

Media Briefing – ACER LNG Price Assessment
17 Jan 2023

On the record:

On whether this lack data was expected and whether it is worrying, **Una Shortall, ACER Spokesperson**, said

“The aim is for ACER to produce a robust and objective LNG price assessment that is transaction-based rather than based on calling traders. The first days has not resulted in sufficient data for a single specific LNG import price for the EU. This was an expected outcome, given that the market for spot LNG transactions into the EU is highly illiquid.”

On the lack of data, **Una Shortall, ACER Spokesperson**, said

“The market for spot LNG transaction into the EU is highly illiquid, and thus differs significantly from the market for gas traded at exchanges such as TTF. LNG contracts are also non-standardised. ACER has proposed a methodology that uses a 5 day ‘rolling window’ to aggregate transactions and thus build a price that is robust and representative of the market conditions. Also, fewer reporting transactions are more to be expected in the beginning, as market participants get used to the new reporting obligations and are able to fulfil them in time. “

Headlines Message:

- The aim is for ACER to produce an objective price assessment that takes in to account multiple LNG transactions. The first (2) days, the ACER assessment does not contain one specific LNG import price for the EU. This was an expected outcome during the first weeks of January. It is important that the reported price by ACER is representative of the market transactions as opposed to a price that is not and which then risks being potentially misleading.
- Is the lack of a single price expected? This was something that was foreseen and that could specially happen in the first weeks of the publication. Market participants need to get used to the new reporting obligations so that they are able to fulfil them in time. The market for spot LNG transaction into the EU is highly illiquid, and thus differs significantly from the market for gas traded at exchanges such as TTF. LNG contracts are also non-standardised. However, reporting is obligatory. ACER has proposed a methodology that uses a 5 day ‘rolling window’ to aggregate transactions and thus build a value that is representative of the price at which LNG is bought and sold in the market.
- Importantly the ACER reporting guidance and initial IT structures are in place. Market participants are adjusting their internal procedures, which should assure that LNG transactions are being reported on time.