



OCM MARKET UPDATE

NGG OPS FORUM

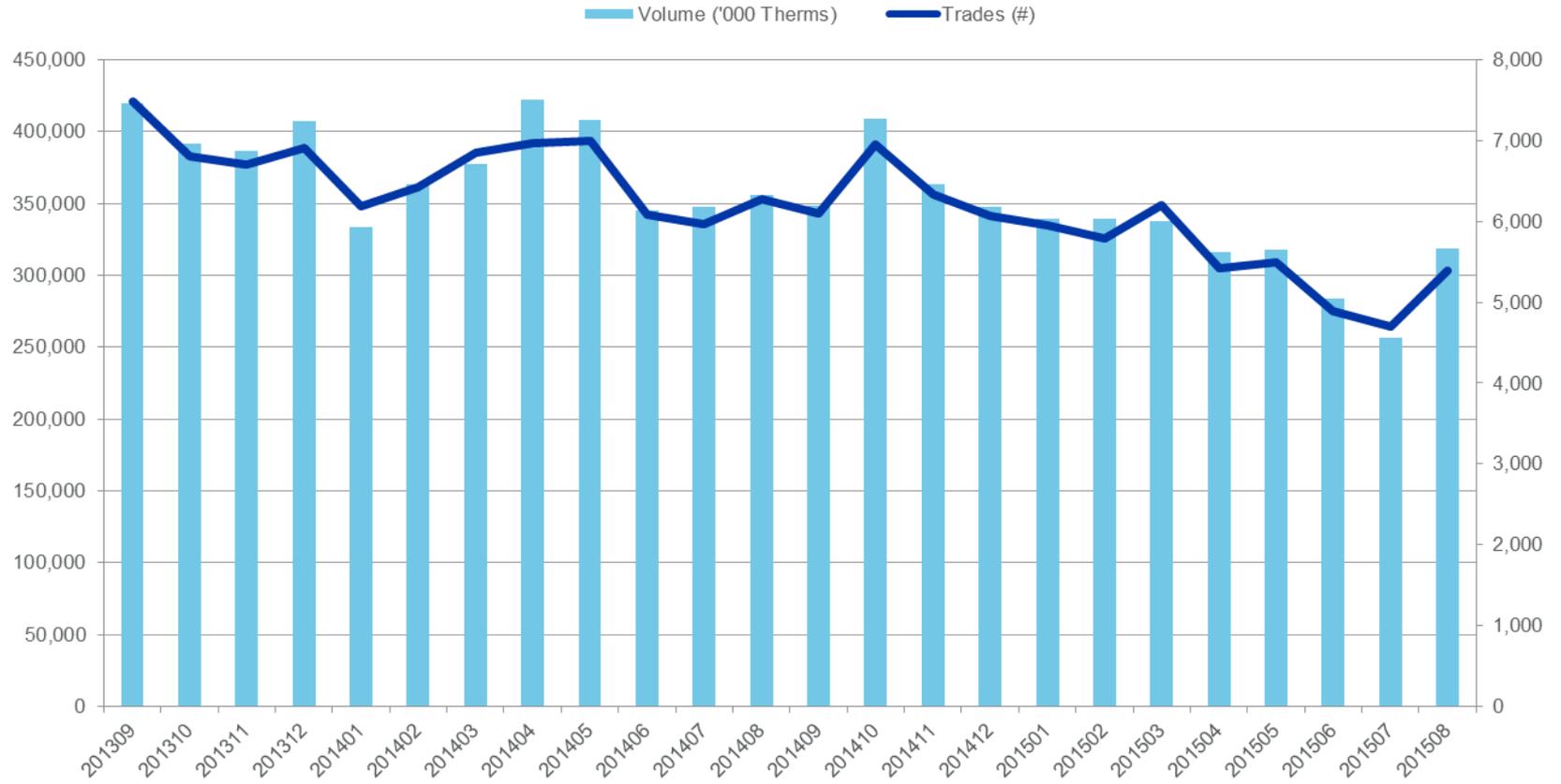
SEPTEMBER 10, 2015

CONTENT

- Market Update
- Trading System Enhancements
- New Fee Schedule
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- Clearing Migration

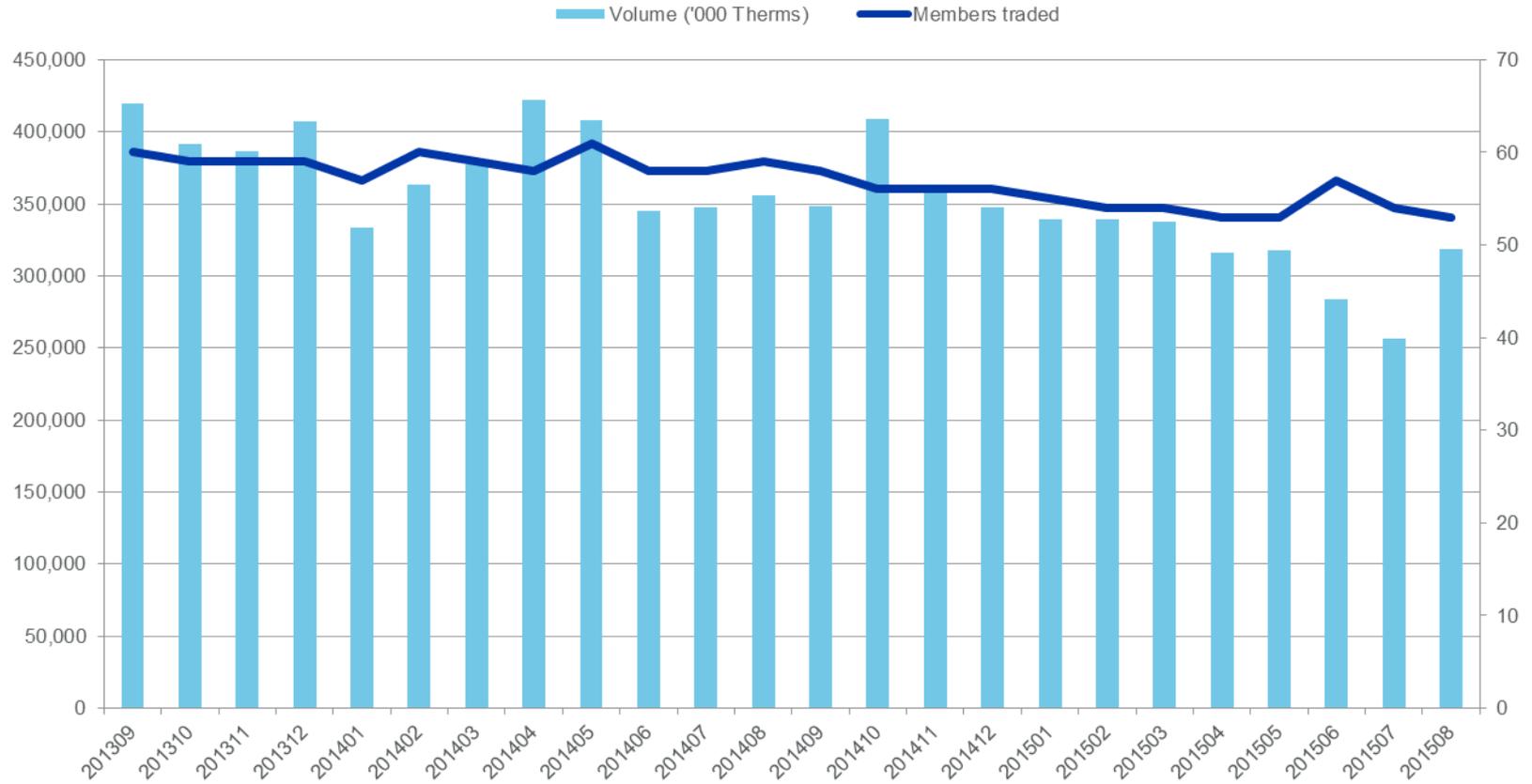
VOLUME AND TRADES PER MONTH

LAST 24 MONTHS



VOLUME AND ACTIVE MEMBERS

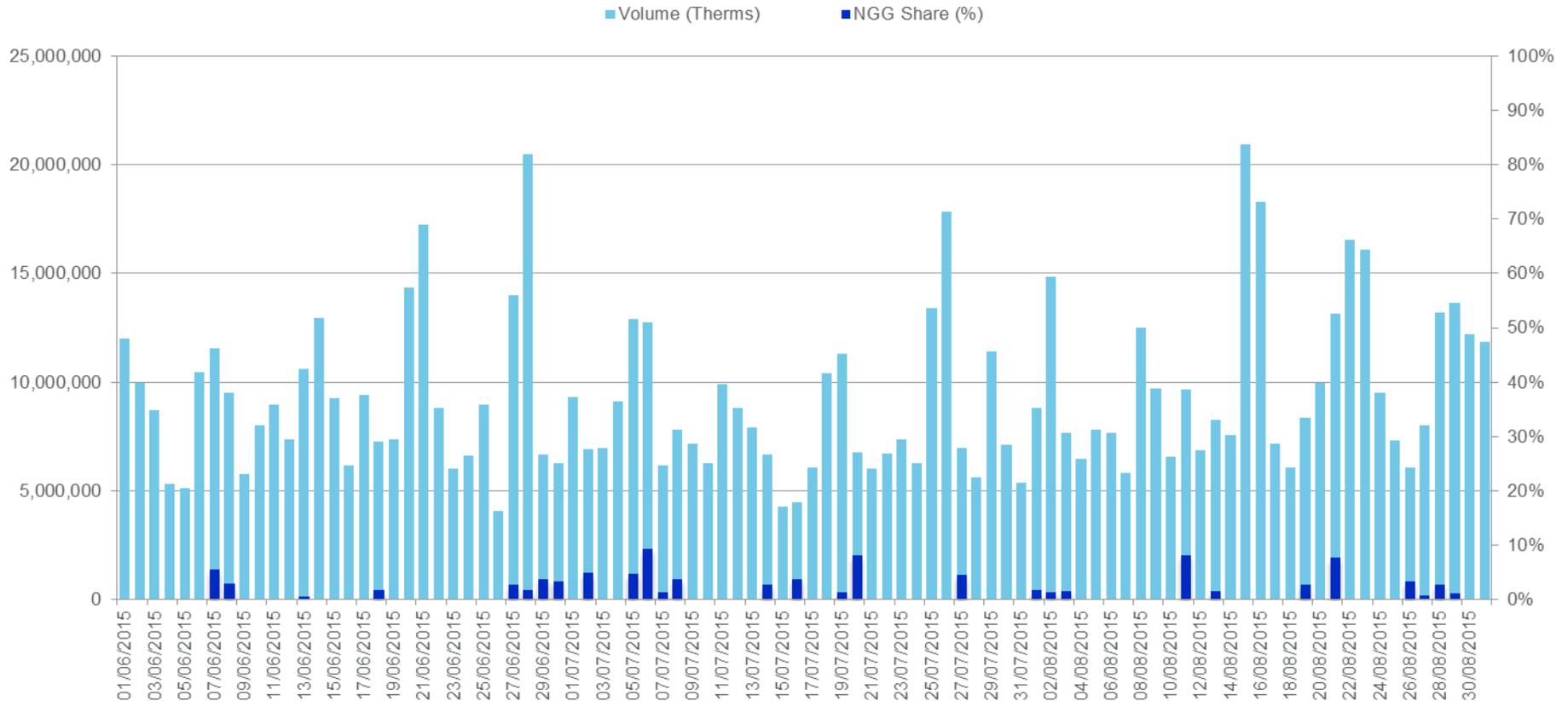
LAST 24 MONTHS



VOLUME AND NGG SHARE PER DAY

LAST 3 MONTHS

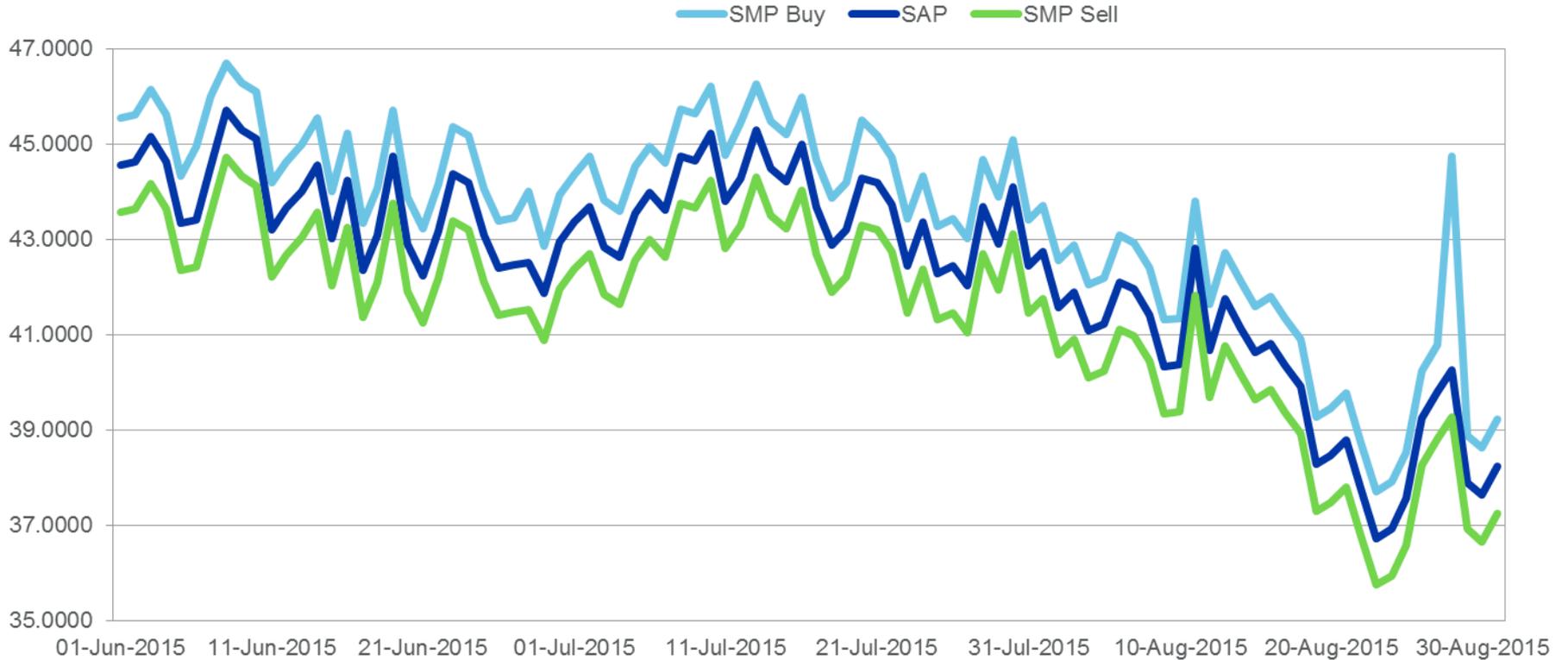
	HIGHEST	LOWEST	AVERAGE
Volume	20,935,000 (15 Aug)	4,074,000 (26 Jun)	9,285,130
NGG Share	9.3% (6 July)		1.1%



SAP/SMP PRICES

LAST 3 MONTHS

	SMP BUY	SAP	SMP SELL
Highest	46.69 p/th (8 Jun)	45.71 p/th (8 Jun)	44.72 p/th (8 Jun)
Lowest	37.71 p/th (23 Aug)	36.73 p/th (23 Aug)	35.74 p/th (23 Aug)



TRADING SYSTEM ENHANCEMENTS

WebICE Version 12.975 released on 20 June :

- Support for AON orders (visible to other users, denoted by (A) in front of order volume).
- SWEEP orders from market depth
- Alarm feature now includes status change of SAP/SMPs
- Remaining time to product close pop up window
- All features can be tested and trained on in API Test environment
<https://www.theice.com/launch>

WebICE Version 13.000:

- WebICE - Order entry for Iceberg orders ("Total Qty" label in the Order entry window to include total qty)
- WebICE - Provide 1000 separator to make volume easier to read (e.g. 100,000 therms instead of 100000)
- Rectify Market stats appearing when all deals in a market after the Endex bounce

NEW OCM FEE SCHEDULE

UK Gas Spot market (OCM) - Transaction Fees P/Therm		P/Therm
Trading time	Current Total Transaction Fee	New Total Transaction Fee
Within Hours	0.004 / 0.003 (+10Mill Therms)	0.003
Out of Hours	0.019 / 0.005 (+20Mill Therms) / 0.003 (+40Mill Therms)	0.009

Membership FEES	Current Membership Fee	New Membership fee
UK Gas Spot market (OCM)	20,150 GBP	15,000 GBP

FEE IMPACT

- The new fee schedule results in a total annual cost saving for OCM registered shippers of: **£637,157** of which:
 - £ 390,500 in fixed fees
 - £ 246,657 in variable fees
- View only access to the ICE Futures Europe NBP Gas Futures Markets will be provided to OCM traders at no additional cost, and vice versa.
- Onsite meeting to discuss fee impact for your company.

NBP GAS DAY CHANGE

- The UNC Gas Day will change to 05:00 to 05:00 with effect from 05:00 on 1st October 2015.
- The OCM will close one hour earlier at 02:35.
- Maintenance window remains 03:40 and 04:00.
- SAP / SMP will change from D-1 to D at 05:00 Final values at 02:35.
- September 30 will have 23hrs in the gas day and close for trading at 02:35.

CHANGES TO UK MARKET MODEL

TARGET DATE 1 OCTOBER 2015 @ 05:00 UK TIME

- **Gas Security of Supply Significant Code Review**
 - The Gas Security of Supply SCR focuses on measures to enhance security of gas supply by reducing the likelihood, severity and duration of a Gas Deficit Emergency (a period when the supply of available gas is not sufficient to meet GB demand). Gas SCR proposals include increasing the incentives on shippers to avoid an emergency, encouraging voluntary demand side response, and ensuring that consumers are paid appropriately if their gas supply is interrupted in an emergency.
 - Implementation of Gas Security of Supply SCR requires significant changes to calculation and publication of UK cash out prices (SPA, SMP-buy, SMP-sell).
 - Development work and Quality Assurance has been completed. Next step is to test the new setup together with NGG.
- **Modification of Imbalance Charge to align with the EU Network Code on Gas Balancing**
 - At present, when the UK TSO undertakes a market balancing action, the cash out prices published by ICE (SMP Buy and Sell) can be set by NGG either buying or selling gas. The European Network Code requires that, where SMP Buy is set by a market balancing action, this must be a buy action; and where SMP Sell is set by a market balancing action.
 - Changes have been made to the calculation methodology and these have been tested.
- **Changing the UK Gas Day to Align with the Gas Day in EU Network Codes**
 - The UK Gas Day will change to 05:00 to next day 05:00 with effect from 05:00 on 1st October 2015.
 - The OCM will close one hour earlier at 02:35.
 - Maintenance window starts at 03:40 and ends at 04:00 at the latest (remains unchanged).
 - SAP / SMPs will change from D-1 to D at 05:00. Final index values are published at 02:35.
 - Gas day September 30 will have a 23 hour and closes for trading at 02:35 on October 1.

STATUS UPDATE SPOT CLEARING MIGRATION

MARKET READINESS

MILESTONES & PROGRESS



- Test environment Window for (clearing) members from September 1 to September 25
- Pre-conditions that need to be met in order to go live:
 - Approval for ICEU from Bank of England to clear gas spot markets
 - ICE Endex is granted an exemption from the energy balancing credit rules by the governing body of Xoserve (Energy Balancing Credit Committee or EBCC)
 - Timely completion of customers setup in nomination system (single sided nominations also called OBO in Gemini)
- Communication to market on go-live date will be send in week starting 14 September.

More information available on: https://community.theice.com/community/ice_clear/ice_clear_europe/ice-endex-spot

THANK YOU

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