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► **ECC Clearing Circular 13/2016 | 2016-03-01**

Introduction of German locational products and hourly products

**Summary**

From 30.03.2016 ECC will offer clearing services for PEGAS on NCG locational spot products on various NCG Zones in H- and L-Gas as well as the local point Elten/Zevenaar and Vreden/ Winterswijk.

Furthermore ECC will extend clearing to hourly products on TTF, current global and quality specific L-Gas NCG and global and quality specific L-Gas GASPOOL products and above mentioned Elten/Zevenaar and Vreden/ Winterswijk delivery points.

This Clearing Circular contains information regarding the product set-up, the settlement processes and the preconditions for participation.

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## General

Locational contracts will be set-up like quality specific contracts as they are mainly balancing instruments for Market Area Operators or Transmission System Operators (TSOs). Every contract contains an obligation to cause a physical effect in the respective gas grid area, zone or delivery point.

### Exchange Products mapped into existing Clearing Products

The locational products of PEGAS will not be reflected in an own ECC product group, but will be mapped into existing ECC product groups, as follows:

ECC Product Group	Exchange Product
PWX_ST_NATGAS_NCGH	NCG H Nord, NCG H Mid, NCG H South
PWX_IT_NATGAS_NCGH	NCG H Nord, NCG H Mid, NCG H South
PWX_ST_NATGAS_NCGL	NCG L West, NCG L East
PWX_IT_NATGAS_NCGL	NCG L West, NCG L East

Additionally, ECC will support PEGAS by clearing hourly products on NCG (global and quality specific L-Gas), Gaspool (global and quality specific L-Gas) and TTF, which will be cleared with the respective existing product group with a differing delivery period.

### Exchange Products mapped into new Clearing Products

Following locational products of PEGAS will be setup as follows in the ECC clearing system SMSS:

ECC Product Group	Name
PWX_ST_NATGAS_ELT	NCG Elten Natural Gas Spot Contracts
PWX_IT_NATGAS_ELT	NCG Elten Natural Gas Within-Day Contracts
PWX_ST_NATGAS_VRE	NCG Vreden Natural Gas Spot Contracts
PWX_IT_NATGAS_VRE	NCG Vreden Natural Gas Within-Day Contracts

Detailed information about the contracts is provided within the Clearing Specification available on ECC's website. ECC will support PEGAS by clearing hourly products on those locational products.

## Settlement process

### Financial Settlement

All Within-Day and Day-Ahead transactions will be imported into ECC's clearing system (SMSS) using the existing ECC member ID (e.g. ABCEX). In addition to any other spot transactions on power, gas and emission allowances, the values of the transactions concluded are netted into one net payment per trading participant, Clearing Member and currency on every ECC business day, at the booking cut at 16:00 (CET). In this process, all new transactions which have been concluded

since the last booking cut will be considered, as it is currently the case for other products. The transactions concluded before the booking cut are financially settled on the next ECC business day. Transactions which are concluded after the booking cut are settled on the ECC business day after next. The exact delivery and payment date is provided in the ECC reports on spot market transactions. Detailed information on the product set-up within the reports is provided by the SMSS Report Specification, which is available for downloading on ECC's website.

### Physical Settlement

Physical Settlement of Natural Gas transactions will be provided by ECC's Luxembourg-based subsidiary - European Commodity Clearing Luxembourg S.à.r.l. Physical positions for Futures, Day-Ahead and Within-Day transactions are netted within the nomination. Nominated positions are summarized in the SMSS Delivery Report Summary and also traceable in the Online View of the ECC Member Area. ECC will nominate with the following shipper codes in the respective Market Areas on the given nomination method:

Shipper Code	Market Area	Nomination Method
NCLB400202490000	Elten (L-Gas VTP)	ECC Single Side Nomination
NCLB400202500000	Vreden (L-Gas VTP)	ECC Single Side Nomination

Elten and Vreden are nominated on the Virtual Trading Point for L-Gas of NCG. Locational products require participants to cause a physical effect in the zone or delivery point where it was traded (E.g. if Gas was sold on Elten product at PEGAS the Market Participant has to inject L-Gas at the Entry point Elten/Zevenaar). If this physical effect is not caused Market Area Operators have the right to gather information from the exchange and – in addition to their own sanctions – may request from the exchange to revoke the participant's admission in the respective locational product. In addition single hours will be able to be traded on all current existing NCG and Gaspool products, Elten, Vreden and TTF in contrast to the usual Balance of the Day.

### Margining

As the locational products are mapped into existing products the Margining is not impacted. Exposures from transactions in Within-Day and Day-Ahead Gas in German locational contracts will be included in the time series used for daily calculation of the Initial Margin Spot Market (IMSM) and will also be included in the Current Exposure Spot Market (CESM). They will be netted with exposures from all other spot market transactions.

### Preconditions for participation

The ECC clearing license for Clearing Members already includes the settlement of German locational products and hourly products. A further approval of the Clearing Member is not necessary. All Trading Participants currently approved for Powernext in the Spot product NCG-L will automatically get assigned with the new locational products using the already existing Shipper Code. TP\_PWX\_01a or TP\_PWX\_01b is only required in case the trading participant wishes to

nominate a different shipper code. The NCM agreement (NCM02) has to include either “Powernext” or alternatively “All Markets” as cleared markets. The corresponding forms are available for downloading on the ECC website (<http://www.ecc.de/ecc-en/access-to-ecc/admission-forms/>).