

APX-ENDEX and Fluxys Belgium are working together to reshape the Belgian natural gas market. **Christian Moger**, APX-ENDEX's commercial manager of the Continental spot gas markets, explains how the new market will be structured and what APX-ENDEX and Fluxys are trying to achieve

RESHAPING THE BELGIAN NATURAL GAS MARKET

Could you tell us about the new Zeebrugge Trading Point (ZTP) that is about to be launched?

Christian Moger, Commercial Manager Spot Continental Europe: APX-ENDEX, together with Fluxys Belgium, is launching a new Belgian exchange-traded gas market in response to the introduction of a new gas transport model by Fluxys. The new entry/exit model, as it is called, will allow for the creation of new Belgian virtual trading services – the ZTP. The new exchange-traded gas market – APX Gas ZTP – will open for trading on September 27, 2012.

The purpose of these new trading services is to improve liquidity on the Belgian gas market but to also provide transparency and price signals as well as balancing and portfolio management opportunities for shippers. These new services enable Fluxys and the grid users alike to buy or sell gas on the APX-ENDEX market to balance their gas flows in and out of the network.

It is also important to note the importance of the Belgian gas market at the European level due to its linkage with the National Balancing Point, Title Transfer Facility (TTF), PEG-Nord and NetConnect Germany.

When will this new market be operational?

Christian Moger: The APX Gas ZTP will be launched on September 27 at 06:00 (Central European Time). This means that trading will open on that date, while the first flow day is October 1, 2012.

What is the role of APX-ENDEX?

Christian Moger: APX-ENDEX has vast experience in operating the

two major European gas (balancing) markets – the on-the-day commodity market and TTF. The co-operation with Fluxys allows APX-ENDEX to use this experience and expertise to the benefit of market parties. APX-ENDEX will provide screen-based trading solutions to facilitate bids and offers on the new ZTP, offering products that accommodate both grid users' and Fluxys' needs as a transmission system operator. However, over-the-counter trading will still be possible on the physical and virtual trading services and will be handled by Huberator.

Fluxys, on the other hand, will be responsible for the physical balancing of the system and will trade exclusively on the APX Gas ZTP market for the residual balancing through a dedicated balance-of-day product.

Additionally, all spot market trades concluded on the exchange for the ZTP will be cleared by APX-ENDEX, considerably reducing the counterparty risk for the exchange participants. The exchange will also enhance transparency of the market through the provision of clear price signals and indexes. Robust price indexes are a pre-requisite for the further development of market-based gas pricing in a gas-to-gas competition environment: they can be used as a reference in the pricing of gas for supply to end-consumers in Belgium.

The product suite offered on the ZTP market will be complementary to the current APX Gas NL (TTF) spot product offering, including a variety of within-day and day-ahead products, and will be listed on Trayport's GlobalVision Exchange Trading System.



Christian Moger

What do you expect this new market to achieve; and what kind of benefits will it bring to your trading members?

Christian Moger: The goal is to improve liquidity on the Belgian short-term gas market, and to also provide transparency and a reliable reference price.

As a further development, basis products that allow shippers to trade between the TTF and ZTP, linking the Dutch and Belgian gas markets, might be developed at a later stage.

APX-ENDEX has developed the market in response to its members' needs and wishes, and therefore the APX-ENDEX within-day balancing market will be used as a stepping stone to further develop the liquidity of the Belgian market by introducing a range of longer-term contracts in order to meet the needs expressed by the market parties.

The Zeebrugge Trading Point in brief

- The new Belgian gas spot market, developed in response to the new entry/exit model.
- Launching on September 27, 2012 at 06:00 (CET).
- Fluxys Belgium does the physical balancing of the system while APX-ENDEX will provide the screen-based trading solution as well as trading services.
- All products will be listed on Trayport's GlobalVision Exchange Trading System.
- Transactions will be handled in euros per megawatt hours.

Christian Moger

Commercial Manager Spot Continental Europe
T: +31 20 305 4000
E: c.moger@apxendex.com
www.apxendex.com