



European Union Agency for the Cooperation
of Energy Regulators

Council Regulation (EU) 2022/2576: LNG price assessment

Press briefing

ACER, Teams session

Tuesday, 24 January 2023

1. Council Regulation (EU) 2022/2576: LNG price assessment
2. Data reporting: who, what, when?
3. Methodology: how and why?
4. Q&A

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(Non-legislative acts)

REGULATIONS

COUNCIL REGULATION (EU) 2022/2576

of 19 December 2022

enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and
exchanges of gas across borders

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 122(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

New ACER task:

- To create an objective price assessment tool of the EU's LNG imports by collecting real-time information on all daily transactions
- and over time a benchmark.
- The Regulation grants ACER the necessary powers to collect the transaction data.

Timelines:

- Entry into force: 30 Dec 2022
- Price assessment Go-live: 13 Jan 2023
- Further development of the activity: Q1-2023
- LNG benchmark go-live: 31 Mar 2023

- ‘LNG market participant’ means any natural or legal person, irrespective of that person’s place of incorporation or domicile, who engages in LNG trading
- ‘LNG trading’ means bids, offers or transactions for the purchase or sale of LNG:
 - (a) that specify delivery in the Union, or
 - (b) that result in delivery in the Union, or
 - (c) in which one counterparty re-gasifies the LNG at a terminal in the Union;

LNG market participants should be subject to the obligations and prohibitions that apply to market participants according to REMIT. Therefore, LNG market participants shall be registered in the European Register of Market Participants (CEREMP).

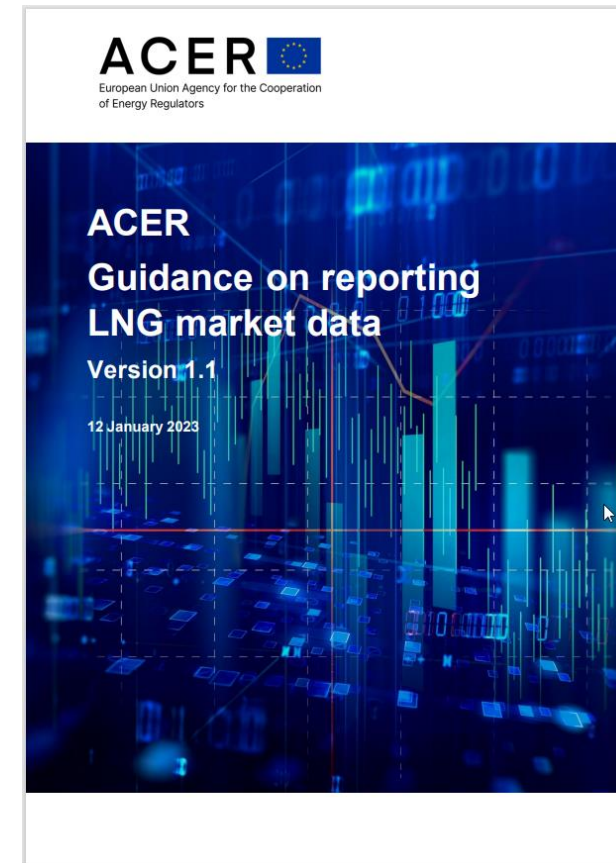
<https://www.acer-remit.eu/portal/european-register>

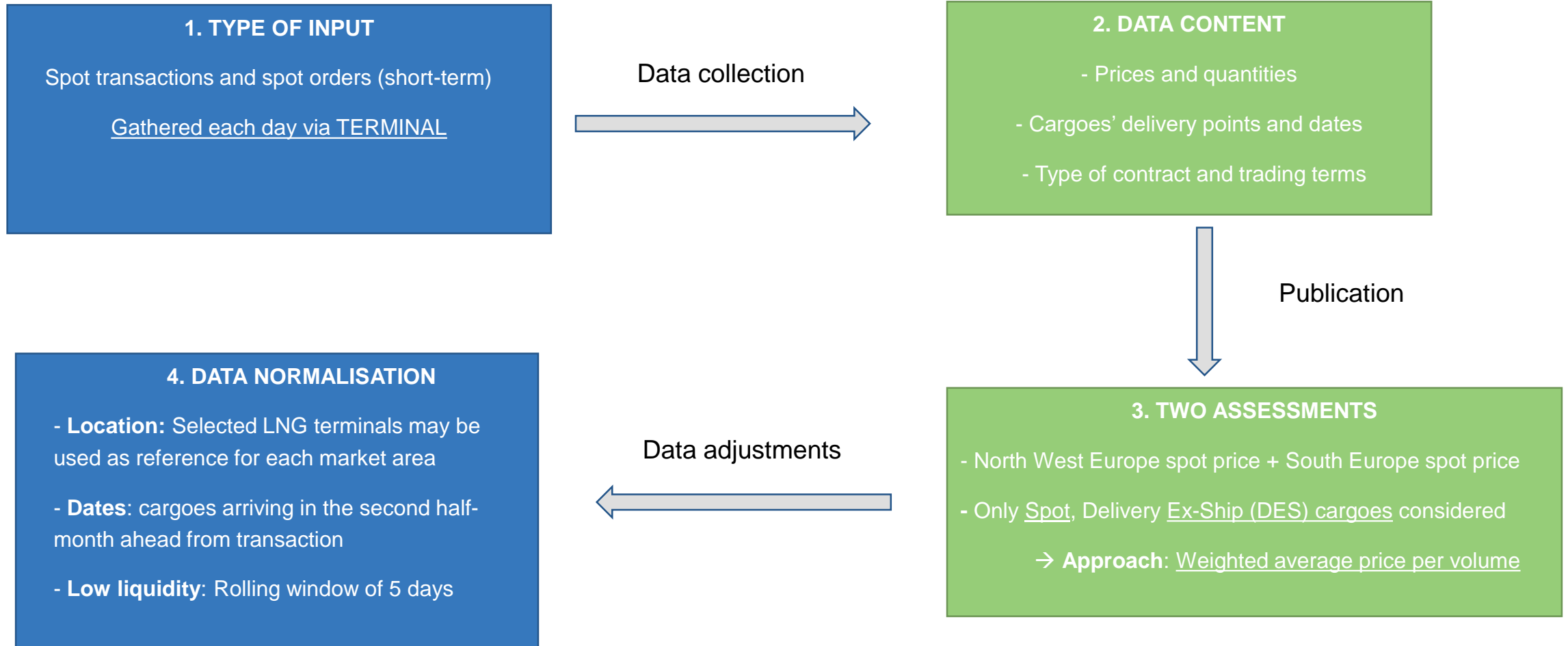
- Regulation 2022/2576 prescribes the collection of LNG market data referring to records of bids, offers or transactions for the purchase or sale of LNG:
 - (a) that specify delivery in the Union, or
 - (b) that result in delivery in the Union, or
 - (c) in which one counterparty re-gasifies the LNG at a terminal in the Union
- In scope:
 - Spot transactions
 - Bids and offers
 - Transactions executed under portfolio agreements
- Out of scope:
 - Details of portfolio framework contracts
 - In-tank transactions, bids and offers at re-gasification terminals
 - Small scale LNG transactions where the physical delivery involves specialised vessels with a capacity less than 75,000 cubic meters of LNG
 - LNG truck loading and unloading
 - Cargo swaps, such as for the optimisation of regasification capacities
 - Intragroup transactions
 - Transactions at virtual storages

- Document: [Guidance on reporting LNG market data](#)

LNG market data quality

1. LNG market data shall include:
 - (a) the parties to the contract, including buy/sell indicator;
 - (b) the reporting party;
 - (c) the transaction price;
 - (d) the contract quantities;
 - (e) the value of the contract;
 - (f) the arrival window for the LNG cargo;
 - (g) the terms of delivery;
 - (h) the delivery points;
 - (i) the timestamp information on all of the following:
 - (i) the date and time of placing the bid or offer;
 - (ii) the transaction date and time;
 - (iii) the date and time of reporting of the bid, offer or transaction;
 - (iv) the receipt of LNG market data by ACER.
2. LNG market participants shall provide ACER with LNG market data in the following units and currencies:
 - (a) transaction, bid and offer unit prices shall be reported in the currency specified in the contract and in EUR/MWh and shall include applied conversion and exchange rates if applicable;
 - (b) contract quantities shall be reported in the units specified in the contracts and in MWh;
 - (c) arrival windows shall be reported in terms of delivery dates expressed in UTC format;
 - (d) delivery point shall indicate a valid identifier listed by ACER such as referred to in the list of LNG facilities subject to reporting pursuant to Regulation (EU) No 1227/2011 and Implementing Regulation (EU) No 1348/2014; the timestamp information shall be reported in UTC format;
 - (e) if relevant, the price formula in the long-term contract from which the price is derived shall be reported in its integrity.





- The daily ACER LNG price assessment is the determination of the prevailing market price for a product at a point in time (value of LNG delivered to EU)
- Aim to comply with IOSCO (International Organisation of Securities Commissions) principles for financial benchmarks, which stipulate: “A methodology should aim to achieve price assessments which are reliable indicators of market values, free from distortion and representative of the particular market to which they relate.”
- The most important EU LNG price assessment is for the spot DES (Delivery Ex Ship) market. It is the best indicator of overall market conditions (value of LNG delivered at its final location):
 - A reference price can only serve the purpose if it is built based on comparable inputs
 - A reference price can only be compared to other reference prices if it builds on solid, robust, meaningful grounds
 - Necessary conditions for potential uptake by market participants
- Methodology beta 1.0 published here: [LNG Price Assessment | www.acer.europa.eu](https://www.acer.europa.eu/LNG-Price-Assessment)

1. The daily LNG price assessment only takes into account **spot transactions**
2. In case less than the defined number of spot transactions (5) → reported spot bids and offers
3. If no sufficient LNG market data → **last valid daily price** indication repeated

Additionally:

- Weighted average price
- Transactions that appear to be **outliers are disregarded**
- If more than 50% of the data collected in the 5 rolling window is provided by a single submitter, the price assessment will refer to the last valid price indication

1. Delivery location:

- Selected LNG terminals may be used as **locational references** (large regasification capacities, attracting spot-type cargoes, closer access to liquid gas trading hubs)
- Prices of cargoes delivered to other terminals within the market area may be **adjusted to deliveries to locational references** (shipping times and shipping rate assumptions).

2. Delivery dates:

- LNG price assessments primarily reflect the prices of spot DES LNG **cargoes arriving up until the second half-month ahead** of the transaction date
- Prices of the cargoes reported with a delivery date **soon after the second half-month are normalised** as if the delivery were occurring in the second half-month ahead from the transaction date

3. Rolling window of days

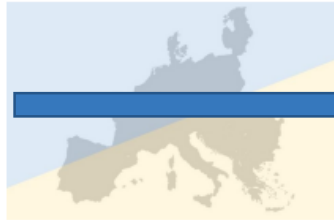
- Transactions of the **last five working days** (MON-FRI)
- The methodology considers the rolling time series of daily values
- **Higher relevance assigned to recent transactions**
- In case of no transactions on publication day, flag this occurrence in the daily assessment

4. Outright prices and indexed prices

- LNG transactions can result in an outright fixed price or in an indexed price formula.
- For daily price assessments, ACER will make use of the **prices reported by market participants**

Daily SPOT LNG price assessments for EU LNG imports

DES LNG SPOT North-West Europe (NWE)	
NWE LNG H1 FEB	57.01
DES LNG SPOT South Europe (SE)	
SE LNG H1 FEB	56.22
SPREAD DES LNG SPOT (SE-NWE)	
SE minus NWE	-0.79



All prices in Euros/MWh.

- 2 price assessments
 - Price spread against key EU gas hubs

LNG price assessment data statistics*

Number of transactions	8	Number of market participants	12
Traded volume in MWh	8,203,055	Number of LNG terminals	14

Additional transparency indicators

* Only relevant DES SPOT LNG transactions considered for both zones

COMMENT

For the 5-working day rolling window considered for the LNG price assessment, ACER collected:

Eligible for price assessment:

- 8 spot Deliver ex ship (DES) transactions for the relevant delivery period,
- 2 firm spot DES bids.

Not eligible for price assessment (but reporting is still mandatory):

- 1 spot Free on board (FOB) transaction,
- 2 spot DES transactions outside the relevant delivery period,
- 0 transaction reports related to portfolio LNG contracts,
- 3 bilateral spot DES offers, 3 bilateral spot DES bids.

According to the Methodology [1], ACER was able to calculate the price for both zones.

Please note that ACER's LNG price assessment relies on the LNG market data reported – the facts on transactions, bids and offers. All IT systems are up and running, 62 LNG market participants are registered and can report. LNG market participants are reminded on their reporting obligation and encouraged to report their LNG market data via TERMINAL.

Comments

[1] ACER Methodology for LNG price assessments Beta 1.0

- LNG price assessment
 - Improve the Methodology
 - Improve the Guidance on reporting LNG market data: Improve data quality
 - Prepare for the Benchmark roll-out on 31 March 2023
 - Enhance the assessment process
- Market Correction Mechanism
 - Use LNG price assessment as one of the inputs
- LNG benchmark
 - Compare LNG price assessment with TTF front-month

Thank you!

Questions?



European Union Agency for the Cooperation
of Energy Regulators

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🌐 [linkedin.com/in/EU-ACER/](https://www.linkedin.com/in/EU-ACER/)

- Preparatory phase (after the first Regulation draft was available):
 - Started preparing elements for collecting relevant LNG trade data
 - Guidance on reporting LNG data
 - IT solutions
 - Registration of LNG market participants (process and tool)
 - Data management principles
 - Design of the beta methodology to provide a useful price assessment
 - Establish a daily process to collect data, analyse it and publish a price assessment
- Go-live: day-after adoption
 - Data collection: Analysing real data, assessing internally, optimising the process..
 - Price assessment: according to schedule defined in the Regulation (13 January)

- 22 fields
 - Business details (market participant IDs, timestamps, prices, quantities,..)
 - Reference data (FX, unit conversion factors used, indexes used)
 - Contact information for follow-ups in case of data quality issues
- When?
 - As close to real-time as technologically possible
 - No life-cycle event reporting
 - Correction is possible during the day, until 16:00

Identification of LNG market participants

Market Participant Details

ACER code:

Market Participant:

Country:

NRA:

Address:

Postal Code:




EIC:

GSI:

Reset Form

Search

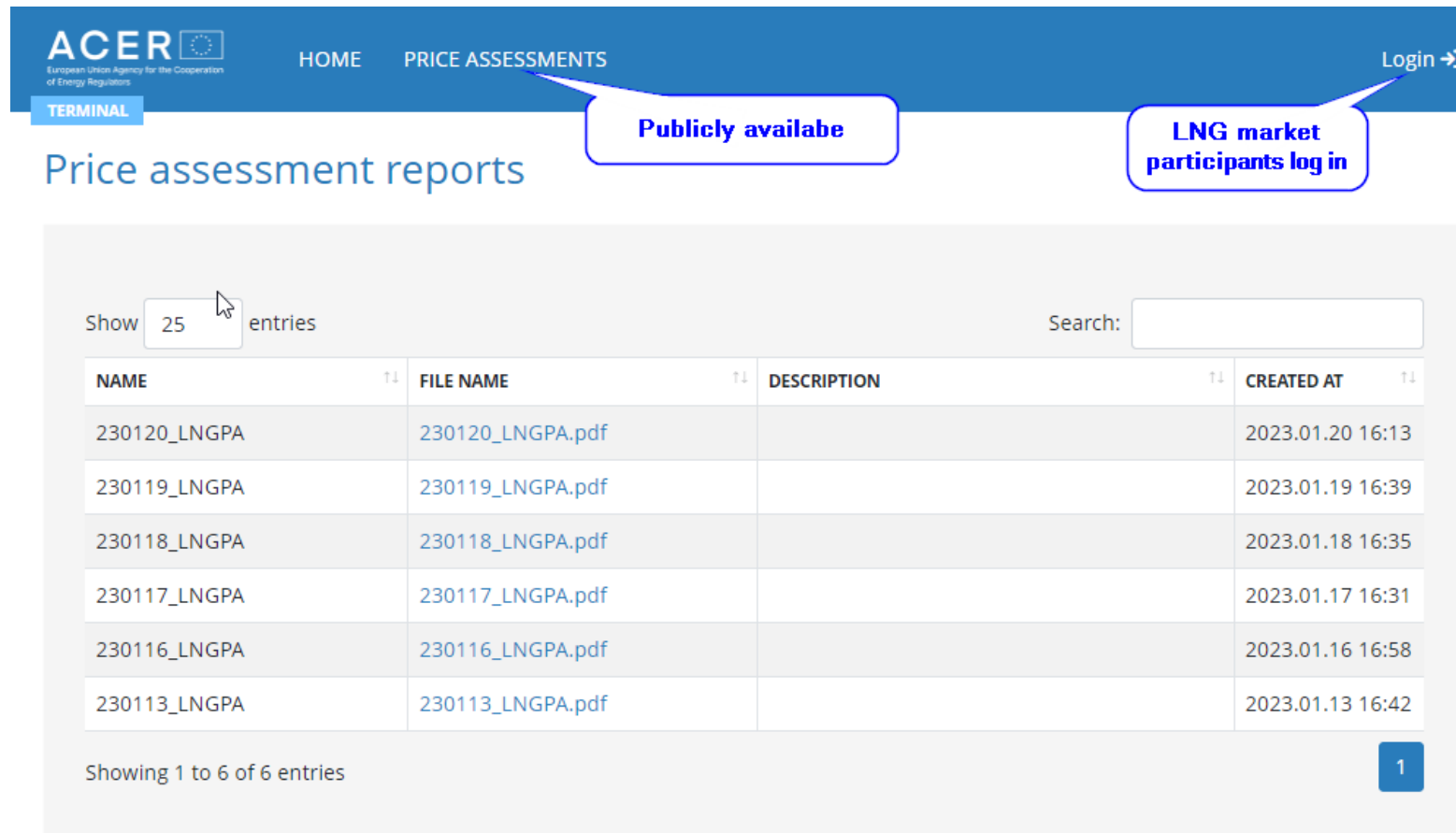
Show 10 rows ▼


ACER code	Market Participant	Country	Address	Date of validity	Details
A0001337L.NL	Vitol Gas and Power BV	NL	K.P. van der Mandelelaan 130	2015-05-18	
A00175957.NL	Vitol SA	CH	Place des Bergues 3, 7th Floor P.O. Box 2056	2015-05-13	
A0014621J.FR	Vitol Bahrain E.C.	BH	Bahrain World Trade Centre, 8th Floor, West Tower Flat 81, Building 1B, Isa Al Kabeer Avenue, Manama Centre 316	2018-01-26	

- Market participants register with NRAs
- Market participants indicate they report LNG
- ACER approves TERMINAL user accounts
- [Registration guidance](#)

- For the purpose of the LNG price assessment, ACER shall systematically collect and process LNG market data on transactions

- Reporting guidance:
 - Guidance for reporting LNG market data (consulted in Nov, published on 20 Dec)
 - Webinar for LNG market participants on WED, 11 January
 - Excel template available on [ACER website](#)
- Special IT tool: [TERMINAL](#)
 - Data reporting
 - Publication of price assessments
 - Help for LNG market participants



ACER  HOME PRICE ASSESSMENTS Login →

TERMINAL **Publicly available** **LNG market participants log in**


Price assessment reports

Show entries Search:

NAME	FILE NAME	DESCRIPTION	CREATED AT
230120_LNGPA	230120_LNGPA.pdf		2023.01.20 16:13
230119_LNGPA	230119_LNGPA.pdf		2023.01.19 16:39
230118_LNGPA	230118_LNGPA.pdf		2023.01.18 16:35
230117_LNGPA	230117_LNGPA.pdf		2023.01.17 16:31
230116_LNGPA	230116_LNGPA.pdf		2023.01.16 16:58
230113_LNGPA	230113_LNGPA.pdf		2023.01.13 16:42

Showing 1 to 6 of 6 entries 1

- New tool called TERMINAL
- Features:
 - Data reporting
 - Price assessment publication
 - Help for LNG market participants

ACER 
European Union Agency for the Cooperation
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TERMINAL

HOME SUBMIT REPORT PRICE ASSESSMENTS HELP

New report

Data collection Assessment publication

Fields marked with the red asterisk sign * are mandatory! Some fields become mandatory depending on changes in other fields.

1. Type of LNG market data: * *i* Transaction

2. Identification of the reporting party: * *i* Buyer

3. ID of the buyer: * *i* Vitol SA

4. ID of the seller: * *i* Alpiq AG

5.1 Original price: * *i* 50

5.2 Original price formula: *i*

5.3 Index values at the time of the transaction: *i*

5.4 Original price currency: * *i* USD (U.S. dollar)

5.5 Original unit: * *i* MMBtu

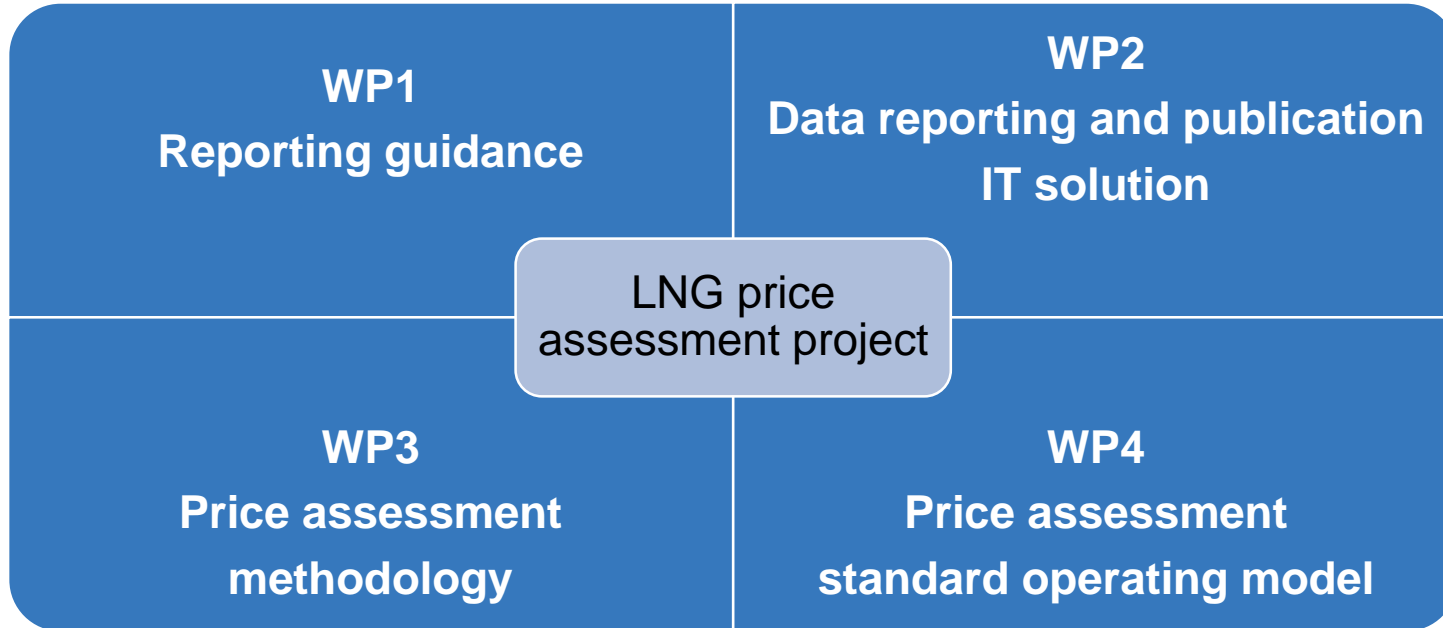
5.6 Price in EUR/MWh: * *i* 51

5.7 Exchange rate applied for Field 5.6: * *i* 1.027

- New tool called TERMINAL

- Features:

- Data reporting
- Price assessment publication
- Help for LNG market participants



- New LNG price assessment/benchmark Expert group established
- No new resources so far, all work made with existing resources and budget
- 5 new FTEs allocated, selection procedure ongoing