Competencia - CNMC) ¹
- PB-5 Procedimiento de Notificaciones de Transferencias de Titularidad de GNL o Gas of 17 April 2020 of the Spanish TSO (Enagas GTS)

¹ Articles 24 and 25.

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Withholding / release procedure

Payments withholding

To enable ECC to withhold sell payments (credits) ECC uses a new product group to create a counter trade (debit) for each sell transaction concluded on the EEX PVB market for the respective payment due date of the delivery. Following this procedure all credits for sell transactions are not paid to members in the settlement cycle of ECC.

Payments release

Every calendar day after the risk assessment conducted by Enagas GTS following the last renomination cycle and before the end of the gas day, Enagas GTS shall communicate to ECC for which gas day member payments withheld by ECC can be released. This communication is done by Enagas GTS on D+1 (Gas day following the gas delivery). Hence, even in the normal case in which a member is in a regular situation, payments for gas deliveries on PVB will be delayed compared to the current payment cycle.

Normal case: compliance and payment release

In the normal case in which the member is in a situation of full compliance in relation to its balancing obligations towards Enagas GTS, Enagas GTS shall communicate to ECC that payments can be released. Those payments withheld by ECC will be settled with the Clearing Member during the common financial settlement cycle at the following ECC business day after the Enagas communication, creating a credit in the new product.

Special case: non-compliance and payment withholding

In the special case in which the member is in a situation of non-compliance in relation to its obligations towards Enagas GTS, Enagas GTS shall communicate ECC that payments cannot be released and ECC shall withhold these payments until the situation between the member and Enagas GTS is amended and a new communication from Enagas is received.

In the case in which a member does not amend its situation in relation to its obligations towards Enagas GTS within the delays established by the Spanish National Regulatory Authority (CNMC) in the Circular 2/2020, ECC has to comply with its obligations of totally or partially transferring the withheld amounts directly to Enagas GTS.

Amendment of Clearing Conditions of European Commodity Clearing AG

The modification of the Clearing Conditions as a result of the adaptation of ECC’s procedures to the obligations imposed by the CNMC’s Circular 2/2020 are included under Section 4.6 – 2.d and are published for the first time in the release 50a.

Product Setup and Settlement

The product groups used for the counter transaction to withhold payments will be used within the ECC clearing system (SMSS) as follows:

Name	ECC Product Group
Payment Withholdings of Withinday, Day Ahead or Future contracts with delivery or acceptance of delivery of natural gas	COLLATERAL_ST_HLDNG_CASH_WHPNS_EUR_DMS

ECC will use a single product group with the transaction type ST to create a counter transaction for all other transactions having types as Future Expiry (FE), DayAhead Trading (ST) or Withinday Trading (IT).

The new product group will be captured in SMSS reports currently available. The reports will remain unchanged (structure, layout, type of information, etc). The new product group will be included in these reports.

To enable the member to overview payments withheld by ECC each counter transaction creates a balance for the new product group in the ECC Member Area. This is done by creating a projection after processing of withhold payments in SMSS and a final balance after payment settlement at 9:00 am in the morning.