

Centralized Market for Natural Gas - OPCOM

On the 1st of July, 2015, the National Authority Regulatory Committee endorsed the new set of procedures and the single Accession Agreement to participate in the Centralized Market for Natural Gas administered by OPCOM, for all three methods of trading.

Thus, starting July this year OPCOM makes available three trading mechanisms to license holders and clients in the natural gas domain, who register and sign the single Accession Agreement to the market:

1) PCGN-LP – public auction trading mechanismMechanism features:

- market participants can register for participation in the auction sessions in any of the qualities for any of the following situations:
 - ✓ **Sale or Purchase** of natural gas;
 - ✓ **Client or supply license holder**;
 - ✓ Auction session **Initiator or Respondent** in the auction session;
- **The offers and content of the contract are set entirely by the initiators of auction sessions**;
- Each auction session is run online, in a single stage, from the workstations of the registered market participants;
- The trading platform made available is **ISO 27001** certified and the technology used is **provided by Nasdaq**;
- Auction tender guarantees are securing the signing of the contract.

2) PCGN-LN – open call auction and continuous negotiation trading mechanismMechanism features:

- Market participants can register for participation in the auction sessions in any of the qualities for any of the following situations:
 - ✓ **Sale or Purchase** of natural gas;
 - ✓ **Client or supply license holder**;
 - ✓ Auction session **Initiator or Respondent** in the trading session;
- Offers features and standard contracts content are those approved by ANRE based on the proposals of the Working Group on Centralized Market for Natural Gas;
- **Standard products** are subject to trading for **delivery weekly, monthly, quarterly and annual, with annual products being available for both annual calendar year and natural gas year**;
- Trading sessions are run online, in two stages, from the workstations of the registered market participants;
- The trading platform made available is **ISO 27001** certified and the technology used is **provided by Nasdaq**;
- Auction tender guarantees are securing the signing of the contract.

3) PCGN-OTC – over the counter trading mechanismMechanism features:

- market participants can register for participation in the auction sessions in any of the qualities for any of the following situations:
 - ✓ **Sale or Purchase** of natural gas;
 - ✓ **Client or supply license holder**;
- Each trading session is run online, each business day, in a single stage, from the workstations of the registered market participants;
- **Standard products** are subject to trading for **delivery daily, weekly, monthly, quarterly, biannually and annually, with biannual and annual products being available for both the specific calendar periods and gas periods, according to European practices in the field**;
- The trading platform made available is **ISO 27001** certified and the technology used is **provided by Trayport Ltd**;
- Participants are concluding the trades anonymously, with any of the parties notified in their own lists of eligibility;

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- White lists for eligibility shall be determined by market participants based on prior agreed contracts that can include EFET type contracts;
- Trades are subscribed to the prior agreed contracts between parties.

Market mechanisms implemented by OPCOM and described above have proved their viability in Europe, proving that they can serve the interests of the participants in contracting on the energy markets and in the light of experience on the electricity market they proved to be viable also for the national market.

Moreover, the technical solutions implemented by OPCOM and described above have proven performance serving European energy markets, both for electricity and for natural gas trading, supporting the trading and settling activities done by 14 natural gas hubs, 12 power and financial exchanges and 6 clearing houses, from 19 European countries and the Nordic region.

By the implemented measures, OPCOM wants to contribute in lining up the Romanian gas market with the European best practices, creating inclusively the conditions to integrate the trades results, so the settling of transactions can be assured through a pan-European solution for clearing-settlement and risk management.

OPCOM is confident that trading solutions implemented, in the light of experience and successful practices in the field, establish a secure and flexible vehicle for achieving national objectives set by the Regulatory Authority in the provisions of ANRE Order no. 118 /November, 19th, 2014, and friendly instruments for completing the portfolios of contracts by the natural gas customers, for any delivery periods, in accordance with the specific conditions of consumption.