

Introduction of French congestion management gas products

Summary

ECC and POWERNEXT launch French congestion management gas products on GRTgaz PEG Nord and PEG TRS on 6th November 2017.

Also additional spread products for existing locational products and congestion management products will be launched on the same date.

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New Clearing Products

The following congestions management products of PEGAS will be setup in the ECC clearing system SMSS:

ECC Product Group	Name
PWX_IT_NATGAS_CGRTN	GRTgaz Nord congestion Natural Gas Within-Day Contracts
PWX_IT_NATGAS_CGRTS	GRTgaz TRS congestion Natural Gas Within-Day Contracts

Additionally the following spread products will be setup in the ECC clearing system SMSS:

ECC Product Group	Name
PWX_DS_NATGAS_CGRTN	Discount Spot Market congestion GRTN
PWX_DS_NATGAS_CGRTS	Discount Spot Market congestion GRTS
PWX_DS_NATGAS_LGRTN	Discount Spot Market locational GRTN
PWX_DS_NATGAS_LGRTS	Discount Spot Market locational GRTS

Standard Processes

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. ECC will nominate with the following shipper codes in the respective Market Areas on the given nomination method:

Shipper Code	Market Area	Nomination Method	Exchange Product
GFBRSP	GRTgaz Nord and GRTgaz TRS	ECC Single Side Nomination	"GRTgaz PEG Nord Downstream" and "GRTgaz – TIGF TRS Downstream"

Congestion management products are nominated on the respective Hub (PEG Nord or TRS) by ECC, but with a specific shipper code, depending on the congestion management product under consideration. These congestion management products require participants to cause a physical effect on a physical point (entry, exit, Storage, LNG, etc.) inside the respective Market Area with the traded gas quality. If this physical effect is not caused, TSOs or Market Area Operators have the right to gather trade information from the Exchange and may request to revoke the participant's admission in the respective congestion management product. The existing locational products will from now on reflect a situation of high pressure in the grid, while congestion management products will be used in a situation with too low pressure in the respective grid. GRTgaz will use the locational products for balancing and the congestion management products for congestion management.

Nominated positions are shown in the SMSS Delivery Report Summary and also traceable in the Online View of the ECC Member Area.

Margining

Exposures will be included in the time series of exposures used for daily calculation of the Spot Initial Margin (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 providing full cross-margining effects across all cleared spot venues of ECC. The margin requirement is listed in the Eurex Report CC050 and will be contained in the margin classes "IMSM" and "CESM".

Payment and Reporting

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). All transactions in the new products concluded before the booking cut (currently 16:00 CET on ECC business days)

are netted with all other spot transactions into one net payment per Clearing Member and currency. The payments 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 on a Trading Participant basis. 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 (<http://www.ecc.de/ecc-en/member-section/smss-report-specifications>).

Member Readiness

The ECC clearing licence for CMs already covers clearing of the new French congestion management gas products.

Trading participants who are already admitted for trading at Powernext GRTgaz locational are automatically able to trade in these French congestion management gas products. In case they are not already admitted at Intraday Market they have to provide the respective TP form (TP_PWX_01a/01b) for trading at Powernext ticked for "GRTgaz PEG Nord Natural Gas Spot Contracts" and "TRS Natural Gas Spot Contracts" to ECC which will be available on ECC's website (https://www.ecc.de/ecc-en/access-to-ecc/admission-forms/tp_forms).

Generally participation in trading at Powernext SA requires an application for recognition as a trading participant at Powernext and, if required, a current NCM agreement (NCM02) including the "Powernext SA" market or "All Markets". Powernext trading participants who have not been registered with ECC so far have to complete the admission process as a Non-Clearing Member including the ECC KYC process. The corresponding forms are available for downloading on ECC's website (<https://www.ecc.de/ecc-en/access-to-ecc/admission-forms>).