

TGE gas market – advantages for the region

At the heart of Central European power and gas trading

Warsaw, December 15, 2020



TGE's gas markets



Dec 2012
Opening the
gas market

Operation of the gas market

2012 - high methane
2018 - low methane

Growing number of participants

28 entities operating directly
82 entities operating through
brokerage houses

Compliance with national and EU regulations

Spot market – commodity
exchange
OTF - regulated by MiFID2

Activity supervised

Polish Financial Supervisory
Authority
and
Energy Regulatory Office

Wide offer

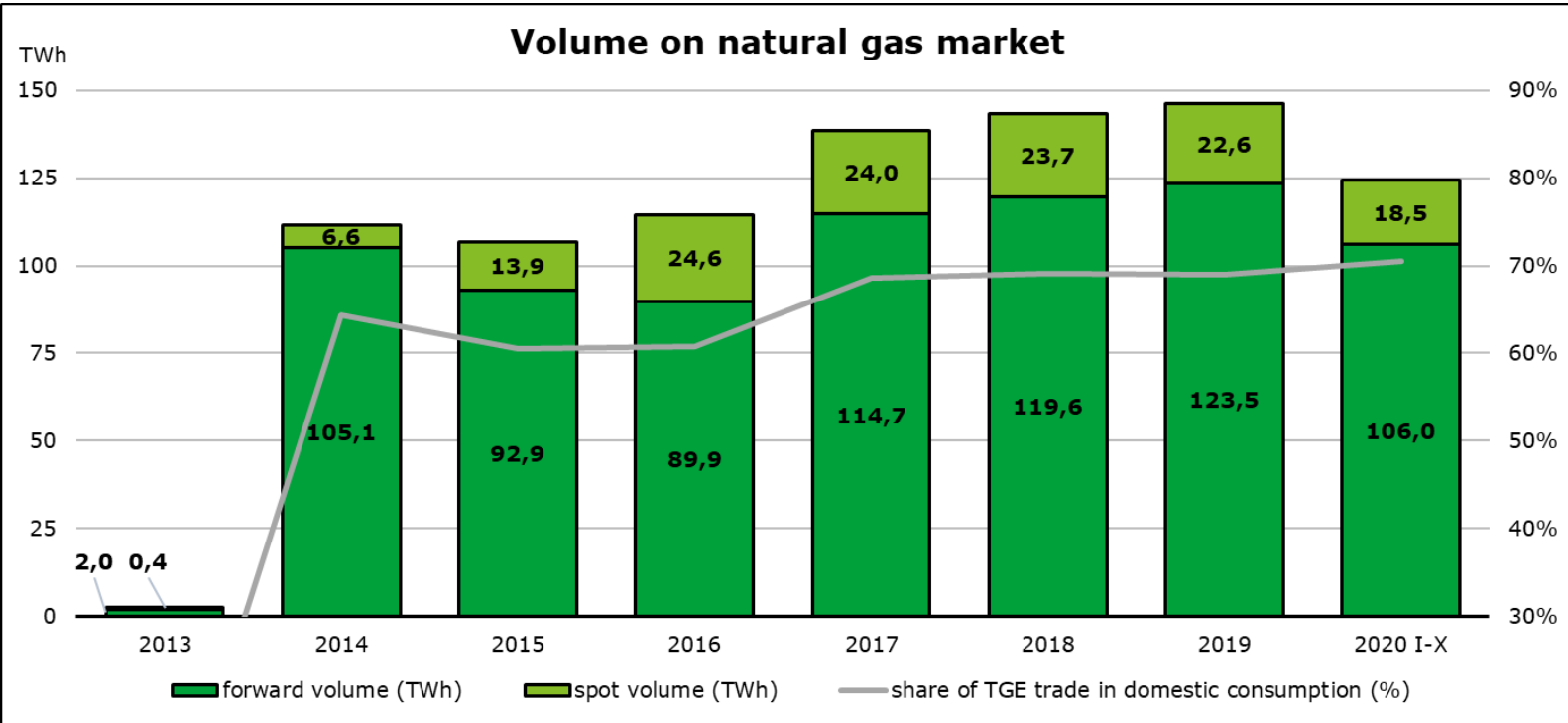
Broad range of products and
services "under one roof" (spot
and forward markets, trading and
clearing services)

Markets	TGE Gas spot markets (Commodity exchange) 8 AM - 3.30 PM, 7 days		TGE Organized Trading Platform 8 AM - 2 PM, Mon-Fri
	Day Ahead	Intraday	Remit carve out gas products
Segments	Gas instruments daily/weekends (sat/sun) delivery periods	Hourly gas instruments with delivery for every hour of the day, separately	Wholesale gas forwards with delivery (weekly, monthly, quarterly, seasonal, yearly
Products			
TGE trading system	X- Stream Trading (by NOMX)		
IRGiT	IRGiT Exchange Clearing House (IRGiT GIR)		
Clearing/Settlement	Commodities clearing/settlement)		
IRGIT clearing system	X-Stream Clearing (by NOMX)		

TGE gas market development (2013-2020)



Volume on natural gas market



TGE and it`s role on the Polish gas market



Market integrator

TGE concentrates supply and demand in one place – because of that it is possible to do business within a competitive market environment.



Price indicator

TGE, thanks to the concentration of trade in one place, is able to indicate the gas price on the wholesale market, which is determined under fully competitive conditions.



Guarantee of safe trading

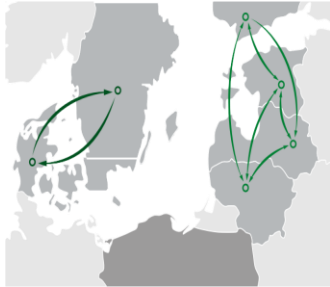
The gas market run by TGE guarantees full security of trade. The system solutions and control procedures effectively protect market participants against risks related to financial condition of counterparties, manipulation and unfair trading practices.



Market information provider

The exchange provides market information for all market participants, who, relying on the published data about prices, volumes and the respective dynamics can make informed business decisions. TGE gas data are available in Bloomberg, Reuters and Montel.

What is happening in the Baltic region?



INTEGRATION PROCESSES

Creation of a common balancing zone in the western part of the Baltic Sea (Denmark and Sweden). Similar integration measures are also being undertaken in the eastern direction: Lithuania, Latvia, Estonia and Finland



SECURITY BUILDING

There are already 2 LNG terminals in operation in Poland and in Lithuania – the total regasification capacity is 9 bcm annually. By the end of 2022, the Baltic Pipe with an annual gas transmission capacity of 10 bcm is to be completed



GAS MADE IN THE USA

First spot deliveries of liquefied gas from the USA have arrived to the LNG terminals in Świnoujście and Klaipėda



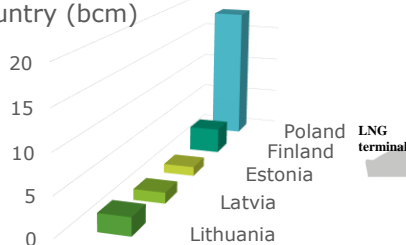
LNG BUNKERING VESSEL

This is a market which is still in its infancy in the Baltic region. It has a high potential for growth due to regulations (the so-called Sulphur Directive), government support programmes (Blue Baltics project coordinated by Klaipėdos Nafta), national policy frameworks for the development of alternative fuel infrastructure and dynamically developing coastal bunkering infrastructure (for example in Finland bunkering facilities are being developed in ports)

Baltic region integration and TGE

- 01 **Lithuania, Latvia, Estonia and Finland** belong to the European Union but their gas markets are **infrastructurally separated** from the rest of the Community
- 02 The commissioning of interconnector between Finland and Estonia and Poland and Lithuania (GIPL) will end the state of isolation
- 03 Market integration combined with supply diversification measures is underway in the Baltic States
- 04 The common balancing zone for 4 countries may cover a total of approximately 5.7 bcm of gas consumed annually
- 05 Gradually the conditions for the development of a safe and competitive gas trade between Poland and the Baltic States are emerging

Gas consumption in 2019 by country (bcm)



Five connected markets had gas consumption of 26 bcm (2019)



Source: Pipeline Technology Journal



The launch of BalticConnector, GIPL and Baltic Pipe will enable **infrastructural connection of Baltic markets** with current total gas consumption volume of around 28 bcm (approx. 295 TWh)



Common balancing zones will form the basis for the future development of an international wholesale gas market



Competitive price offers for gas from various sources (including LNG) will emerge on a larger scale (third floating gas terminal in the Gulf of Gdańsk 2025) , improve the security and enable further market development (e.g. small-scale LNG)



Space opens up for new products to be offered by Polish and foreign gas market participants

What can TGE bring to the table ?

1

The biggest organized gas exchange market in the region



2

Sharing our experience in creating gas market in CEE



3

Trading and clearing services knowledge which could be tailored to the needs



4

Connections to the new markets and gas sources



5

Willingness to cooperate for mutual benefits



Thank you!

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