



Development of CEEGEX and the Hungarian Gas Market



AGENDA

1. What happened in 2017?

2. What are the advantages of CEEGEX – why are people trading here?

3. Our goals for 2018

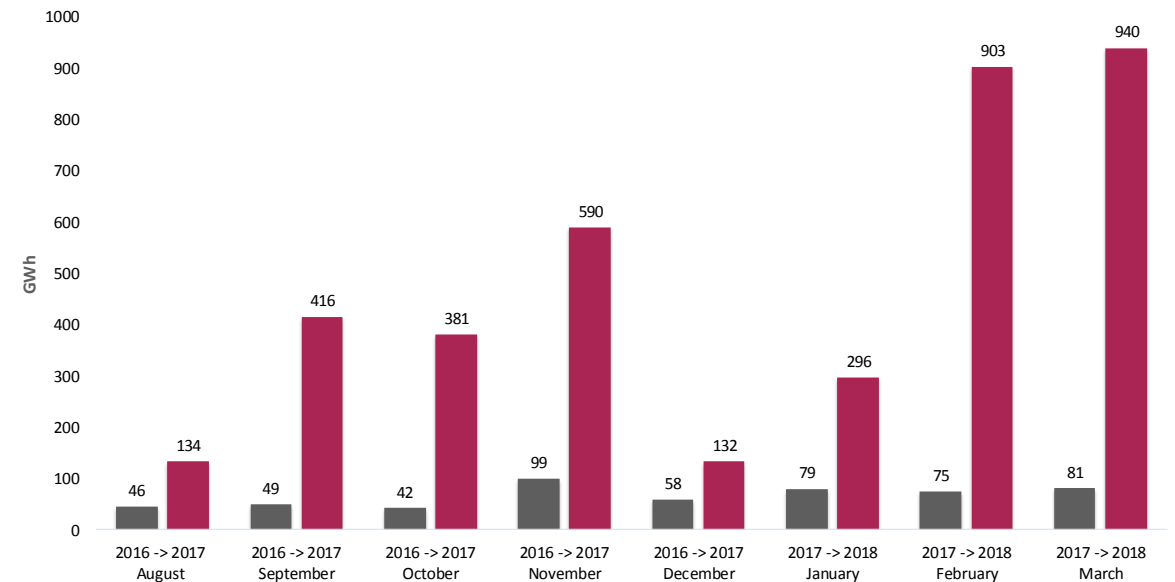


What happened in 2017?

- Changes in CEEGEX transaction fees – temporary discount on the fixed fees
- Legislation changes —————> volumes moved over from TSO trading platform
- CEEGEX trading switched HUF —> EURO
- New market maker
- Very proactive sales activity
- More international players (+8 members)

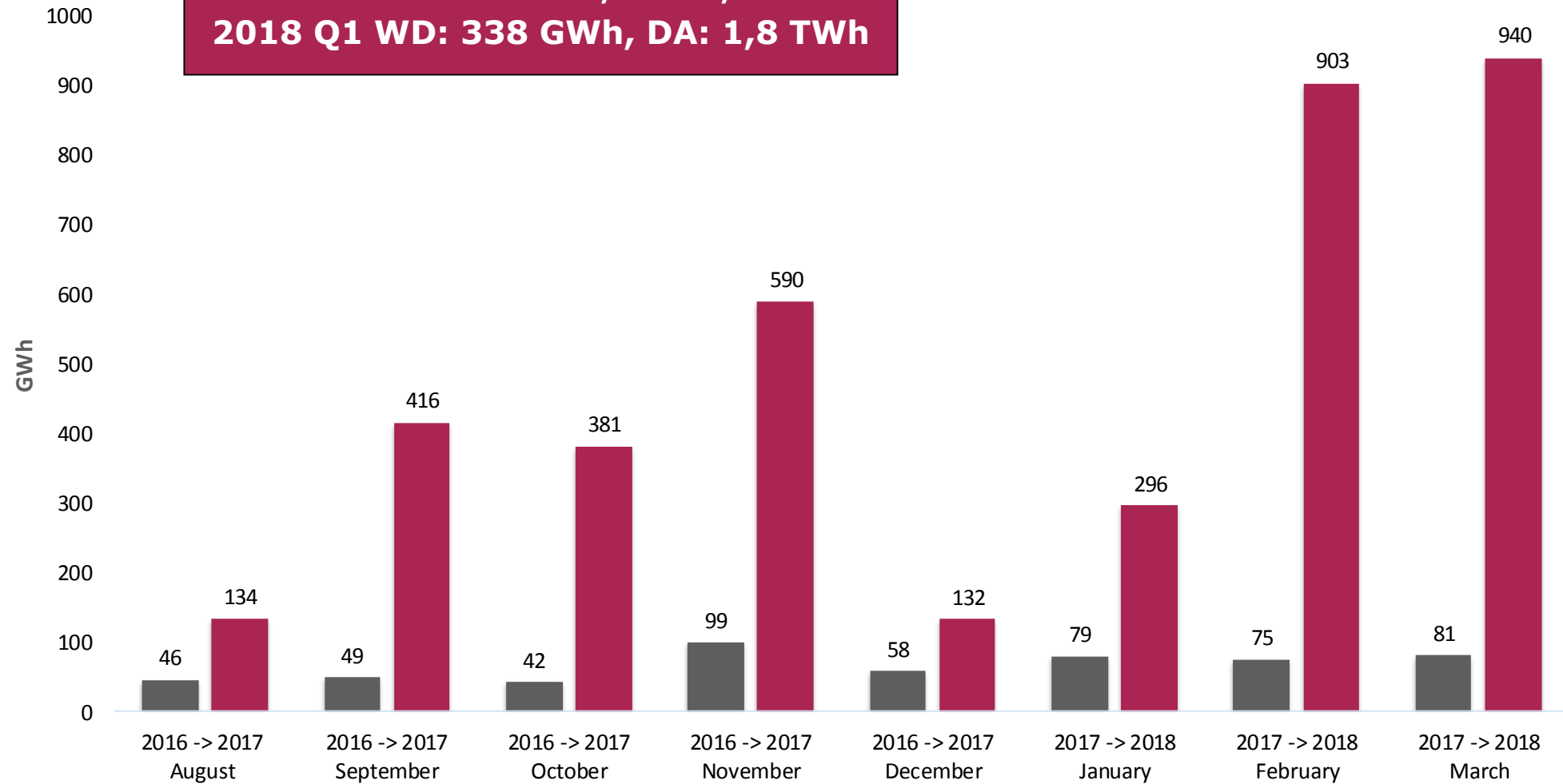


Growing volume



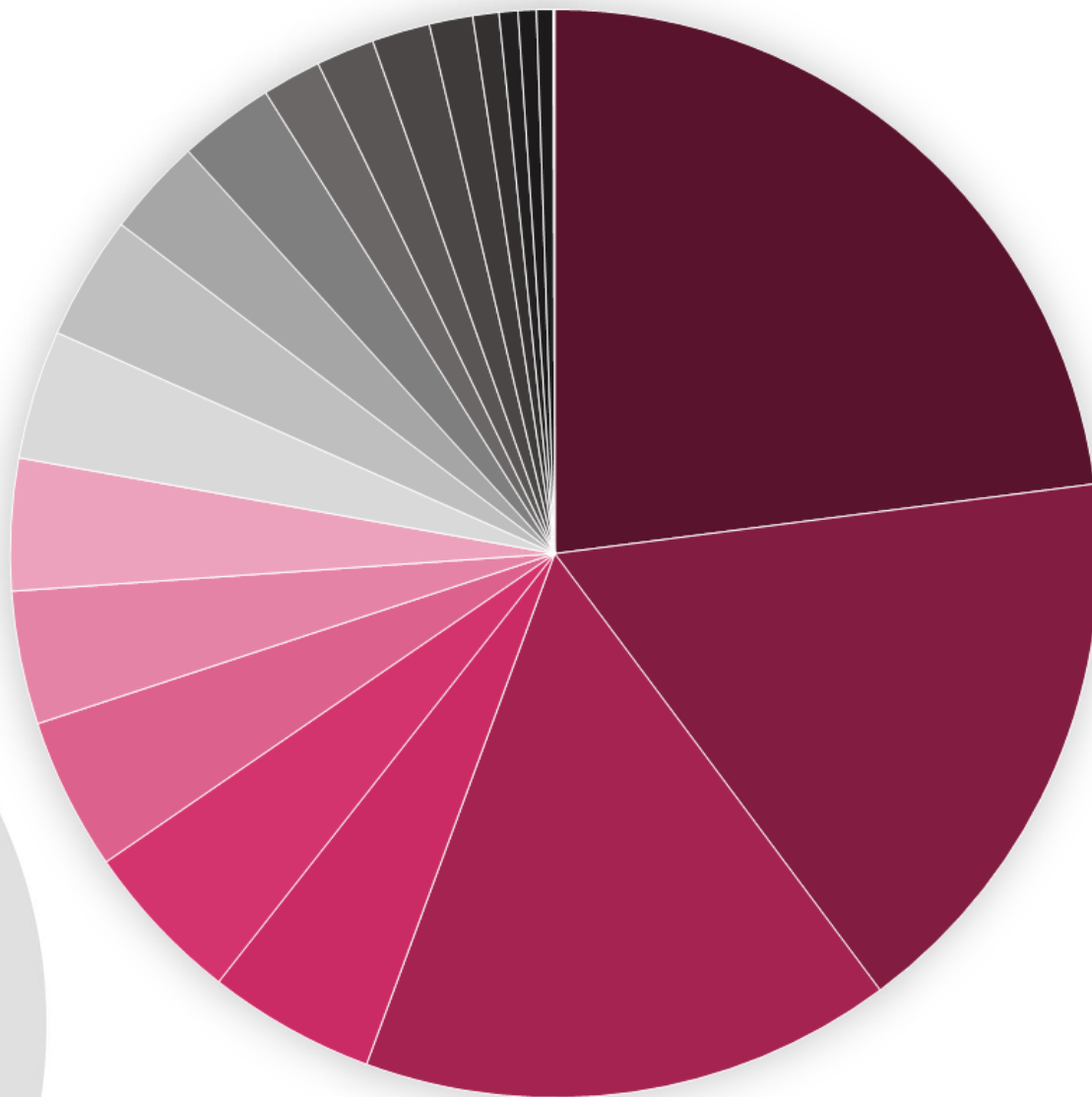
Monthly spot volumes year on year comparison

2017 WD: 456 GWh, DA: 1,6 TWh
2018 Q1 WD: 338 GWh, DA: 1,8 TWh



Market share on CEEGEX

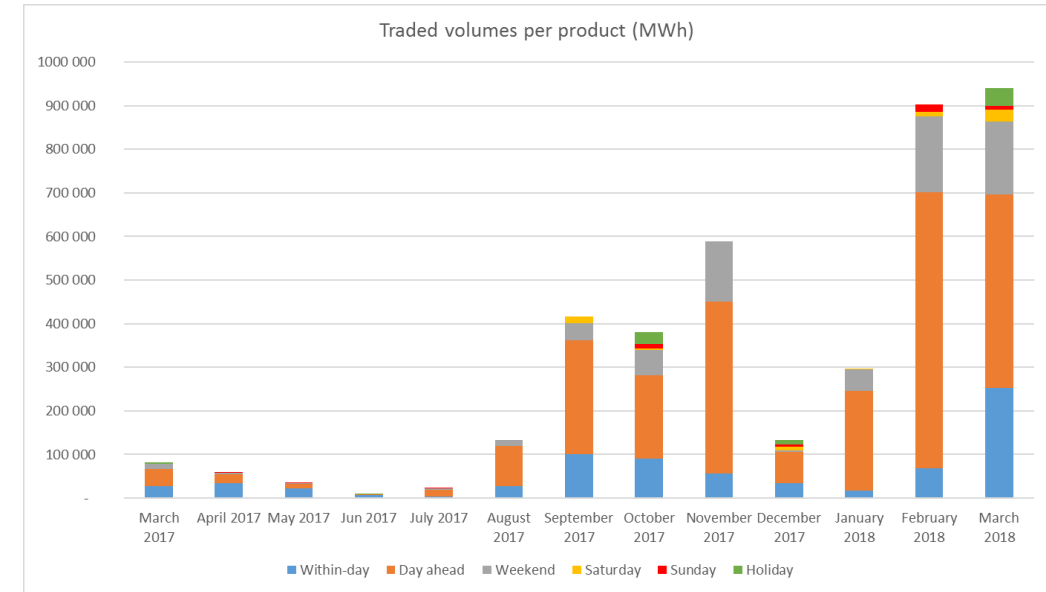
Share of traded volumes by companies 2018 Q1



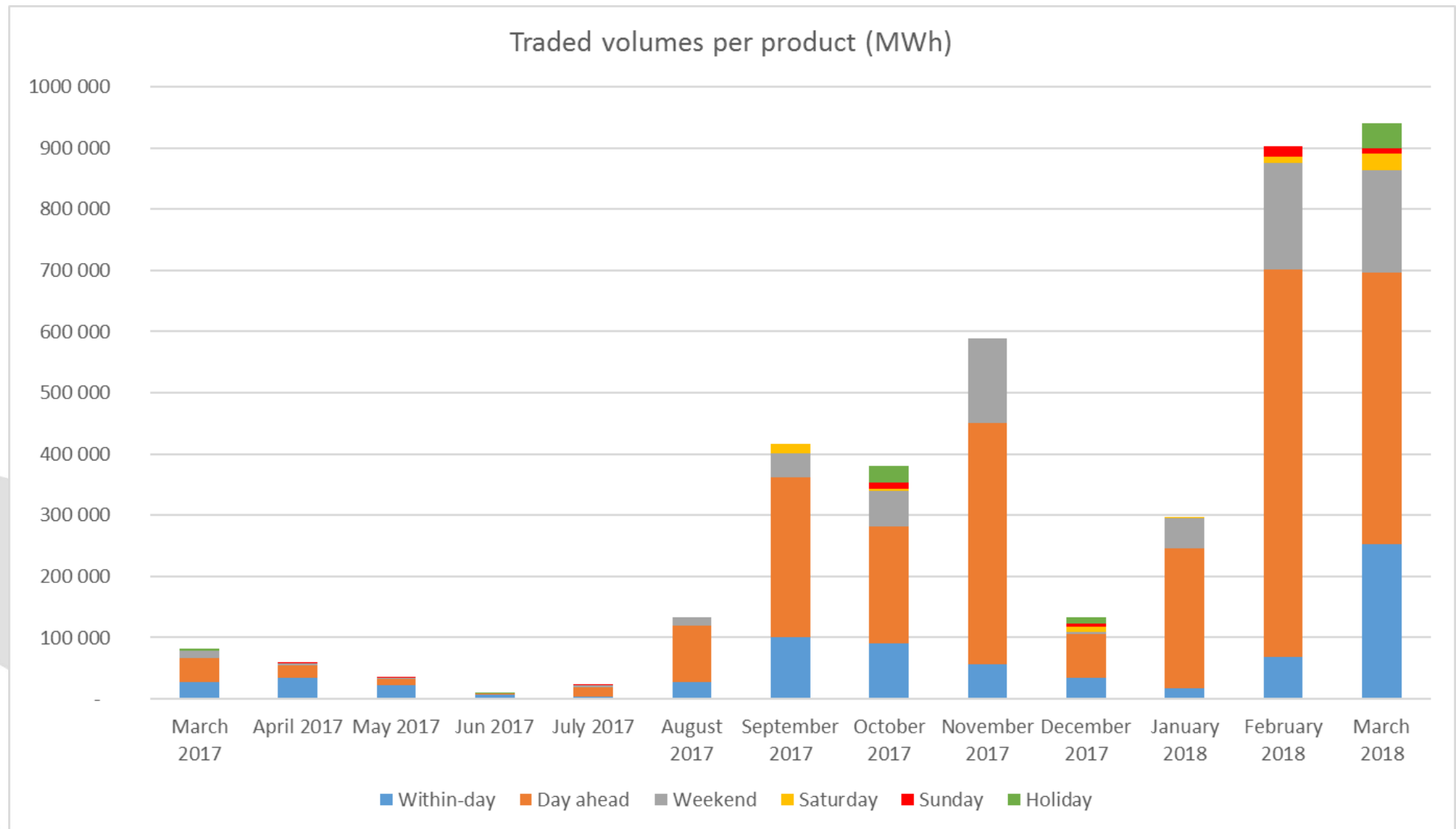
Why are people trading on CEEGEX?

Advantages of CEEGEX

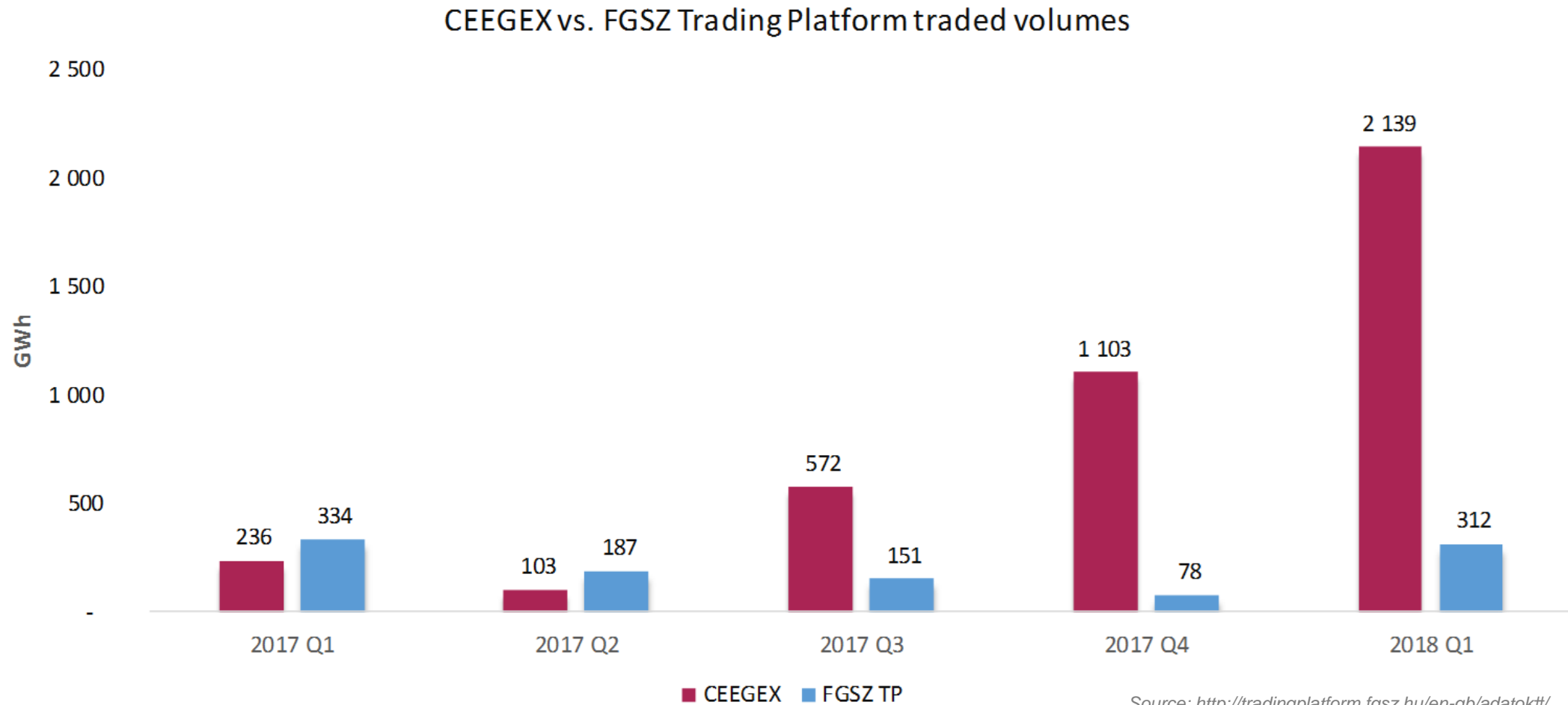
- »» Connects the buyers and the sellers
- »» Organized market with standardized products
- »» Reliable prices
- »» Short term products for effective & easy balancing
- »» Enabling efficient utilization of the existing infrastructure
- »» Growing liquidity with an average bid – ask spread of 0,4 Euro



CEEGEX traded volumes per product (last 12 months)



Short term products for effective & easy balancing



Reliable prices



Source: <https://www.powernext.com/spot-market-data>



Goals for 2018



Growing liquidity



New members (8 new members by the end of 2018)



Widening product portfolio (BOM, Seasonal, Yearly)



Development of the trading environment (limit handling)





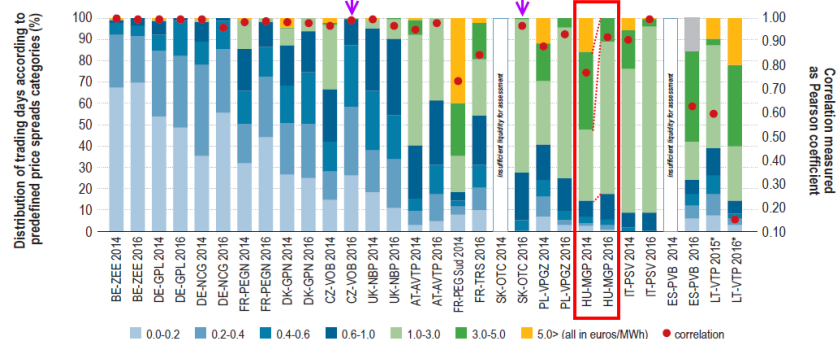
CEEGEX: the new HUPX? Will real gas trading ever come to Hungary?

Ders Németh – Wattler



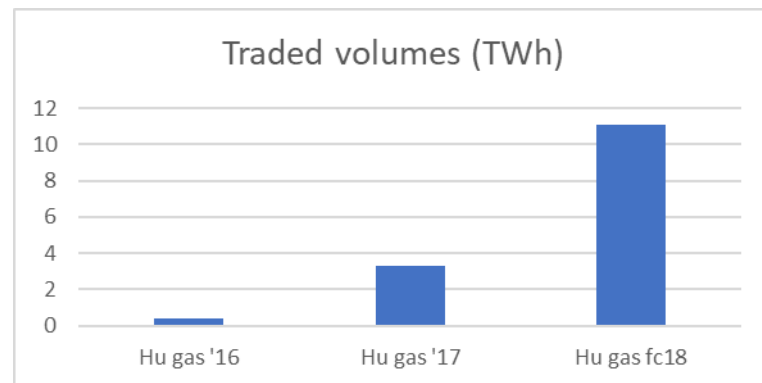
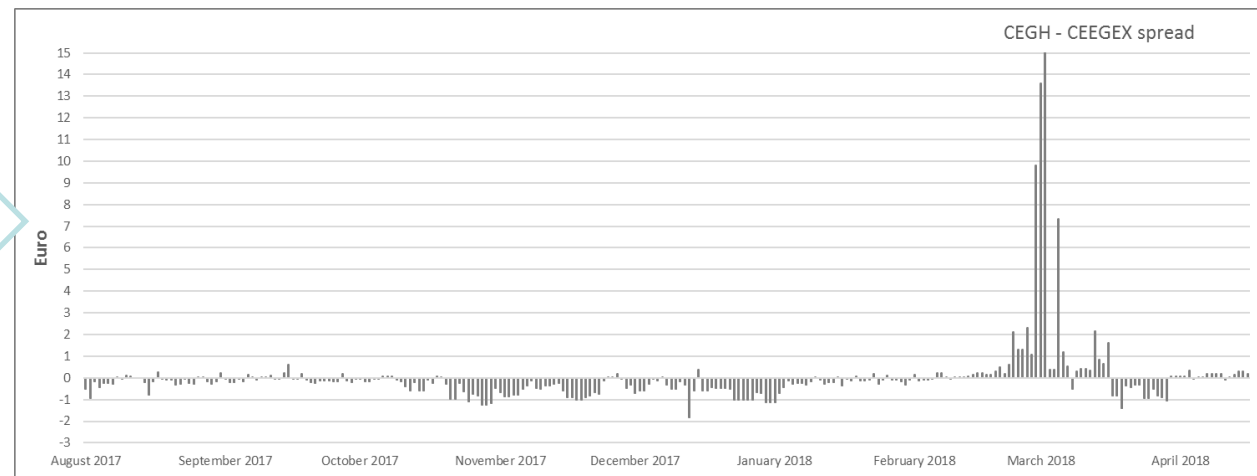
The growth is spectacular..

Figure 19: Levels of Day-Ahead price convergence between TTF and selected hubs year on year – 2014 - 2016



Source: ACER based on Platts, ICIS Heren and hub operators' data.

Notes: Spreads in euros/MWh are calculated as the absolute price differential between pairs of hubs, independent of discount or premium. Different categories were determined in order to calculate the distribution of price spreads among hub pairs. The distribution was made over the total number of trading days in a year. Correlation is measured using the Pearson product-moment coefficient, i.e. the covariance of the two distinct hub prices divided by the product of their standard deviations. Lithuanian price analyses are based on a combination of day-ahead hub products and – for those days when day-ahead products were not traded – specific products traded ex post of delivery for balancing purposes were used as a proxy.



..but a lot of work has to be done yet

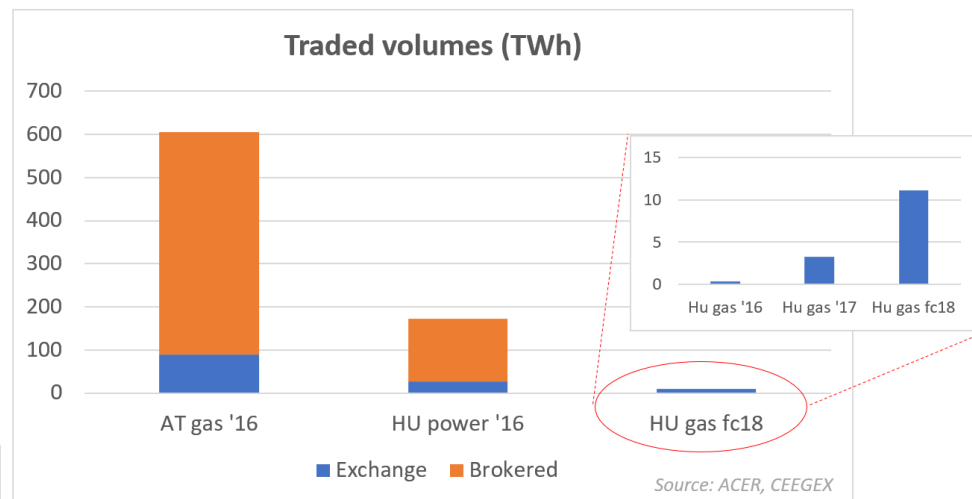
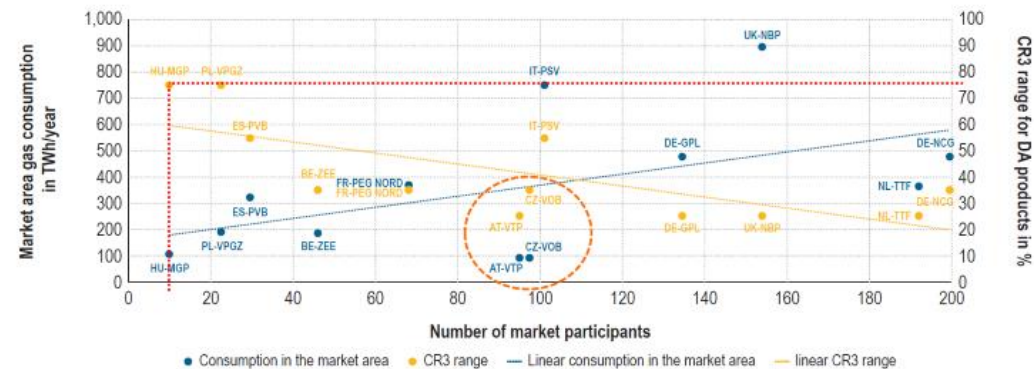


Figure 17: Number of market participants at selected EU gas hubs and interlinks with consumption and concentration indicators – 2016



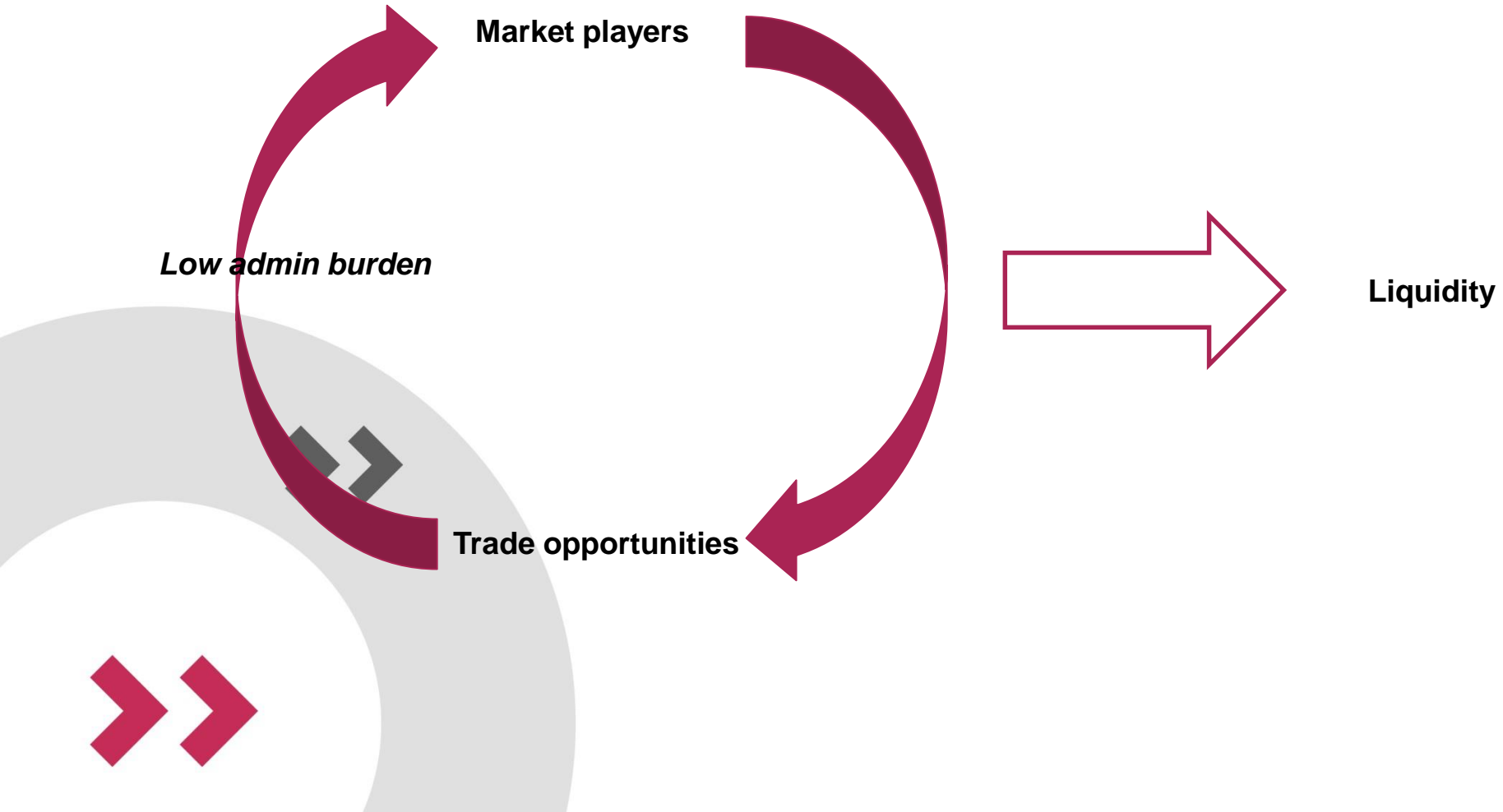
Source: ACER based on REMIT data.

Note: Values for OTC and exchange trading mechanisms combined. Intragroup companies may be reported separately, i.e. the actual number of independent participants could be lower. The graph sums up the distinct companies that have made at least one single trade, although not all of them may be regularly trading actively. Linear refers to the trend line corresponding to a first degree equation.

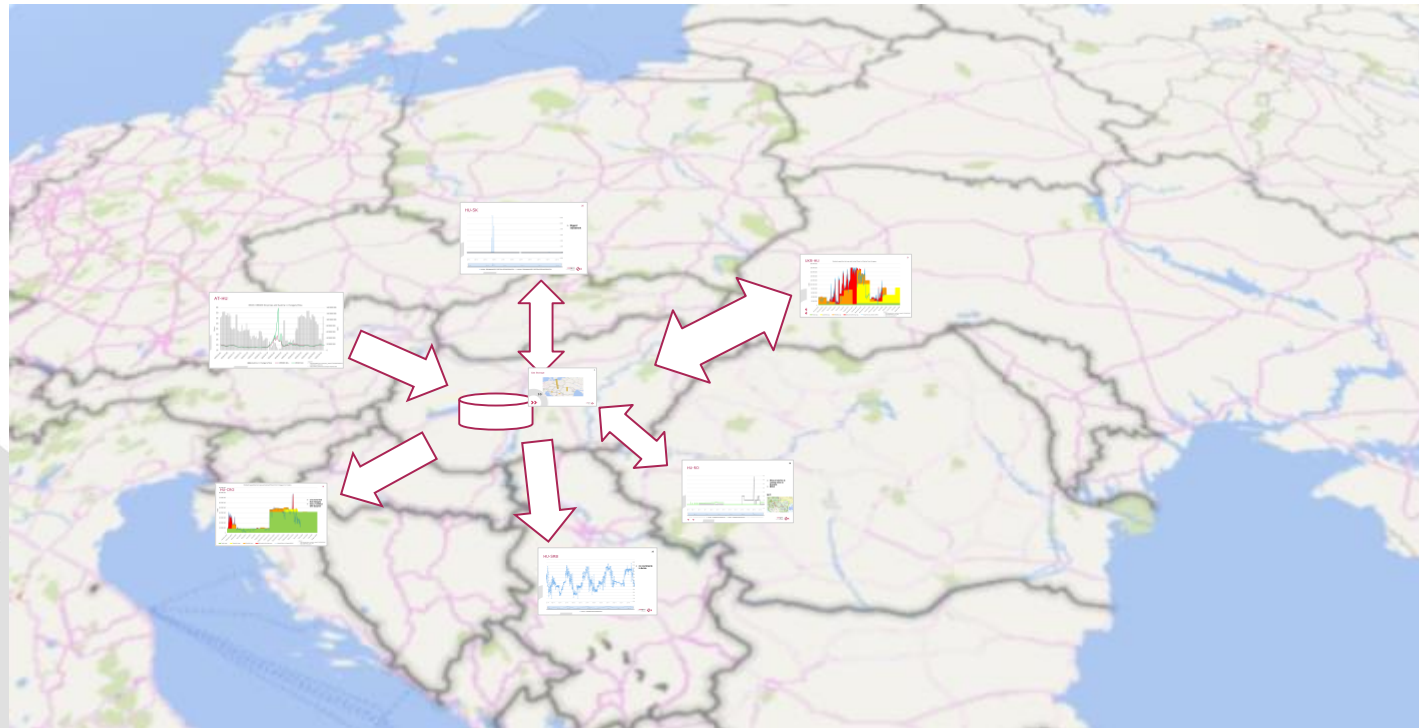
- Churn rate is still well below
- at TTF this above 40(!)



Virtuous circle of liquidity



Trade opportunities

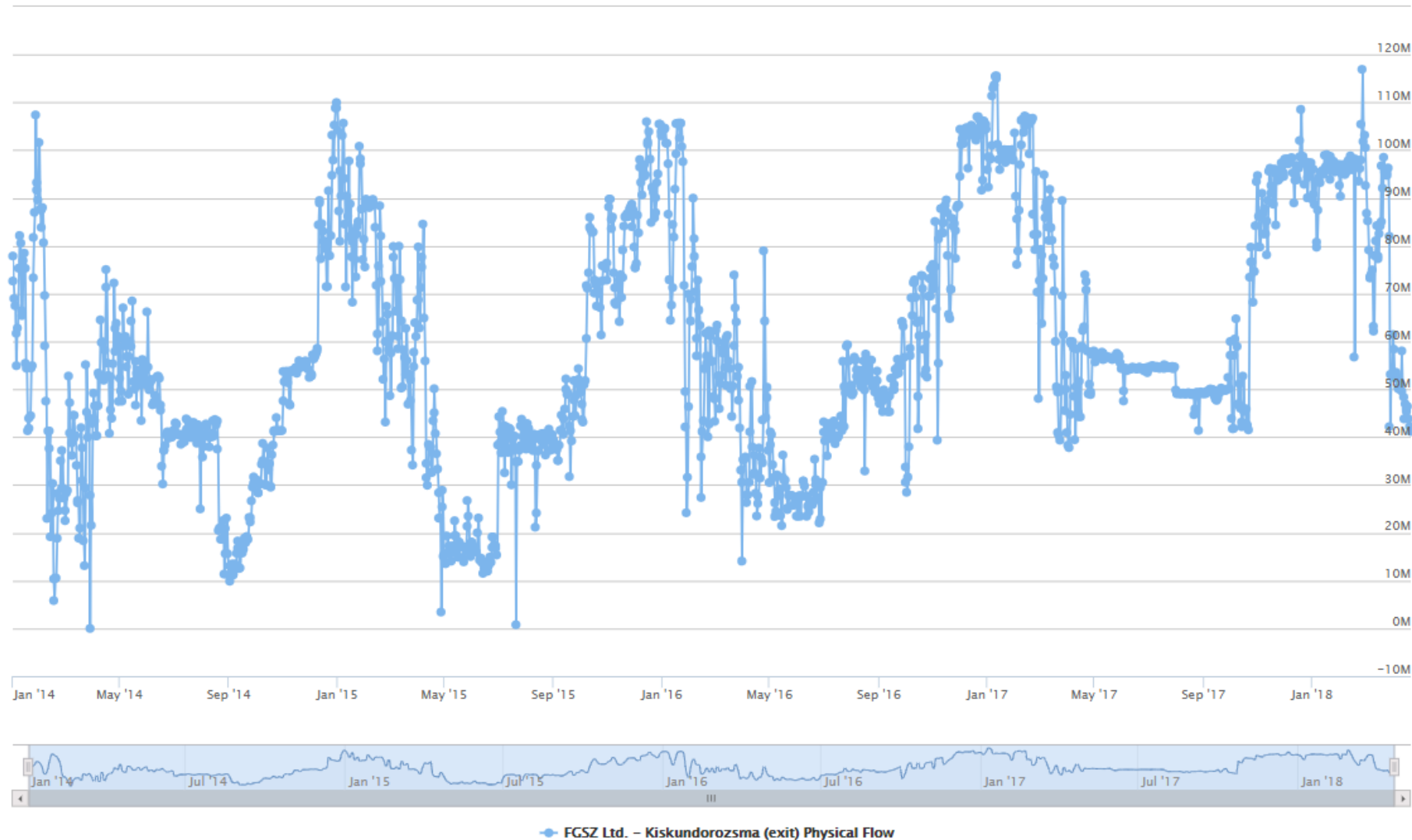


Conclusion – opportunities

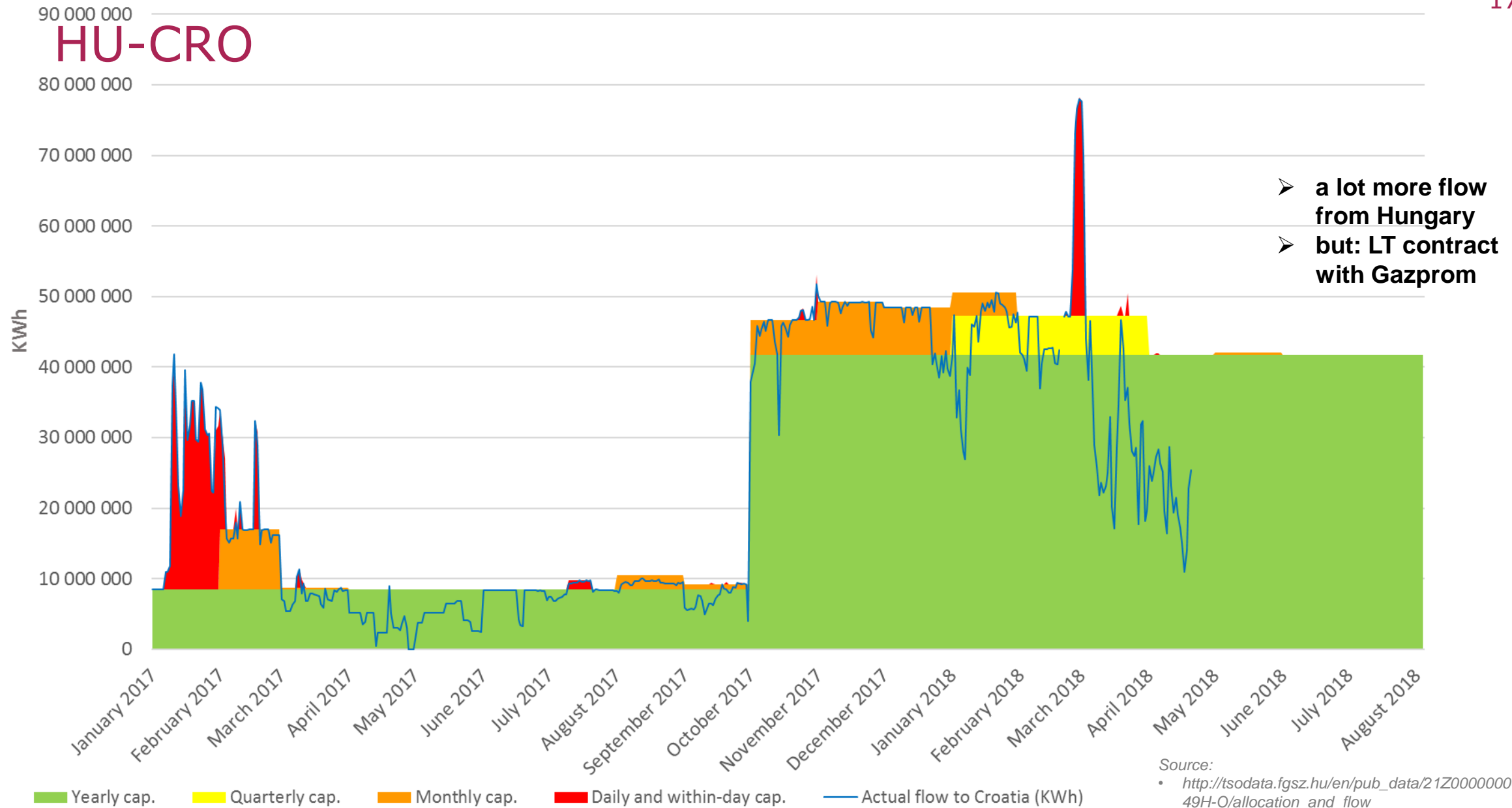
- Possibilities to optimize the borders, especially if there are such capacities
- Manage the risks
- Look out for the signals between exchange market and the volatility
- The fact can be a good indicator
- Counterparty credit in each country
- Play with the end user developments



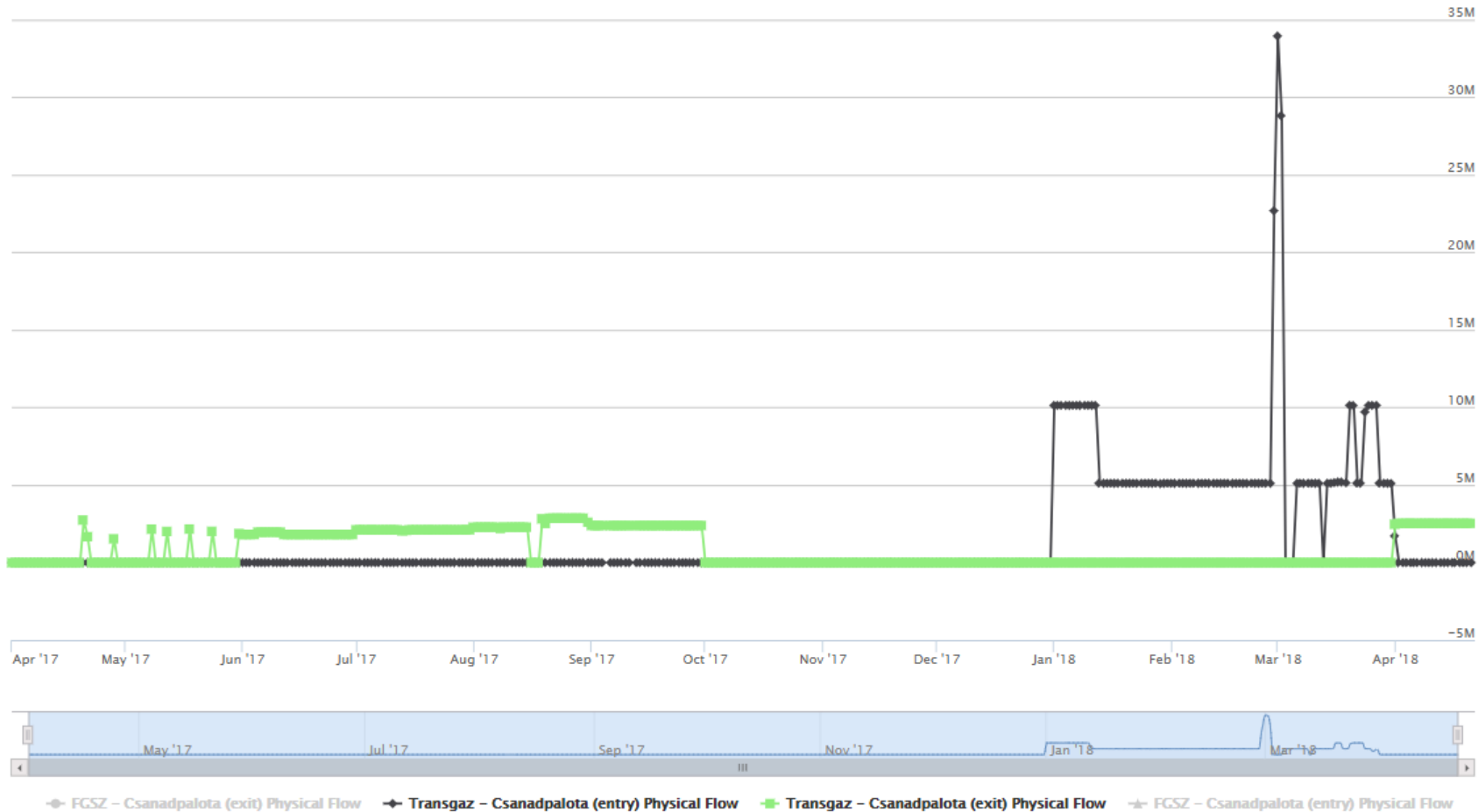
HU-SRB



➤ no counterparty in Serbia



HU-RO



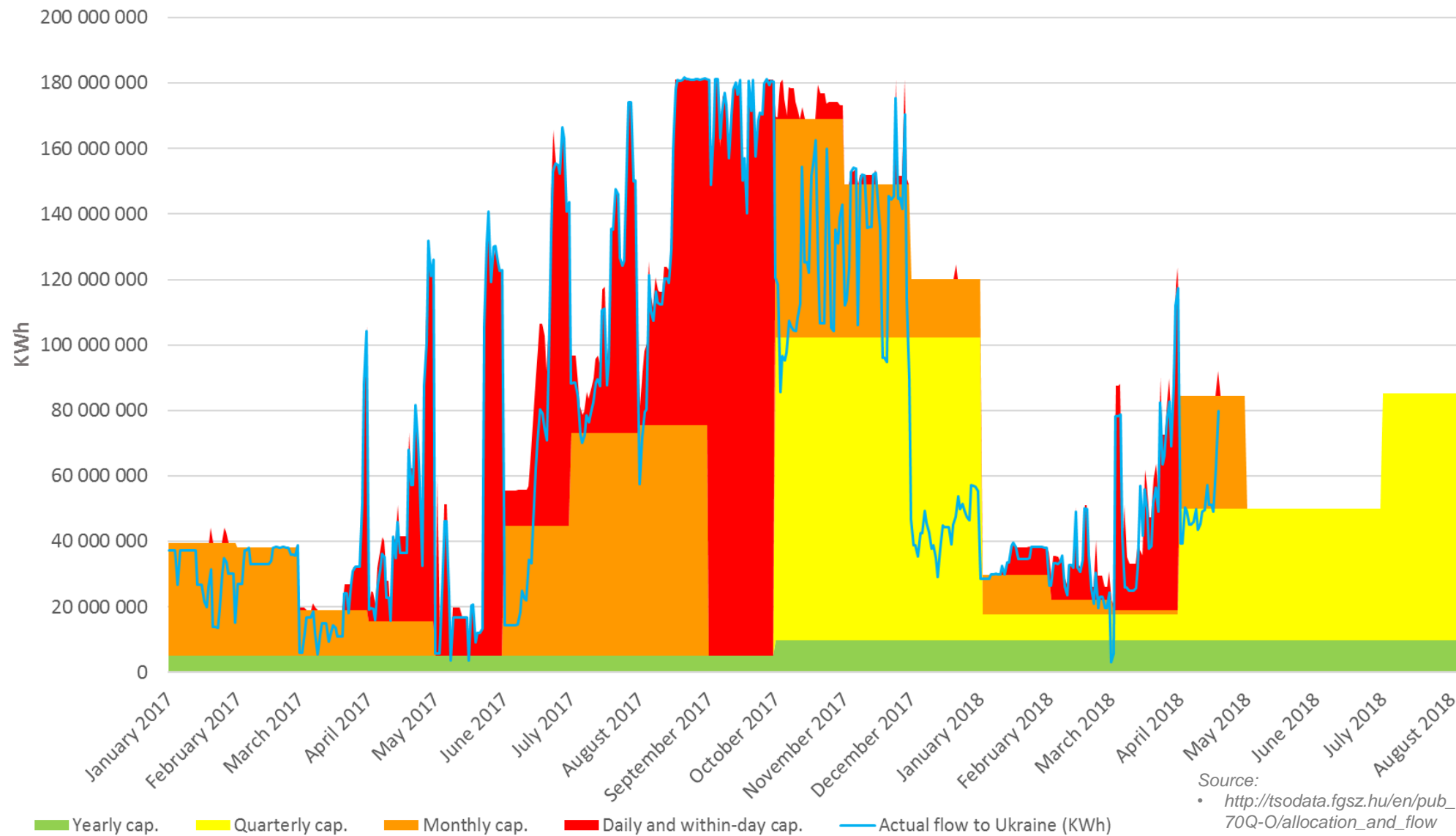
- More production is coming online in Romania
- BRUA

BUT!



UKR-HU

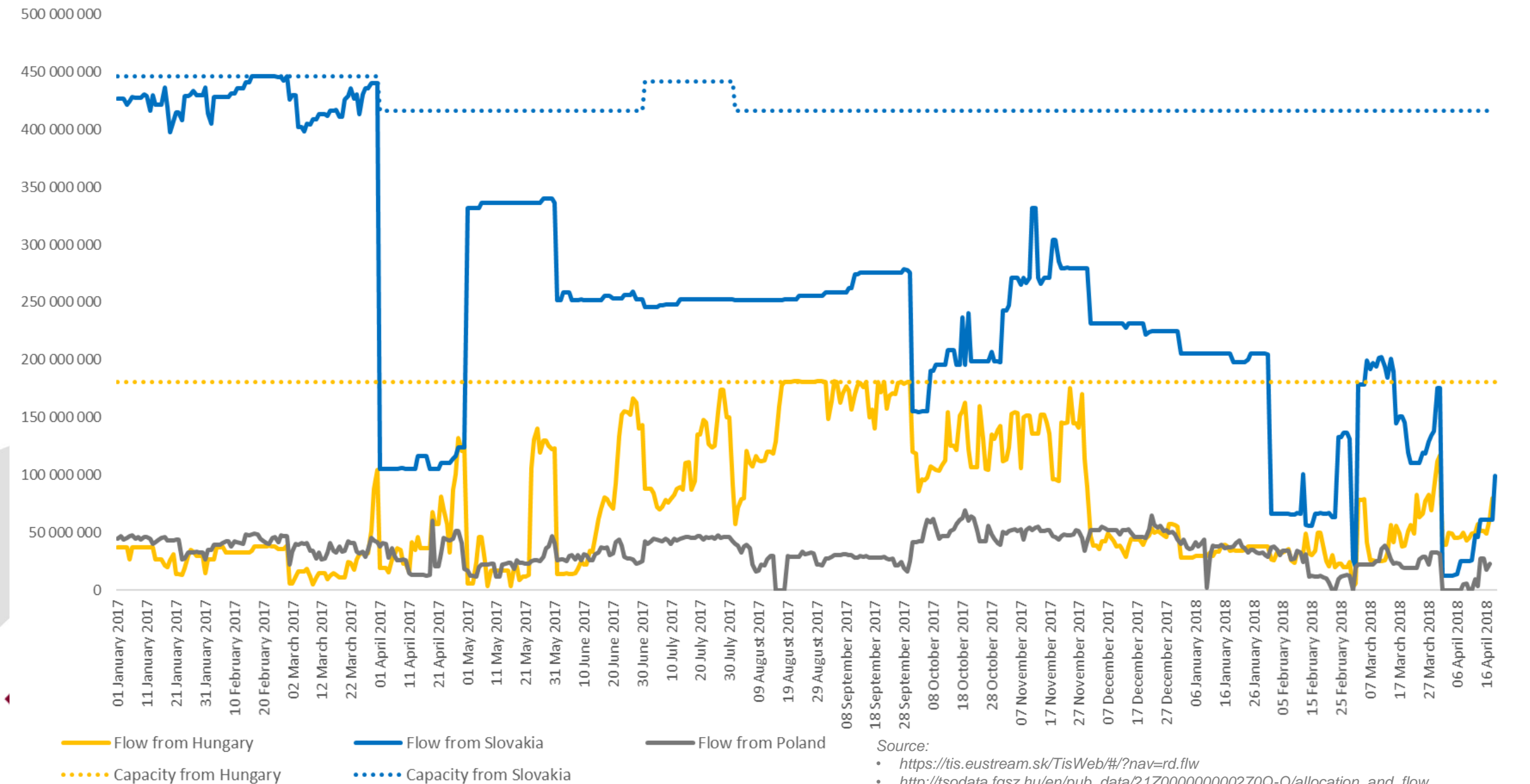
Booked capacities by type and actual flows to Ukraine from Hungary



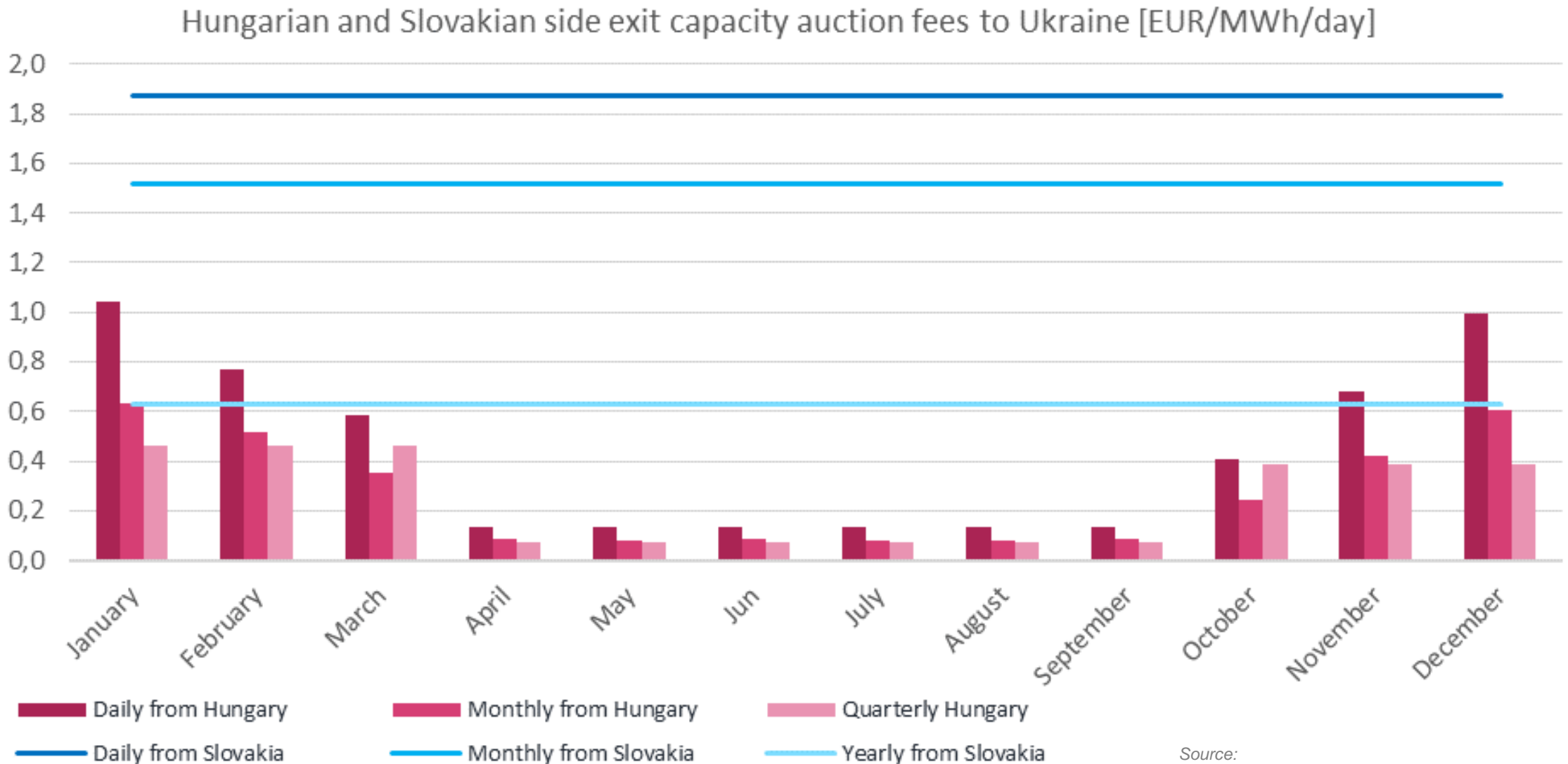
Source:

- http://tsodata.fgsz.hu/en/pub_data/21Z000000000270Q-O/allocation_and_flow
- <https://rbp.eu/auctions>

Actual flows to Ukraine from Slovakia, Hungary and Poland (KWh)



Periodical advantage over Slovakian supply route

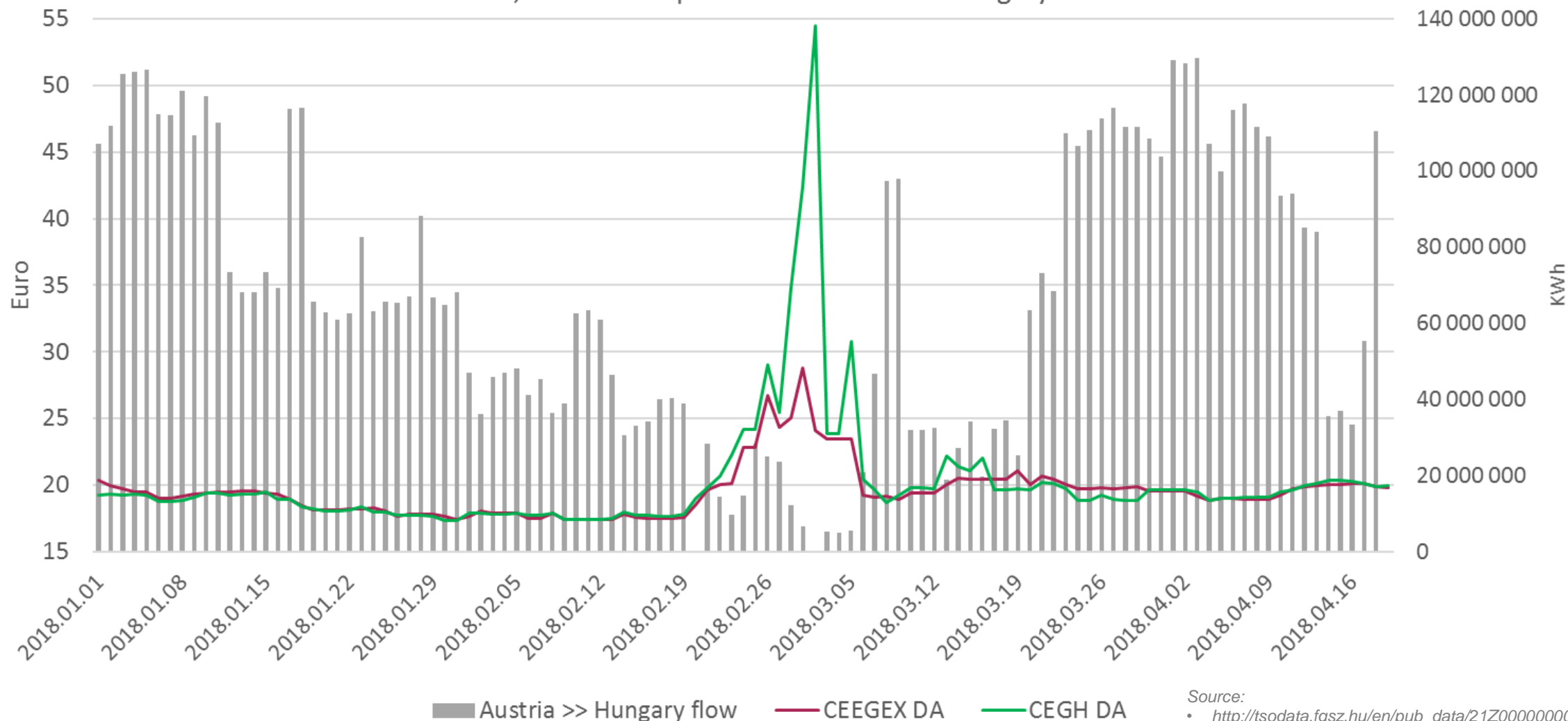


Source:

- <https://tis.eustream.sk/TisWeb/#/?nav=oa.calw&Ing=EN>
- <https://rbp.eu/auctions>

AT-HU

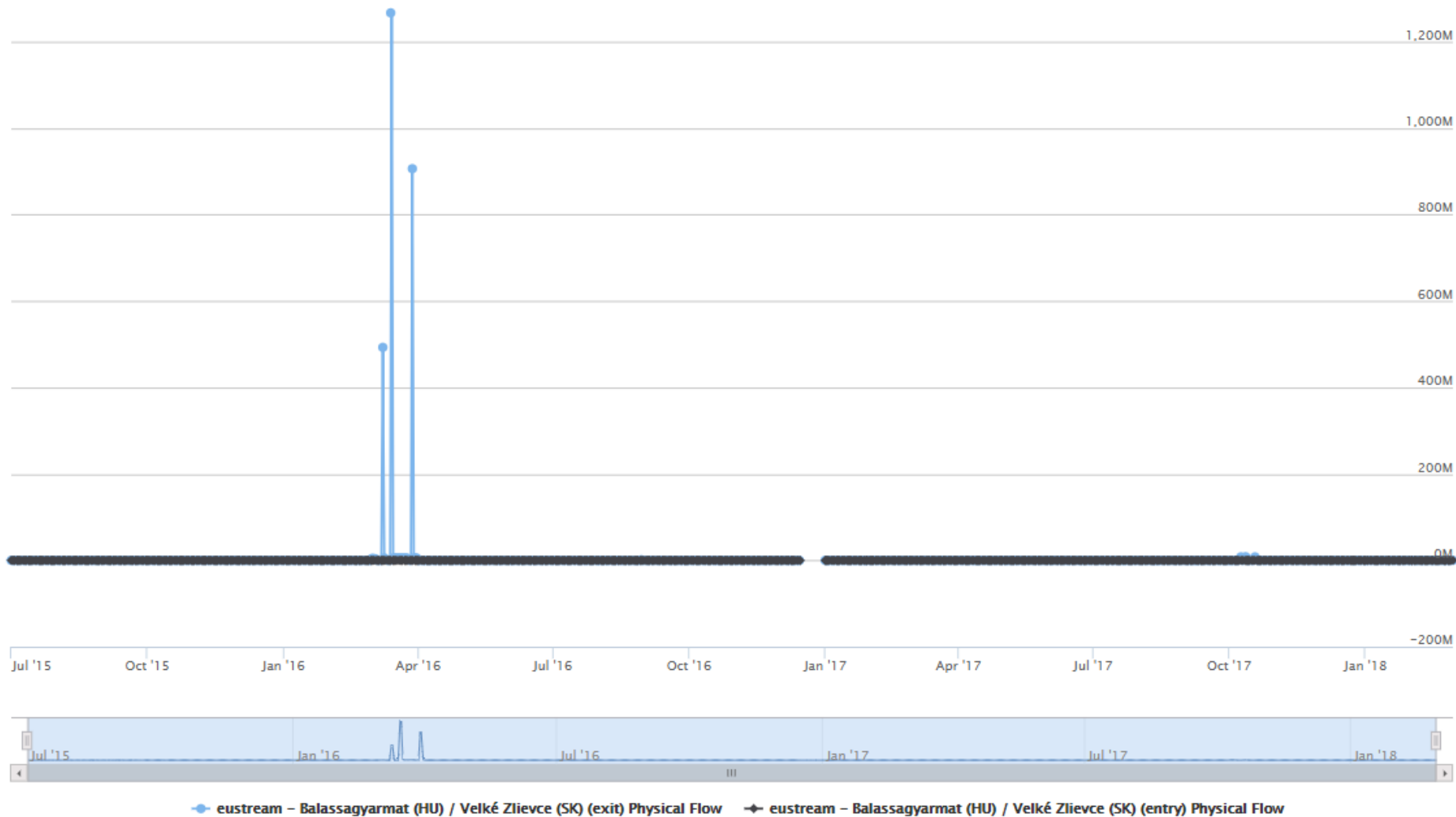
CEGH; CEEGEX DA prices and Austria >> Hungary flow



Source:

- http://tsodata.fgsz.hu/en/pub_data/21Z000000000003C-1/allocation_and_flow
- <https://www.powernext.com/spot-market-data>

HU-SK



➤ **Biggest impediment**

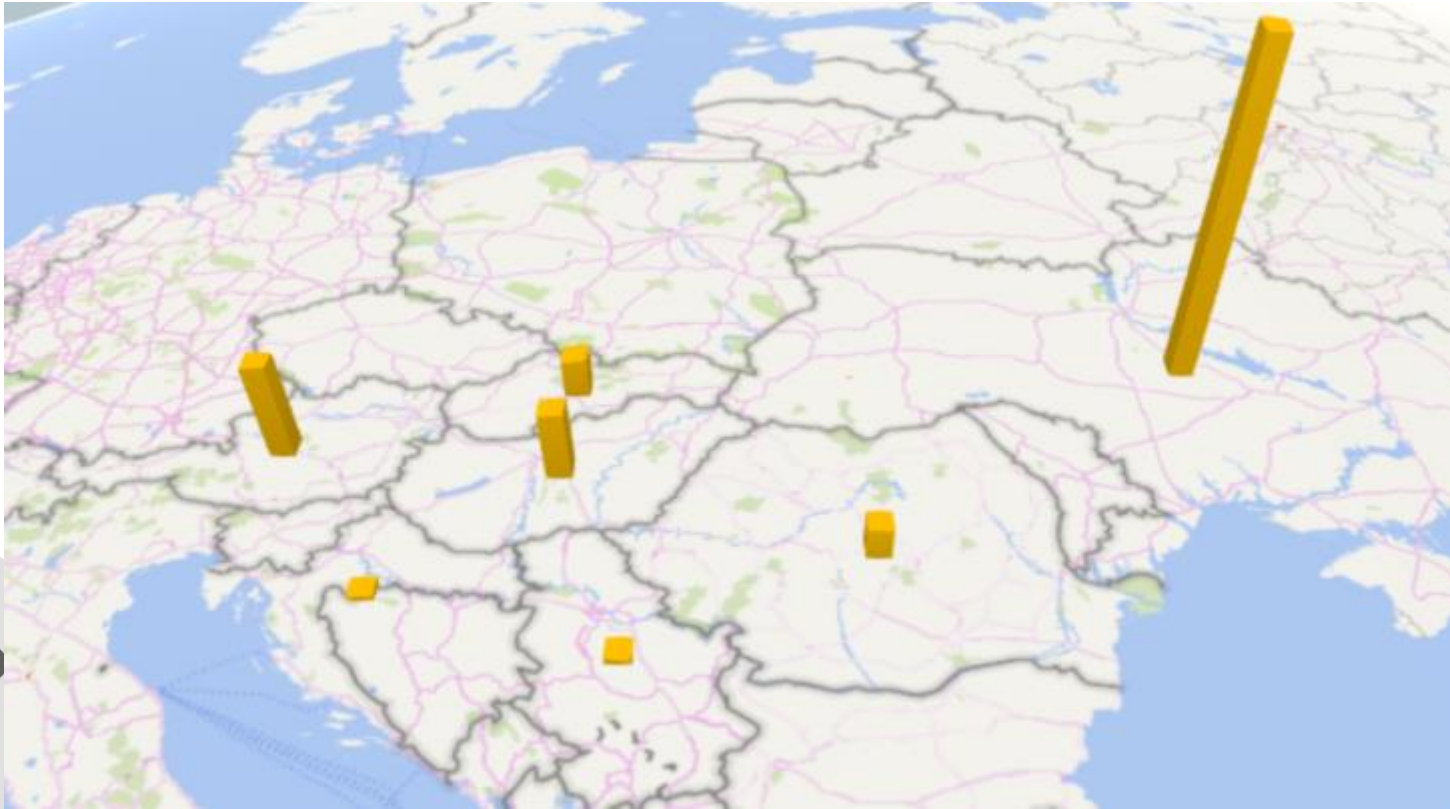
Gas Storage



Gas Storage



Gas Storage



Conclusion – opportunities

- **Possibilities to optimize the borders, especially if there are sunk capacities**
- **Storage: the same**
- **Look out for the spreads between exchanges/market and the volatility**
- **The flow can be a good indicator**
- **Counterparties needed in each country**
- **Plan with the mid term developments**



Questions & Answers

