

HOW TO BECOME A CEGH MEMBER and A VIRTUAL TRADER

Version 1.6
CEGH AB B-VHP

PREAMBLE

Central European Gas Hub AG (CEGH) is one of the most important natural gas trading hubs in Central Europe and additionally provides exchange services in cooperation with Powernext S.A. (PWX) and the European Commodity Clearing AG (ECC).

CEGH aims to create the ideal logistical and commercial gas trading platform for its customers and moreover advises and supports them in their daily business.

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1 FAQ

In the last few years, CEGH have received frequently asked questions regarding the requirements for becoming a member, framework conditions or operational issues. Therefore, we have summarized and answered all basic questions in this frequently asked questions part and have put them at the beginning of our information brochure to give you an overview.

Nevertheless, please feel free to contact us directly if you have any more questions. Please find the contact information at the end of this document.

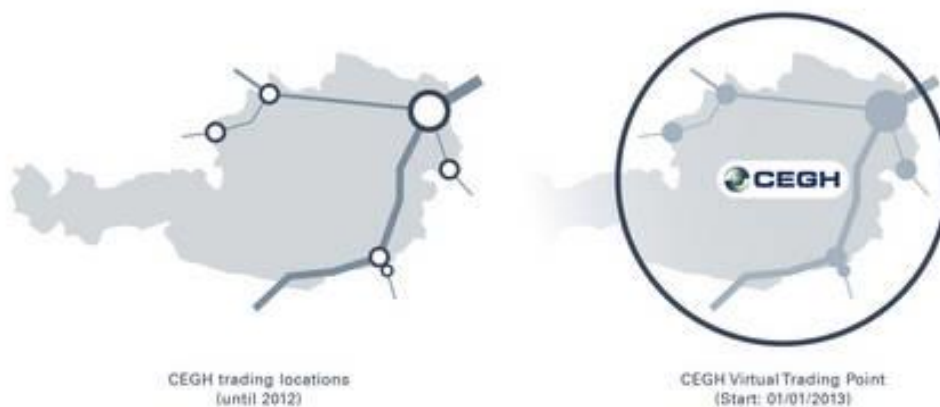
1.1 What do I have to do to start using a CEGH service for my company?

Before a company can use one of our services, the registration as member of our hub must be completed. The requirements and the whole registration process for the CEGH OTC market is described in chapter **BASIC REGISTRATION CEGH OTC MARKET**.

No services can be booked without a membership.

1.2 What is the VTP?

The Virtual Trading Point (VTP) is a national point at which gas can be traded within the market area after injection and before offtake. The VTP is not a physical entry/exit point but enables grid users to transfer energy from one balancing group to another within the market area without the need to book capacity. Traders and grid users can sell and buy at the VTP without holding capacity rights.



1.3 What makes the difference between a Virtual Gas Trader and a Balance Group Responsible Party?

Due to the Austrian gas market model (Austrian Gas Act 2011), every market participant who wants to physically buy / sell / transport gas in Austria has to be either registered as a **Balance Group Responsible Party (BGRP)** or conclude a contract on a bilateral basis (between existing Balance Group Responsible Party and market participant) as a **Member of a Balance Group (MBG)**.

Each balance group is organized by one **Balance Group Responsible Party**.

The registration as Balance Group Responsible Party is conducted by the **Market Area Manager (MAM)** (i.e. **Austrian Gas Grid Management AG**; www.aggm.at). Please turn to the MAM to initiate the registration process.

Since the balancing in the Austrian gas market model is exchange based, each BGRP has to be a member (either passive or active) of the **PEGAS CEGH Gas Exchange** markets, **operated by Powernext S.A.**, and of the clearing-house **European Commodity Clearing, Leipzig (ECC)**.

There are two types of Exchange membership:

- passive membership
 - enables the MAM to trade balancing energy on behalf and for account of the BGRP
 - no proprietary trading → No technical connection to the trading system / also no OBOT
 - fee of 10,000 € per year + 1,800 € balancing account per year.
- active membership
 - enables proprietary trading → full access to the trading system
 - fee of 15,200 € per year

For more information, please contact membership@powernext.com

1.4 What kind of business can a pure Virtual Gas Trader do?

By concluding the CEGH Membership Contract, companies get access to the Virtual Trading Point. These “pure” Gas Traders only sign the CEGH contracts and are therefore restricted to virtual trading. **No network use, no physical delivery and no access to balancing energy** is possible.

To have access to these physical services, a Virtual Trader has to either register as a BGRP with at least a passive membership at the Exchange or join a Balance Group and conclude a bilateral agreement with an already registered BGRP.

A **list of BGRPs** is available at the MAM website.

1.5 Which kind of natural gas products am I able to trade on the PEGAS CEGH Gas Exchange platform?

Members at the PEGAS CEGH Gas Exchange **Spot Market** have the possibility to trade the following contracts for the delivery point VTP: Hourly, Within-Day, Day-Ahead, Weekend, Saturday, Sunday, Bank holiday, Individual day.

Participants of the PEGAS CEGH Gas Exchange **Futures Market** have the possibility to trade the following products: Next 3 months, Next 4 quarters, Next 3 seasons, Next 2 calendar years.

For further information on the contracts / products already tradable on the PEGAS CEGH Gas Exchange markets as well as on the introduction of new contracts / products please refer to our website.

1.6 How can I find out the origin of the natural gas traded at CEGH?

CEGH as operator of the VTP has no information about the origin of the gas traded on the VTP and the Gas Exchange.

Please refer to the [CEGH VAT & Customs Guide](#).

1.7 How do I get a protocol for my trading volumes?

Customers will have access to a monthly electronic protocol made available at the web platform detailing their transactions at:

<https://www.gashub.at/cmtwebvtp/login.jsp>

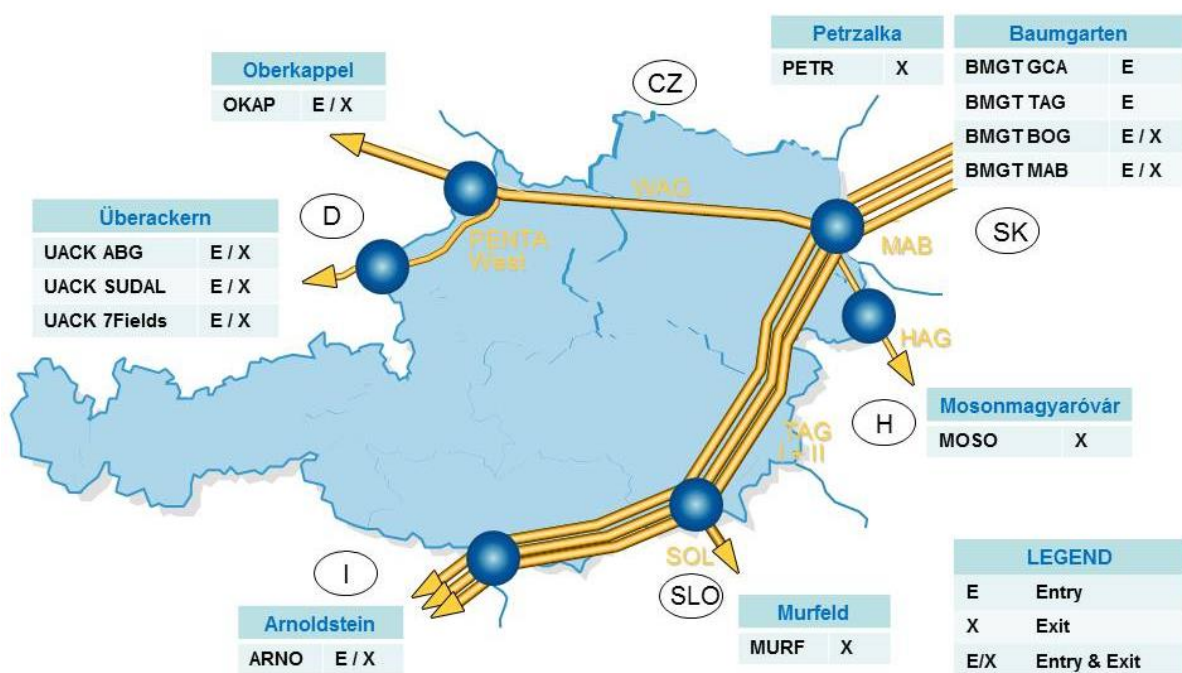
The relevant guide for the receipt of the monthly protocol is published under the following link:

http://cegh.at/sites/default/files/2013_cegh_cmt_reports.pdf

If a customer has not yet applied for web access in the registration process, please fill out the form published on the website and we will create an account (free of charge, no limitation of clients per company) under following link:

http://cegh.at/sites/default/files/cegh_appendix_b_operating_procedures_-page_9.pdf

1.8 What are the main Entry/Exit Points in the new Market Area?



1.9 How can I book capacities at a border point?

Entry/Exit capacities can be booked at the respective transmission system operator (TSO) or via the PRISMA platform. CEGH as operator of the VTP is **not providing** any kind of service in this respect.

For more specific information please contact the respective TSO.

2 CEGH SERVICES

2.1 Title Tracking Service



The Hub Operator provides Title Tracking Services to its Customers. Title Tracking Service includes:

1. Receipt of nominations;
2. Continuous matching of each Customer's Trade Nominations as defined in APPENDIX B;
3. Continuous matching of Trade Nominations of seller or buyer with corresponding Trade Nominations of buyer or seller from respective counterparties (Partner to Partner Matching);
4. Notification of netted positions for each Balance Group to the Market Area Manager;
5. Confirmation of Trade Nominations based on the matching process;
6. Allocation of all Title Tracking Services based on confirmed nominations;
7. Compilation of online reports (standard protocols) and individual reports (Customer specific reporting upon mutual agreement);
8. Electronic archiving of all transaction;
9. Access to the CEGH Web Access.

The Hub Operator will handle any Trade Nomination in accordance with the lead times and time schedules as defined in the Other Market Rules. Title Tracking Service is charged on the basis of allocated Energy. The applicable fees for the CEGH Title Tracking Service are stated in the APPENDIX C of the CEGH Membership Agreement

2.2 Trade Nominations

Trade Nominations ("Trade Nomination Services") are documented in APPENDIX B:

-  The Customer is entitled to nominate more than one Balance Group as delivering party and/or receiving party for transacted Energy.
-  The Hub Operator will receive and match Trade Nominations, and will in any case after completion of the matching process report back as soon as possible corresponding confirmations or in case of application of the Lesser Rule a revised confirmation of Trade Nominations to the Customer and the Counter Parties.

2.3 Reporting Service

The Hub Operator will issue Reports according to the provisions listed in APPENDIX B. Monthly final Reports are considered to be legally binding, at the earliest after the expiry of the third (3rd) Business Day of the following Month.

Preliminary Reports will be provided on best endeavours on a daily basis.

All Reports will be made available via CEGH Web Access.

2.4 Compliance with Operating Procedures

The Parties will submit their Trade Nominations for Energy according to, and will act in compliance with, the procedures described in APPENDIX B.

2.5 Tariff and Fee Schedule

The Hub Operator regularly publishes its current Tariff and Fee Schedule for the Hub Fees on its website. They are incorporated as APPENDIX C.

3 BASIC REGISTRATION CEGH OTC MARKET / VIRTUAL TRADER

Registration on the CEGH OTC market is done in four steps: submitting application, provision of securities, conclusion of Agreement and connectivity tests.

3.1 Application for Membership

In order to apply for membership please go to our website: <https://www.cegh.at/en/become-a-member/> and follow the instructions which you will receive back via e-mail after submitting your online application.

In case you have additional questions, please contact Ms. Susanne Neunteufl:
susanne.neunteufl@gashub.at

3.2 Provision of Securities

- Every Virtual Trader is requested to either provide a **cash-deposit** or to issue a **bank guarantee, amounting to 10,000 EUR**, and having a **minimum term of twelve (12) months** after issuing date.
- Every **BGRP** is requested to either provide at CEGH a **cash-deposit** or to issue a **bank guarantee, amounting to 40,000 EUR per balance group**, and having a **minimum term of twelve (12) months** after issuing date.

Please note that for BGRPs pursuant the Austrian Gas Act § 93 Art. 1 no. 5, a requirement to deposit a security amounting to EUR 50,000 applies. Companies with a valid contractual relationship with Austrian Gas Clearing and Settlement AG (AGCS) or Trans Austria Gasleitung GmbH (TAG) cover this requirement by adding their bank guarantees towards CEGH and AGCS / TAG.

All other companies may fulfil this requirement by providing CEGH a security with the **increased amount of 50,000 EUR**

Before a cash-deposit can be transferred, our Back Office must be informed about the forthcoming remittance. Please do not transfer any amount of money without contacting us before.

As the Appendix D (Bank Guarantee) is an integral part of our CEGH Membership Agreement the wording of the guarantee is **not subject to any** alterations.

The issuing bank has to have at least a “BBB” rating by Standard & Poor’s or “Baa3” by Moody’s and is subject to mutual agreement.

We also request a **list of authorized signatories** of the issuing bank, unless the Bank Guarantee is sent via SWIFT to an Austrian bank of your choice, which will then pass it on to us.

Unlike all other Membership Documents, the bank guarantee can be issued in English according to our sample.

3.3 Conclusion of the Agreement

Having submitted your application on our website you will receive all necessary Membership Documents via email.

Please forward all documents as specified in our email to the following address:

Central European Gas Hub AG
Attn.:Susanne Neunteufl
floridotower
Floridsdorfer Hauptstraße 1
1210 Vienna
Austria

3.4 Connectivity

In order to get ready for the daily business CEGH strongly recommends setting up and testing the business communication to our OTC Dispatching. In general, CEGH offers a wide variety of nomination formats and communication standards.

- 🌐 Connectivity types with the according nomination formats
 - AS4 Edig@s 4.0 (.edi), Edig@s 4.0 (XML)
 - AS4 Edig@s 5.0 (.edi), Edig@s 5.01(XML)
 - Webservice Online nomination management system

- 🌐 [CEGH Connection template](#)

Explanation: Please use the CEGH Connection template to inform us about the communication details of your preferred business communication.

- Please complete page 1 and 2 according to your preferred type of communication.

Please feel free to contact our OTC Dispatching, +43 1 270 2700 / 28520 or dispatching@gashub.at if you have any further questions regarding connectivity.

4 CONTACT DETAILS

Central European Gas Hub AG

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Austria

Email – General
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Email – Back Office
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