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ROUTE4GAS
SMART SOLUTIONS FOR EUROPEAN NATURAL GAS MARKET

Route4Gas Webinar:

Reserve Price

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www.route4gas.com

Definition

In general, the Reserve Price is a convenience function for submitting recurrent service enquiries esp. by using the upload feature in the Route4Gas App.

It can be set by the user for all products – Day Ahead (DA), Weekend (WE), Existing Flow (EF), Unused Capacity (UCU) and Storage.

	A	B	C	D	E
1	From	To	Vol/HR	Product	Reserve Price
2	SK VTP	DE NCG	120	Day Ahead	0.55
3	NL TTF	DE NCG	300	Existing Flow	-0.1
4	NL TTF	OMV Gas Storage	300	Storage	-0.6
5	DE NCG	AT VTP	300	Unused Capacity	-0.4
6	AT VTP	HU MGP	240	Day Ahead	-0.5
7					

Market Spread Calculation

Market Price (From) **minus** Market Price (To)

AT VTP (5.95) – NL TTF (5.30) = 0.65 EUR/MWh

AT VTP (5.95) – HU MGP (6.75) = -0.80 EUR/MWh

Market Spread Calculation

Enquiring products DA, WE, EF and Storage the user **asks for** location swaps:

Long Position (Sell) on Market (From)
and
Short Position (Buy) on Market (To)

But enquiring the product UCU the user **offers** a location swap:

Short Position (Buy) on Market (From)
and
Long Position (Sell) on Market (To)

Reserve Price DA / WE
Minimum Reserve Price (positive spread)
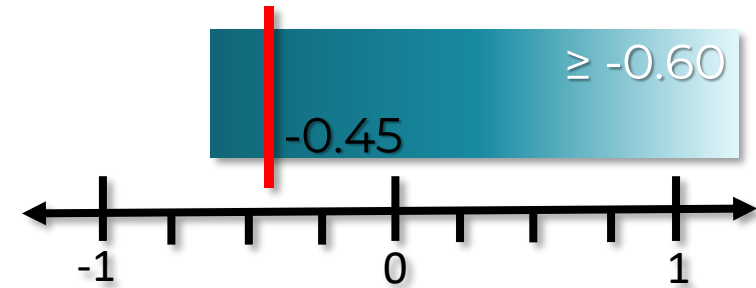
Equals selling the spread
Reserve Price = 0.50

CASE 1:
✳ **AT VTP (5.95) → NL TTF (5.30)**
≫ **Spread = 0.65**

✓

≥ 0.50
0.65

-1   0   1
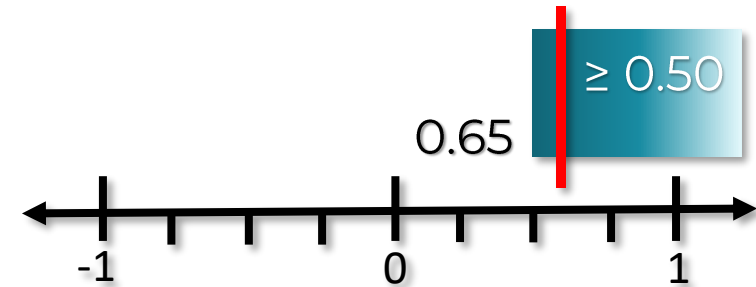
CASE 2:
✳ **AT VTP (5.75) → NL TTF (5.35)**
≫ **Spread = 0.40**

✗

≥ 0.50
0.40

-1   0   1
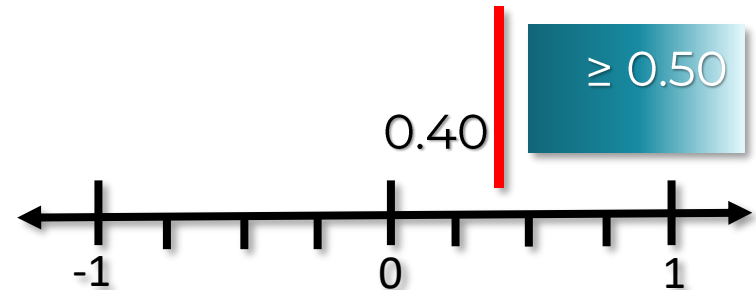
Reserve Price DA / WE
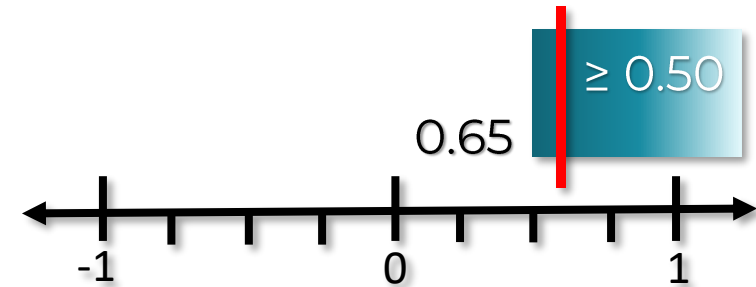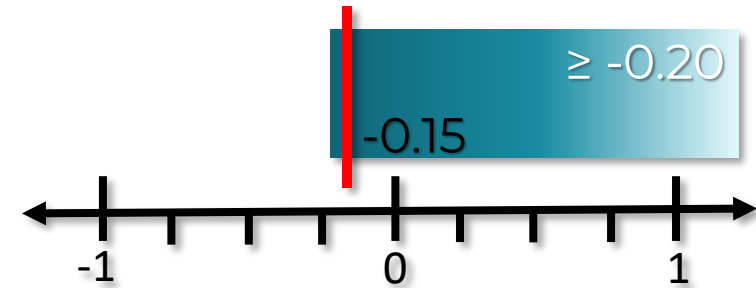## Maximum Reserve Price (negative spread)

Equals buying the spread
Reserve Price = -0.60

CASE 1:

✴ **AT VTP (5.95) → HU MGP (6.40)**

⫸ **Spread = -0.45**

✔

≥ -0.60

-0.45

-1   0   1

CASE 2:

✴ **AT VTP (5.95) → HU MGP (6.75)**

⫸ **Spread = -0.80**

✖

≥ -0.60

-0.80

-1   0   1
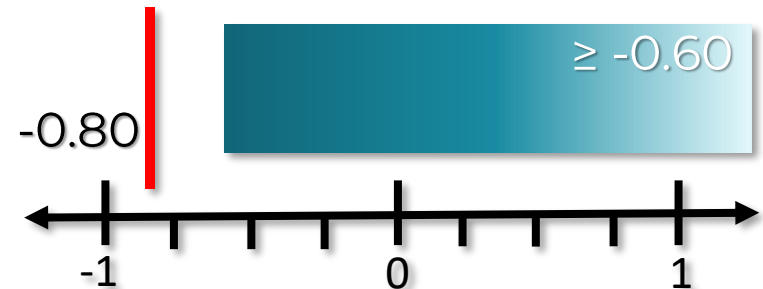
Reserve Price Storage
Minimum Reserve Price (positive spread)

Equals selling the spread
Reserve Price = 0.50

CASE 1:

✳ **OMV UGS (5.95) → NL TTF (5.30)**

⋙ **Spread = 0.65**

✅

≥ 0.50

0.65

-1   0   1

CASE 2:

✳ **OMV UGS (5.75) → NL TTF (5.35)**

⋙ **Spread = 0.40**

❌

≥ 0.50

0.40

-1   0   1
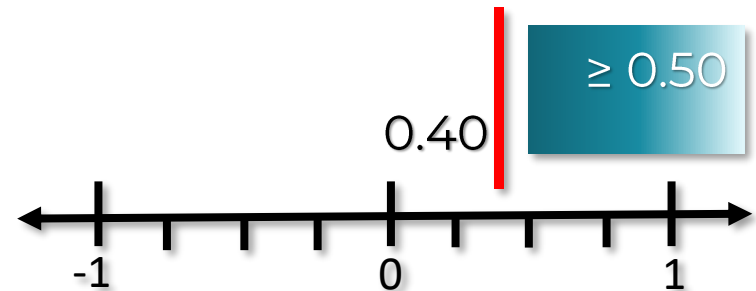
Reserve Price Storage
Maximum Reserve Price (negative spread)

Equals buying the spread
Reserve Price = -0.20

CASE 1:

✴ **NL TTF (5.35) → Haidach UGS (5.50)**

⋙ **Spread = -0.15**

✅

≥ -0.20

-0.15

-1   0   1

CASE 2:

✴ **NL TTF (5.30) → Haidach UGS (5.65)**
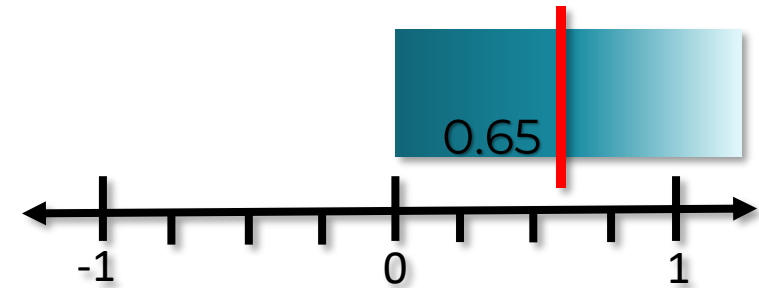
⋙ **Spread = -0.35**

❌

≥ -0.20

-0.35

-1   0   1
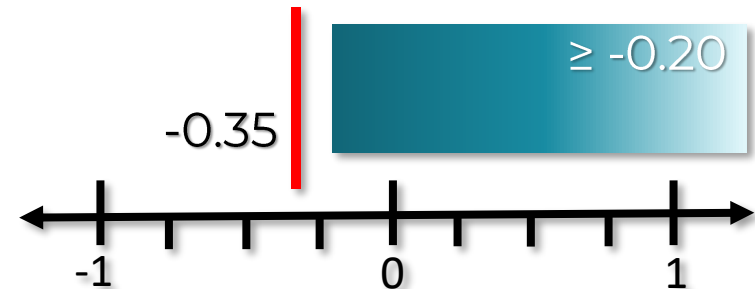
Reserve Price EF
No need to set a Reserve Price (positive spread)

Equals selling the spread instead of transporting

✳ **AT VTP (5.95) → NL TTF (5.30)**

⫸ **Spread = 0.65**

✓

0.65

-1   0   1

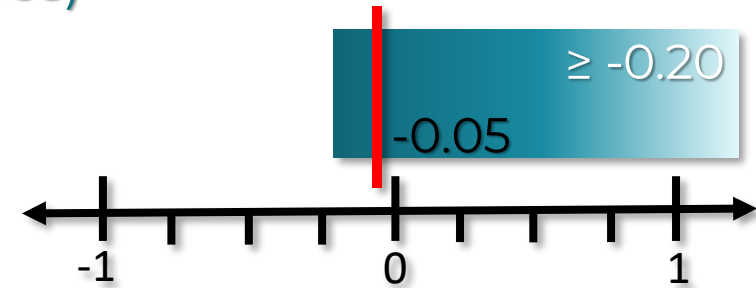User **sells** AT VTP and **buys** NL TTF → user receives 0.65 and saves the variable transportation fees (if any)

Reserve Price EF
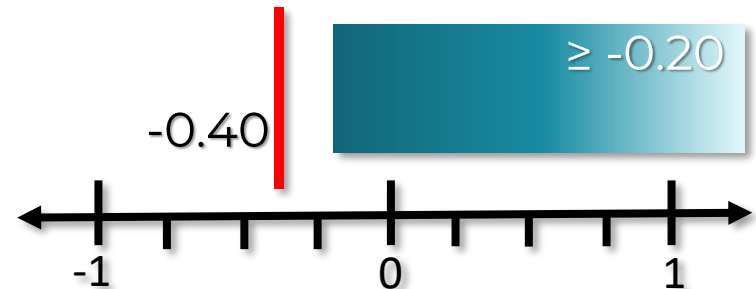## Maximum Reserve Price (negative spread)

Equals buying the spread instead of transporting
(goal: spread cheaper than variable transportation fees)
Reserve Price = -0.20

CASE 1:
☆ **AT VTP (5.95) → SK VTP (6.00)**
⋙ **Spread = -0.05**

✓

≥ -0.20

-0.05

-1   0   1

CASE 2:
☆ **AT VTP (5.95) → SK VTP (6.35)**
⋙ **Spread = -0.40**

✗

≥ -0.20

-0.40

-1   0   1

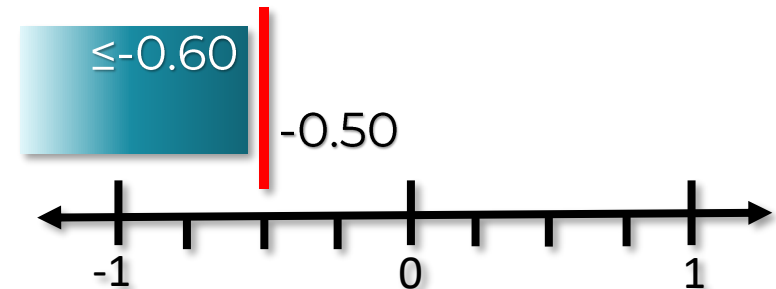# Reserve Price UCU
Minimum Reserve Price (negative spread)

User offers a location swap only if selling the spread and paying variable transportation fees results in a profit.
Reserve Price = -0.60

CASE 1:

❖ **AT VTP (5.95) → HU MGP (6.75)**

》》》 **Spread = -0.80**

✓

≤-0.60

-0.80

-1   0   1
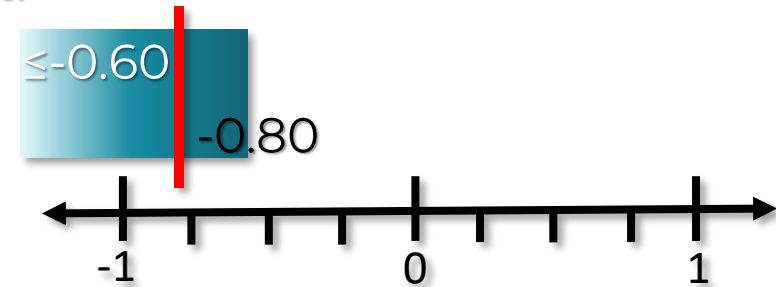
CASE 2:

❖ **AT VTP (5.95) → HU MPG (6.45)**

》》》 **Spread = -0.50**

✗

≤-0.60

-0.50

-1   0   1

Reserve Price UCU
No need to set a Reserve Price (positive spread)

Unused Capacity enquiry isn't
considered by the system!!!

✻ **AT VTP (5.95) → DE NCG (5.45)**

》》》 **Spread = 0.50**

✕

0.50

-1   0   1
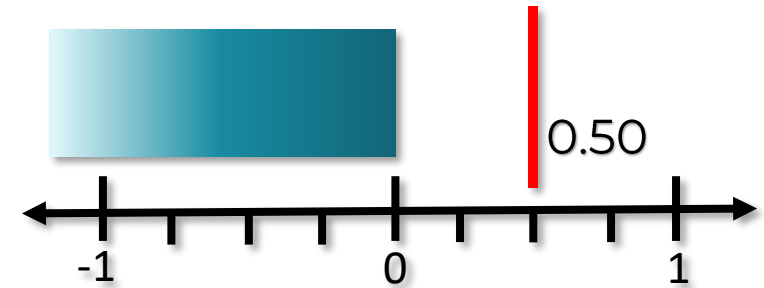
User would **buy** AT VTP and **sell** DE NCG → user would pay 0.50 on top of
transportation fees.

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Q & A

Thank you for participating!

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