

Central European Gas Hub AG



IENE Regional Conference
„Energy Security and Gas Supply in SE Europe“

Gottfried Steiner, 12 March 2015



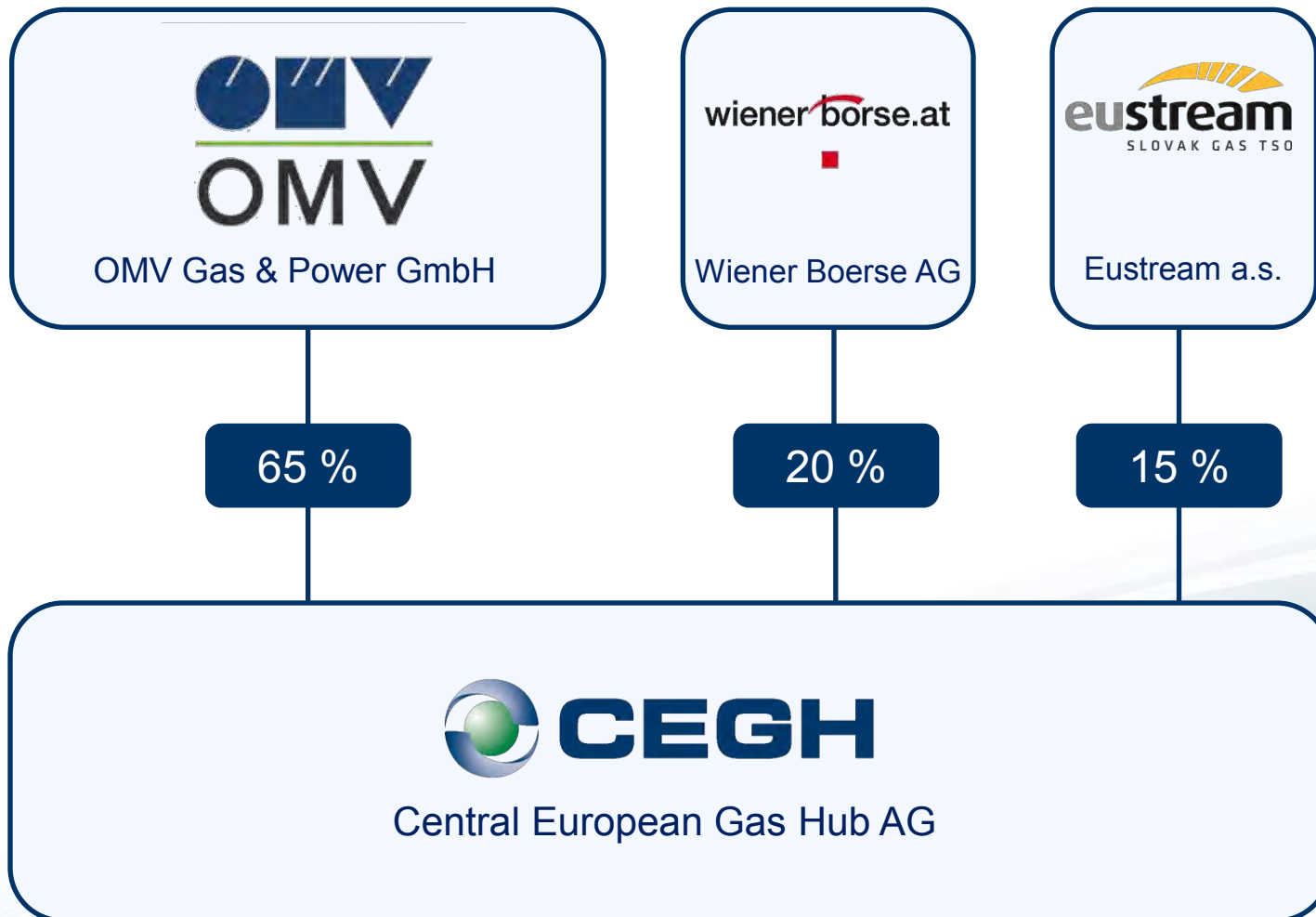
CEGH - The gateway from East to West within Europe's hub landscape



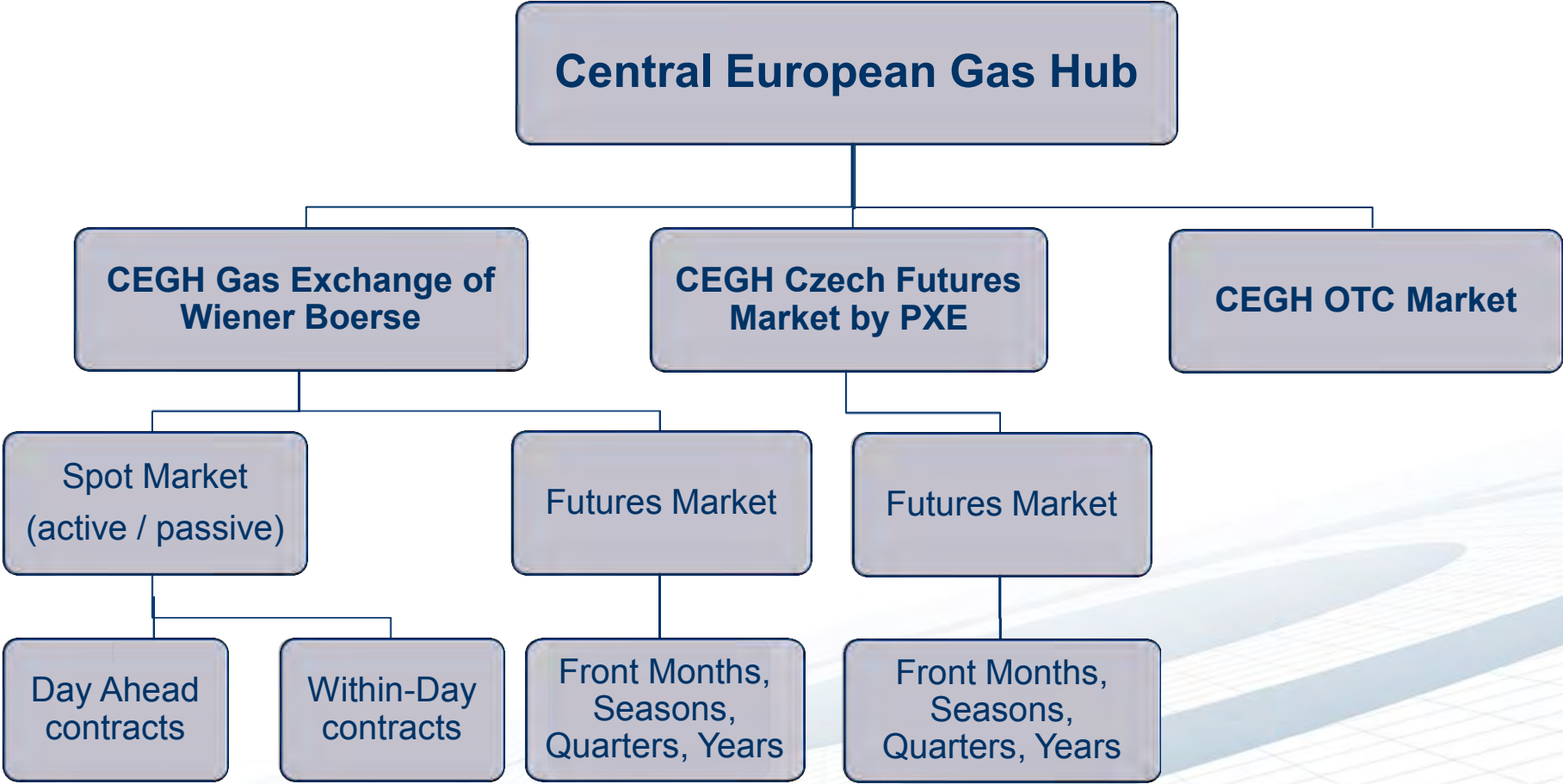
CEGH:

- Strategic location
- Gas transit routes
- Storage facilities

CEGH – Shareholder Structure



CEGH Markets



Context and Progression of CEGH

CEGH Volume Development: Overview



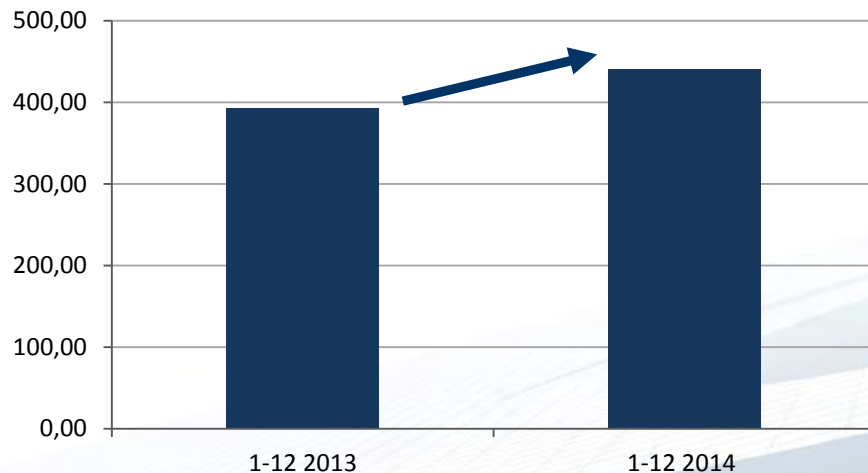
CEGH OTC Market:

1 - 12 / 2014: 440 TWh
(y-t-y: +12%)

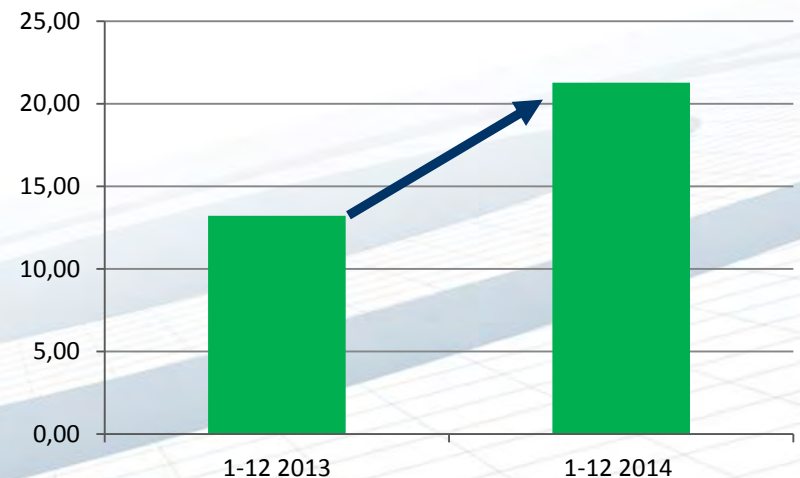
CEGH Gas Exchange:

1 - 12 / 2014: 21.27 TWh
(y-t-y: +61%)

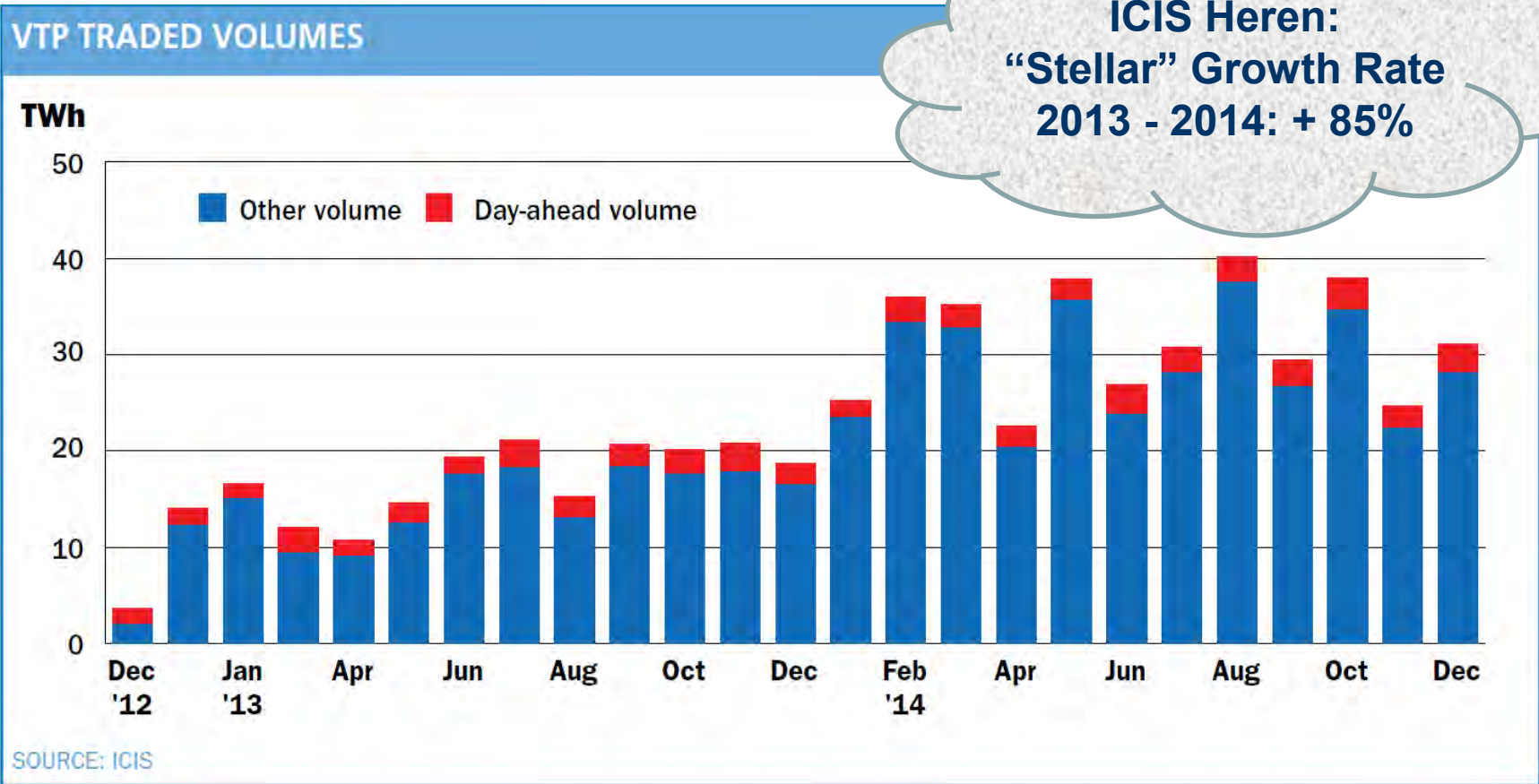
CEGH OTC Market



CEGH Gas Exchange



Development of Trading Activities in Austria



ICIS Heren:
“Stellar” Growth Rate
2013 - 2014: + 85%

Source: ICIS Heren, 7 January 2015

CEGH Volume Development: Overview



Share of CEGH Gas Exchange Spot Market in total traded market (ICIS Heren + CEGH Gas Exchange): ~ 40%



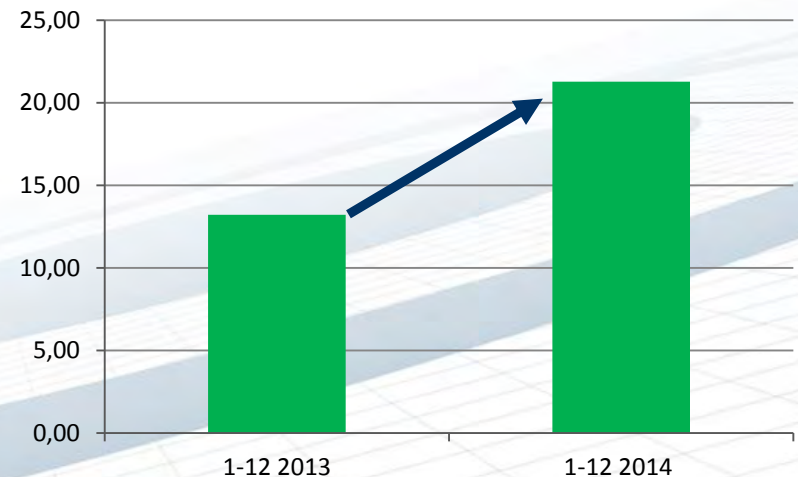
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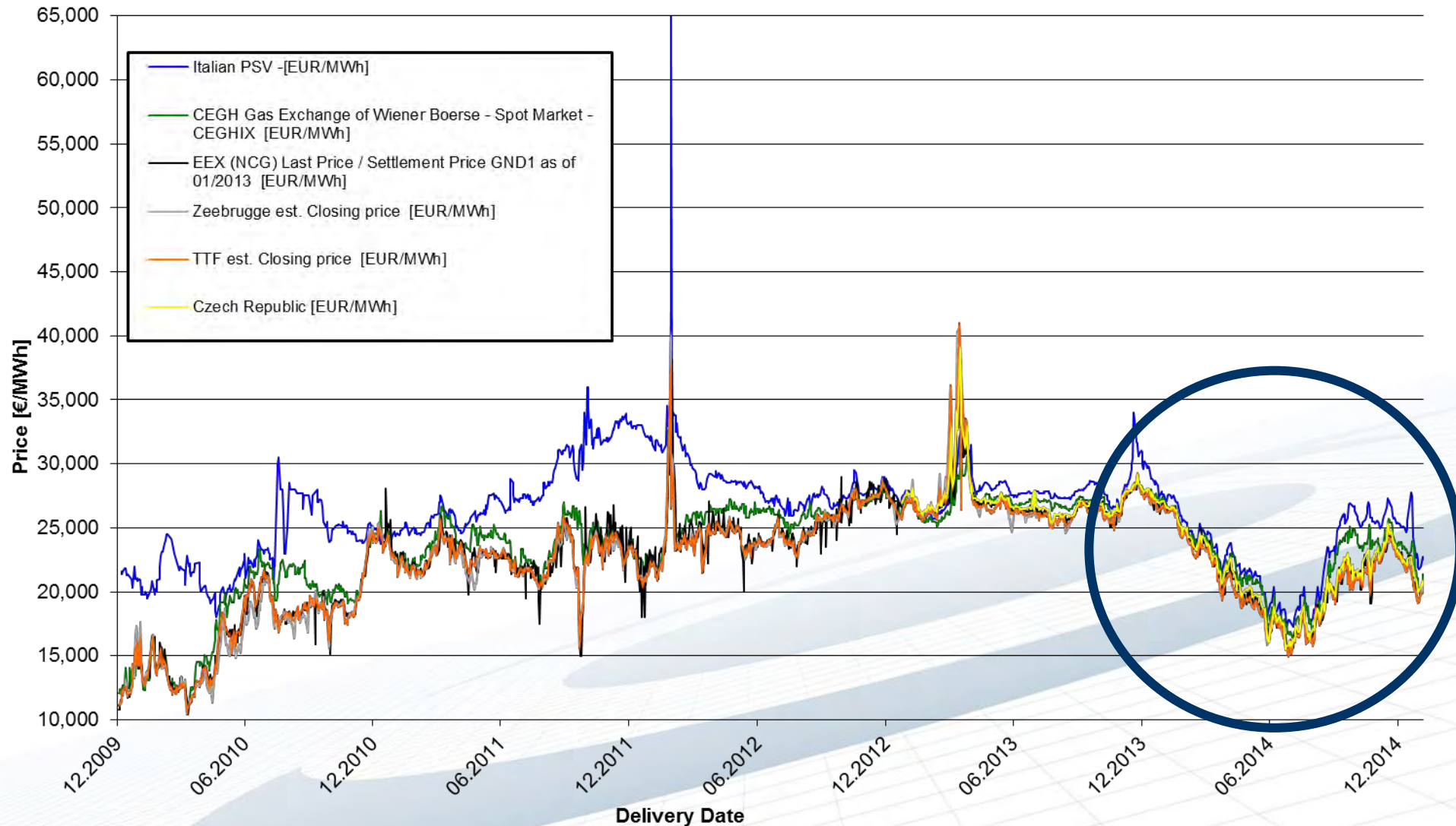
Growth in CEGH Gas Exchange Futures Market from 2013 – 2014: 669%



CEGH Gas Exchange

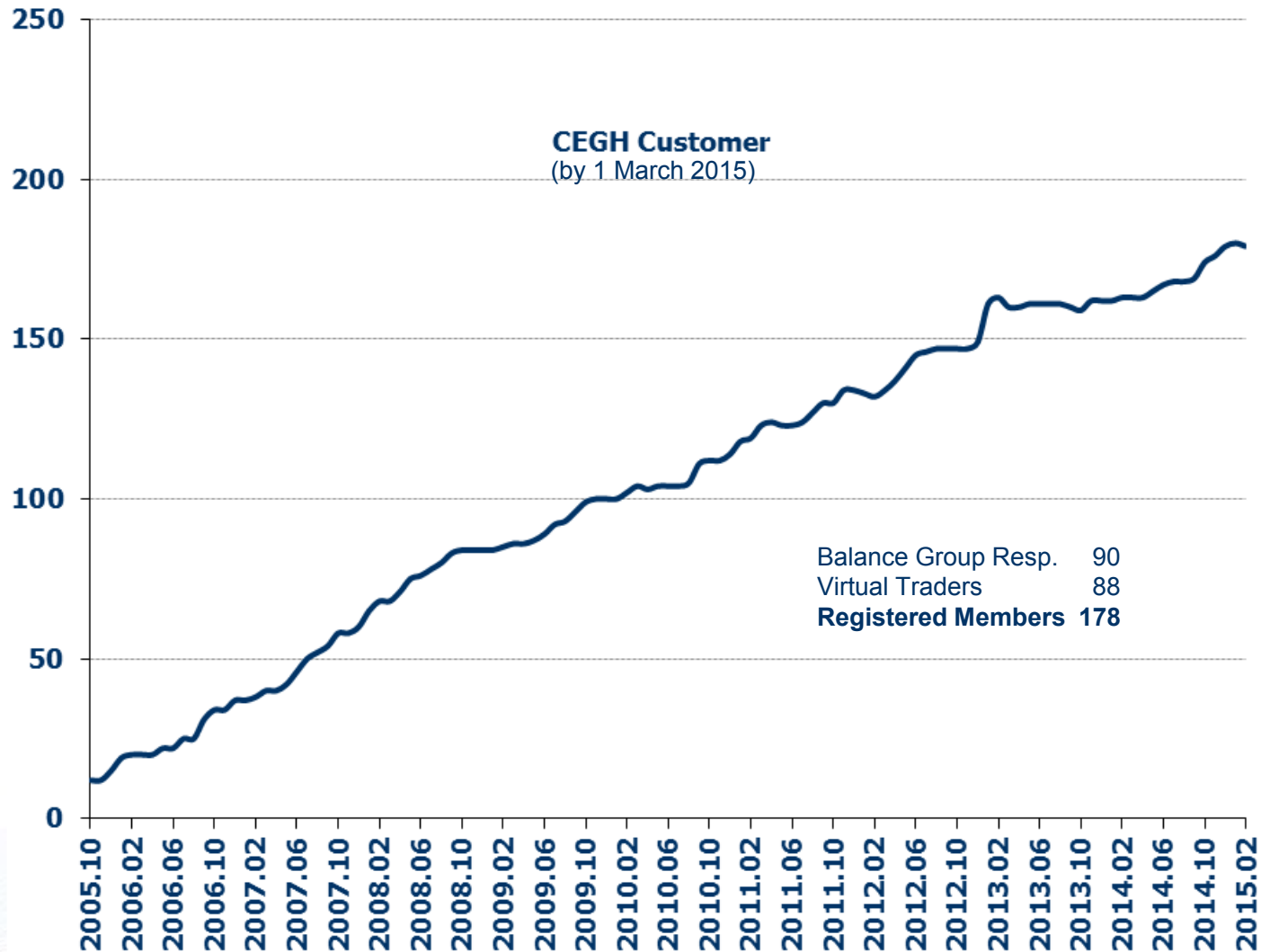


Relation between CEGH, Huberator, NCG, TTF, PSV and CZ



CEGH OTC Market (Virtual Trading Point of Market Area East of Austria)

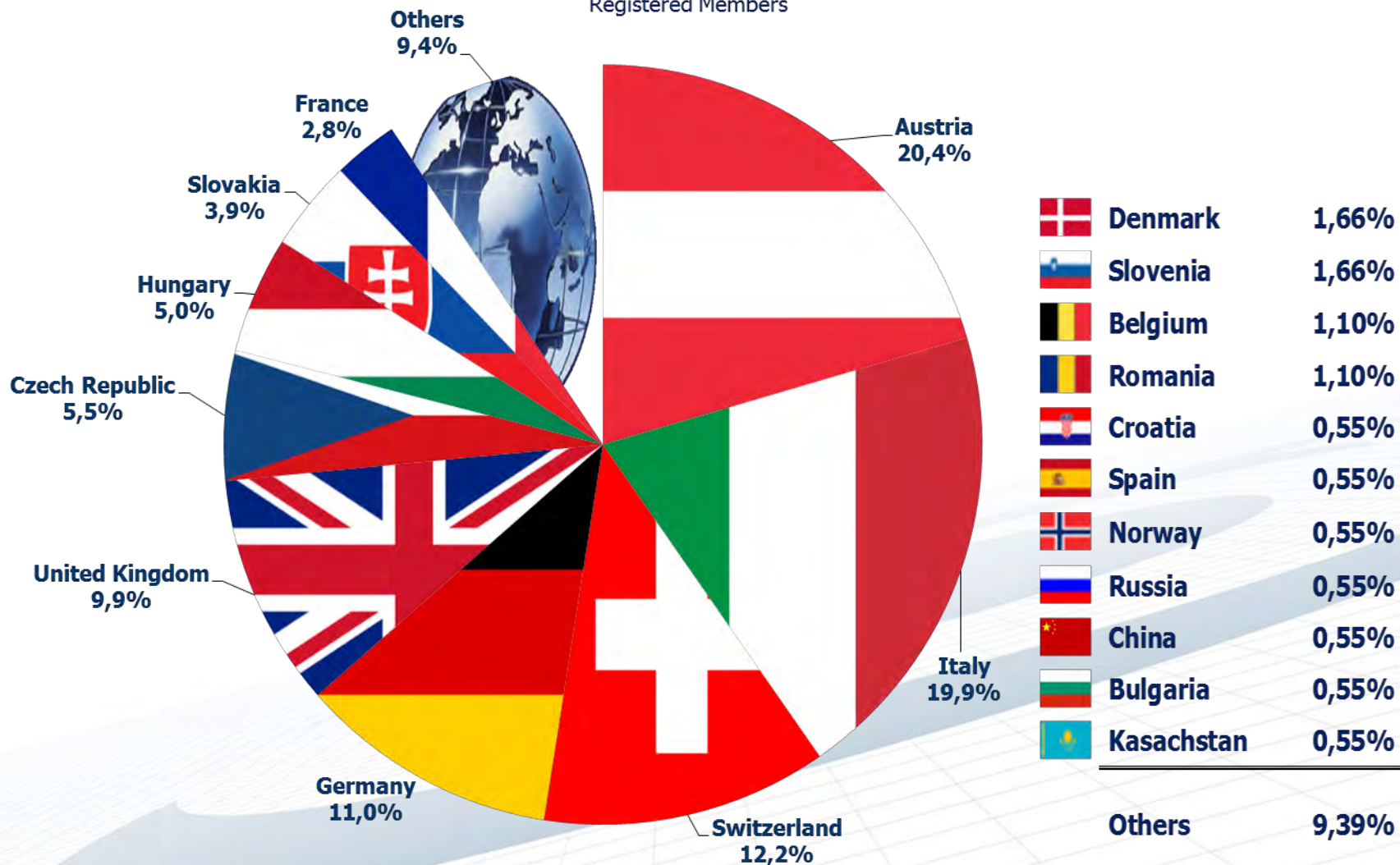
OTC Trading: Number of Registered Members



OTC Trading: Registered Members by Country



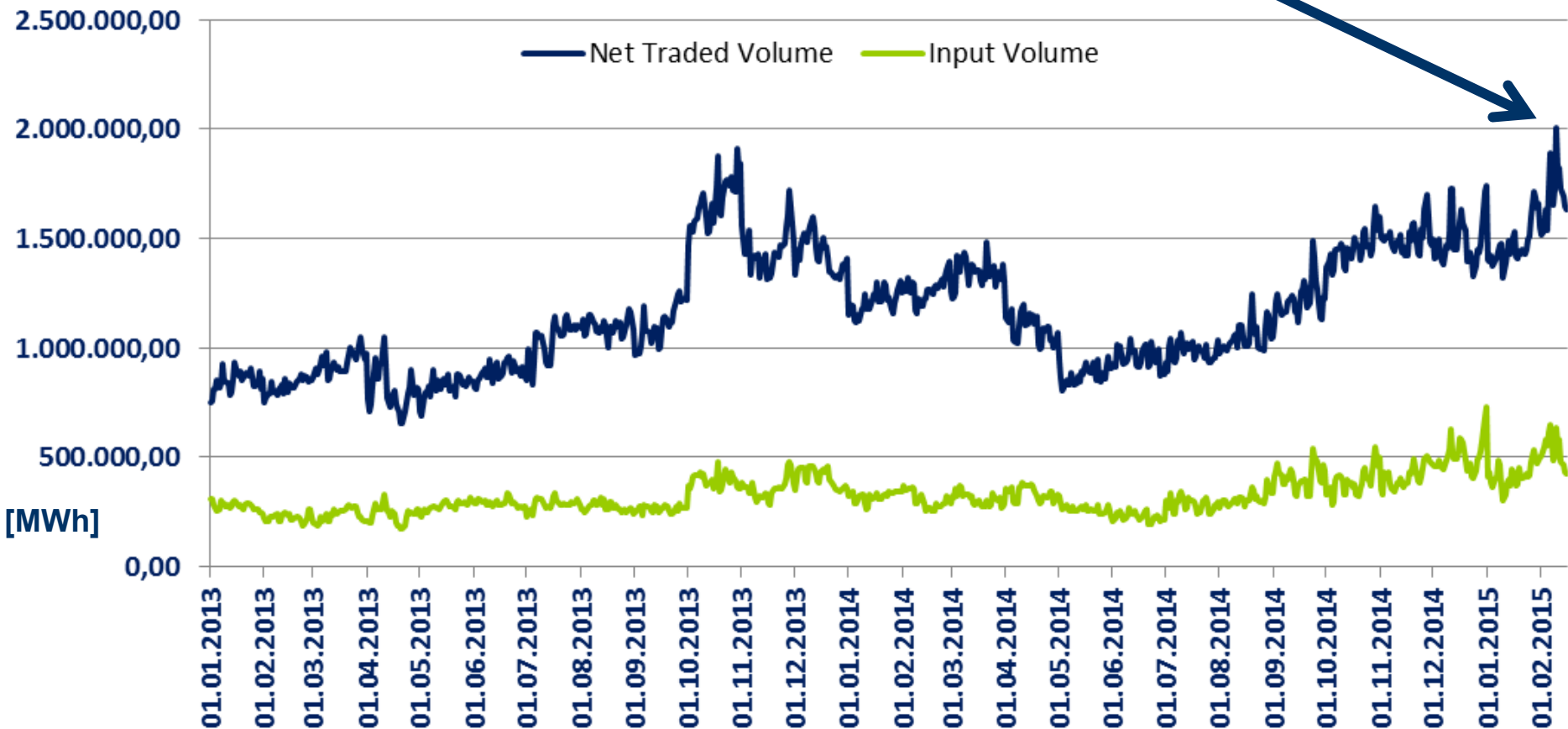
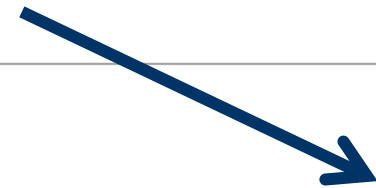
Registered Members



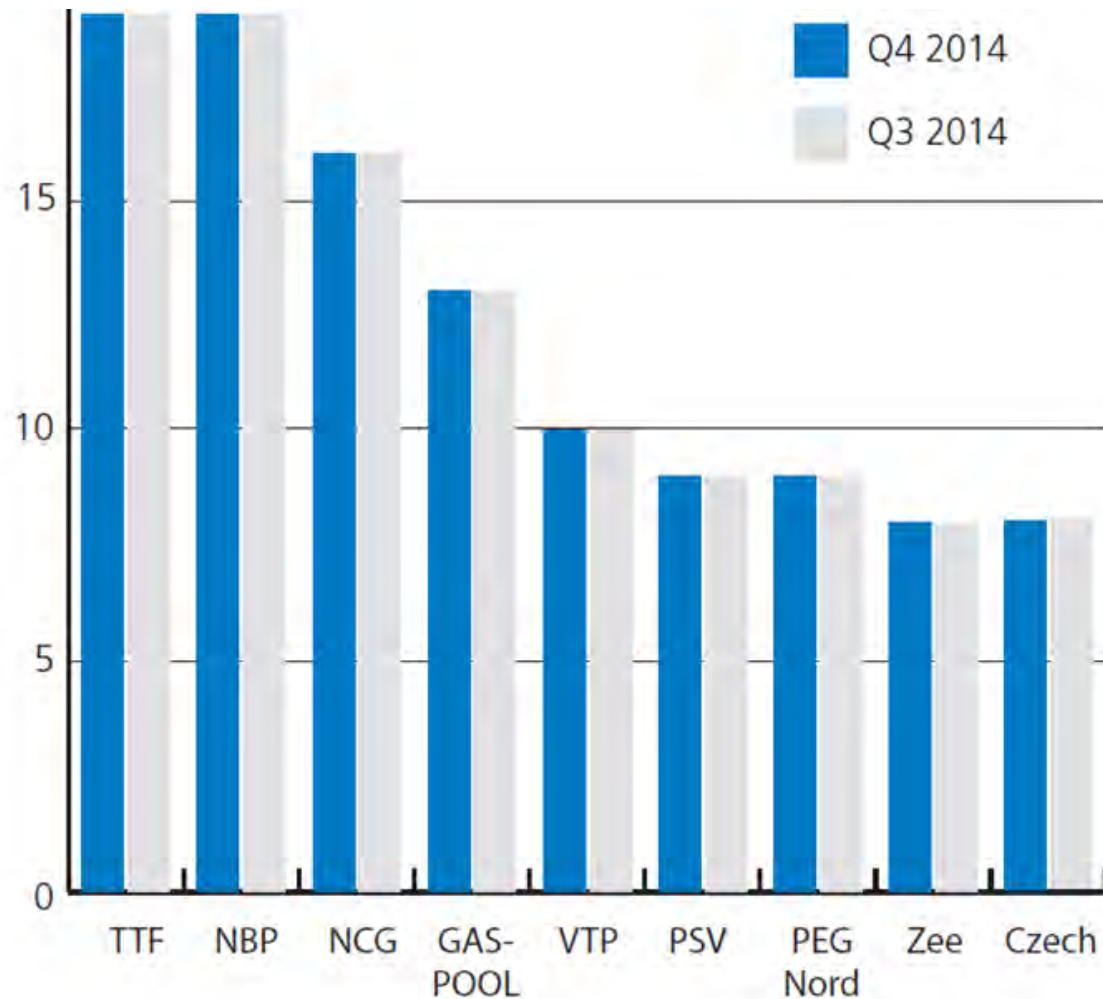
OTC Trading: Daily Trading Volume since Jan 2013



All-time high



ICIS Heren Score: Tradability Index (2014 Q4 vs. Q3)



Source: ICIS European Gas Hub Report Q4 2014 Update

EFET Hub Transparency Guidelines

Measures of Liquidity – Publication at CEGH Website



Measures of Liquidity

In order to improve the transparency of our virtual trading point we publish the measures of liquidity according to the "Guide on the Features of a Successful Virtual Trading Point" by EFET (30th Oct 2013).

Key facts are shown in the table below.

The data to its full extend is available for download in a separate pdf-file.

Date	No. registered participants	No. active participants	No. independent companies actively trading	Number of trades (DA)	Quantity traded	Churnrate CEGH OTC Market
				Trades ICIS Heren - VTP	[MWh]	
01.2013	161	75	72	472	41.275	2,98
02.2013	163	77	74	656	41.306	3,66
03.2013	160	81	78	1147	41.334	3,95
04.2013	160	87	83	980	41.365	3,37
05.2013	161	88	83	771	41.395	2,97
06.2013	161	89	84	670	41.426	3,06
07.2013	161	92	86	1104	41.456	3,61
08.2013	161	92	86	691	41.487	4,02
09.2013	160	94	88	729	41.518	4,19
10.2013	159	95	89	772	41.548	4,23
11.2013	162	96	90	969	41.579	4,04
12.2013	162	96	90	789	41.609	3,51
01.2014	163	96	90	713	41.640	3,76

08:00 1,444 25.320
More Within Day >>

CEGH AT VTP Futures >>

Trading Day	Contract	Settlement Price EUR/MWh
01.12.2014	Jan 2015	25.013
01.12.2014	Feb 2015	25.149
01.12.2014	Mar 2015	24.690

More Futures Market >>

CEGH Czech Futures

Trading Day	Contract	Settlement Price EUR/MWh
01.12.2014	Jan 2015	24.600
01.12.2014	Quarter 1/2015	24.600
01.12.2014	Summer 2015	23.300
01.12.2014	2016	24.300

More Czech Futures >>

9th CEGH

Feedback Workshop
3 December 2014,
Vienna



CEGH Gas Exchange of Wiener Boerse (Austria)

CEGH Gas Exchange



11 December 2014:

5 Years of CEGH Gas Exchange of Wiener Boerse



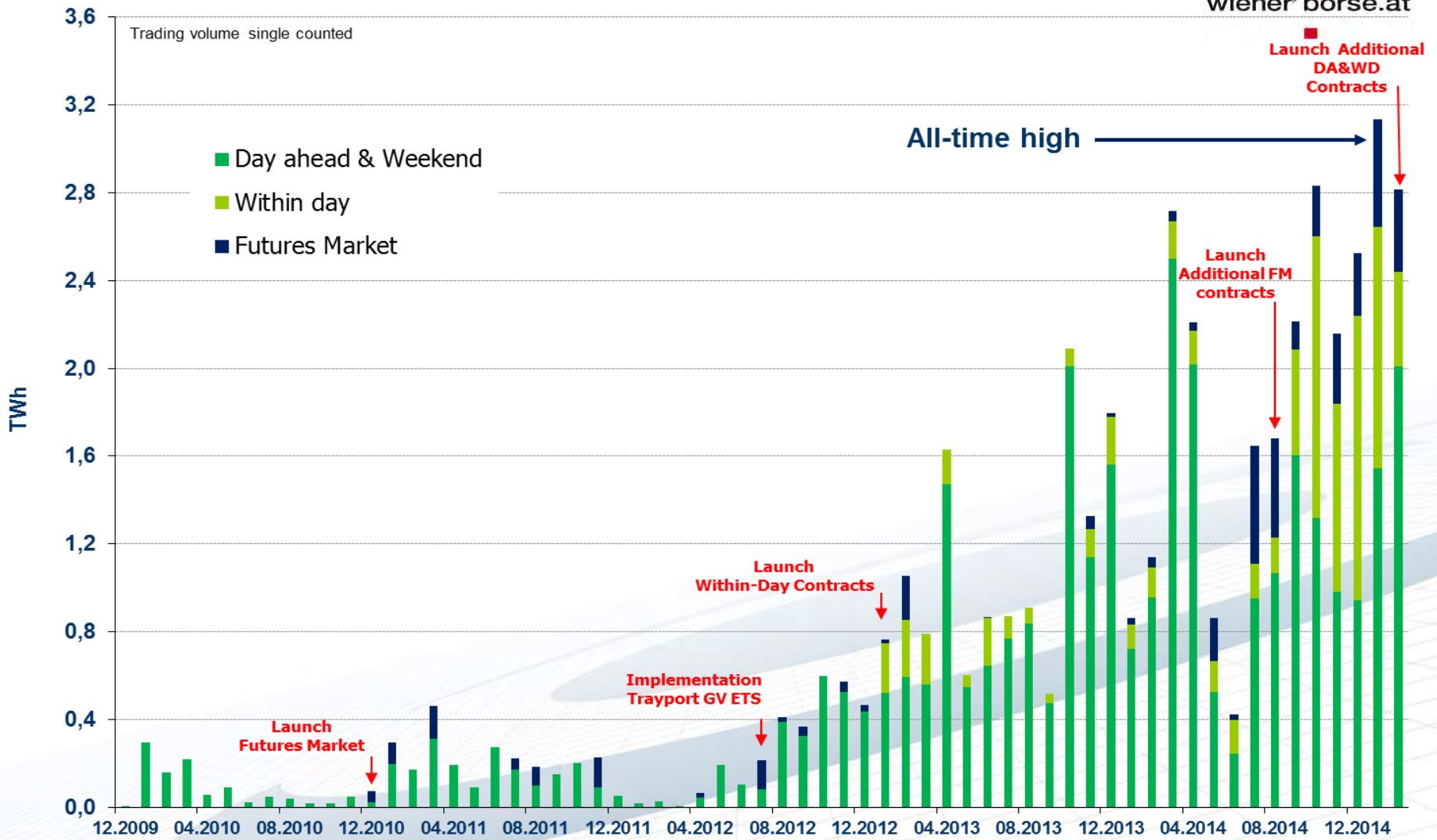
Gas Exchange: Monthly Trading Volume since Dec 2009



wienerborse.at

Trading volume single counted

- Day ahead & Weekend
- Within day
- Futures Market



Registered Members CEGH Gas Exchange



90 Trading Participants

Spot Market



13 Clearing Participants



11 Clearing Participants



Futures Market

26 Trading Participants



Registered Members CEGH Gas Exchange



50 Active members



40 Solely passive members



13 Clearing Participants



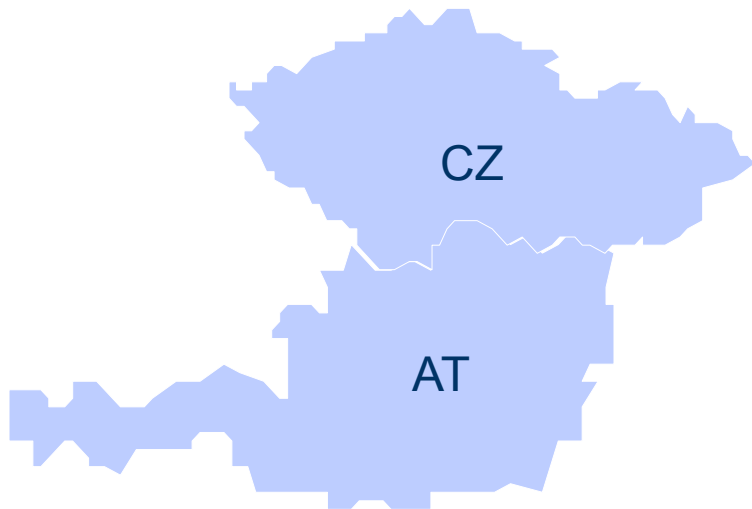
CEGH Indices



- CEGHIX
- CEGH Front Month Index
- NEW: CEGH Front Quarter Index:
 - Same calculation method
 - Launch & Publication in January 2015 for Q1/2015
- NEW: CEGHEDI – CEGH End of Day Index (Q1/2015)

CEGH Czech Gas Futures Market (Czech Republic)

Launching CEGH Czech Gas Exchange Futures Market powered by PXE



- Central European Gas Hub (CEGH) and Power Exchange Central Europe (PXE) together launch the CEGH Czech Gas Futures
- **Launch:** 9 December 2013
- **Members:** 10 members
- **Traded Volume:** 745 GWh (thereof 318 GWh in December 2014)



Gas Target Model

Update Process on European Gas Target Model

European Regional Gas Markets



- Review of European Gas Target Model:
Wider regional markets to have more benefits for a bigger group of consumers
- After Nabucco & South Stream – supply diversification is needed
- European Union funds dedicated to connect CEE markets also with CEGH

Gas Target Model 2014



New Gas Target Model launched by ACER on 16 January 2014

Review process included consultations, study and questionnaire

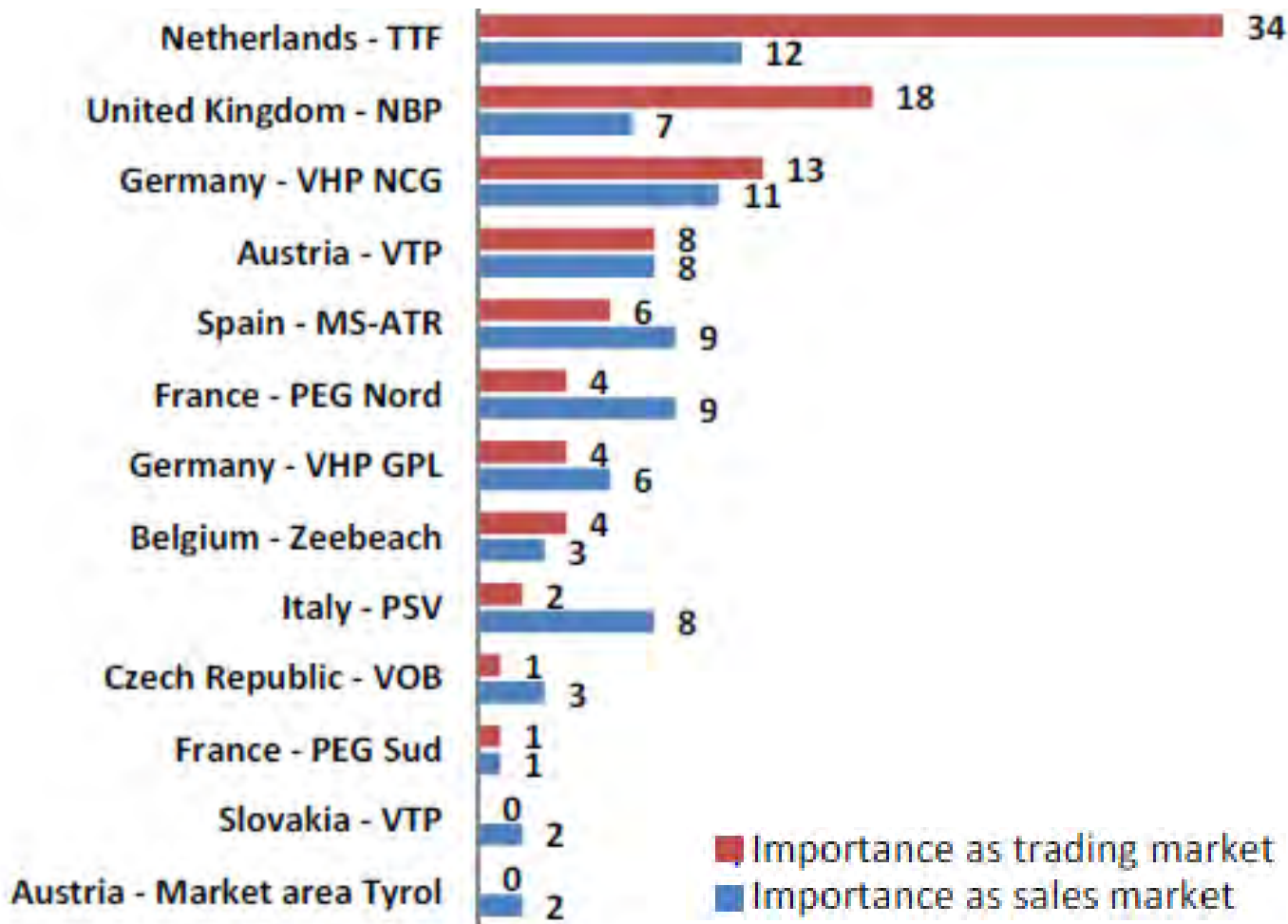
Core issues of the updated document:

- Future role of gas
- Security of Supply
- **Traded Gas Markets**
- Gas2Power options

What Traders think: ACER Market Inquiry 2014



- Traders rank CEGH-VTP behind TTF, NBP & NCG



Gas Target Model (GTM 2014) - way forward



- Self-evaluation process: NRAs shall assess, whether markets are able to meet revised GTM 2014 criteria by **2017**
- If not, the GTM suggests considering structural market reforms e.g.
 - **full market merger, or**
 - **trading region, or**
 - **satellite market (& market coupling)**

Any reform should be based on an appropriate cost-benefit analysis to ensure their economic viability

→GTM 2014 is not (yet) accompanied by EU regulation for implementation; NRAs tasked with implementation

(New) GTM 2014 requirements



- Order book volume (new)
- Bid offer spread (new)
- Order book price sensitivity (new)
- Market concentration for bid / offers (new)
- Trading concentration (new)
- Number of trades (new)
- HHI (new method)
- Residual Supply Sources (new method)

Deleted criteria: market zone size, churn rate

**→ GTM launch documentation contains EU wide initial assessment
(based on 2013 broker data) done by ACER**

Outlook: The regional role of CEGH as liquidity provider under the GTM 2014



- CEGH is the most liquid international and cross-regional trading place in CEE and SEE.
- CEGH's existing liquidity can be used for developing surrounding gas markets further by:
 - Trading Region (e.g. CZ-SK-AT - and further with HU and Poland (?)): combining the wholesale markets to form one virtual trading point for various countries.
 - Easy access from various countries – satellite markets - to CEGH to utilize its liquidity for other gas markets (e.g. building a better balancing market model).



**Thank you very much
for your attention**



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