







ROUTE4GAS

# The Digital Link between Physical Gas Flows and Gas Trading



# What Route4Gas wants to achieve for the European Gas Market

The first step to create the future of  
digitalized trading



Eliminating inefficiencies

**Connecting** all European VTPs

Adding and concentrating **liquidity**

**Linking** physical flows to trading  
instruments



# ... and what Route4Gas wants to achieve for Gas Trading Companies

Digitalization and Automatization

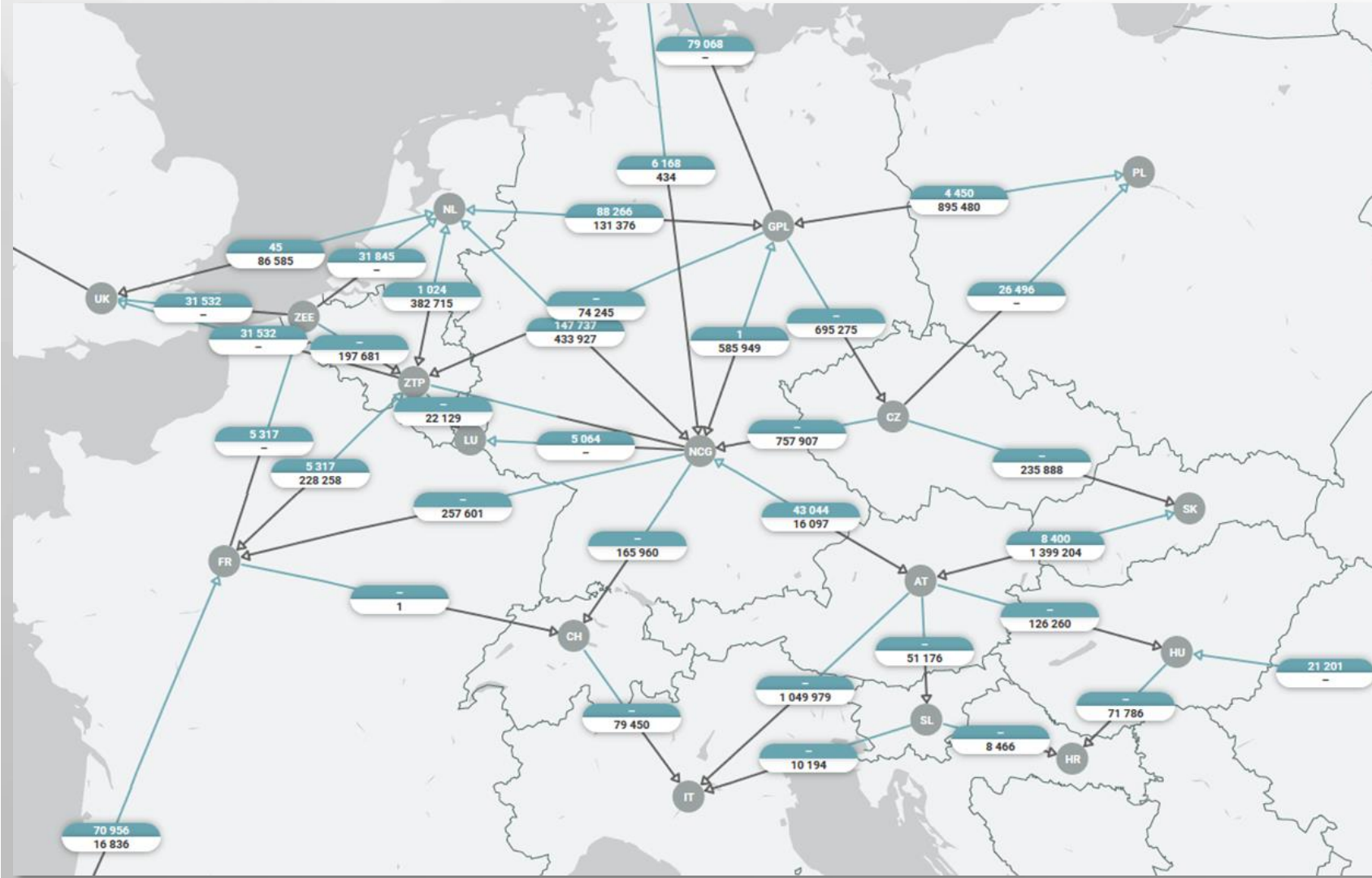
Adding **trade opportunities**

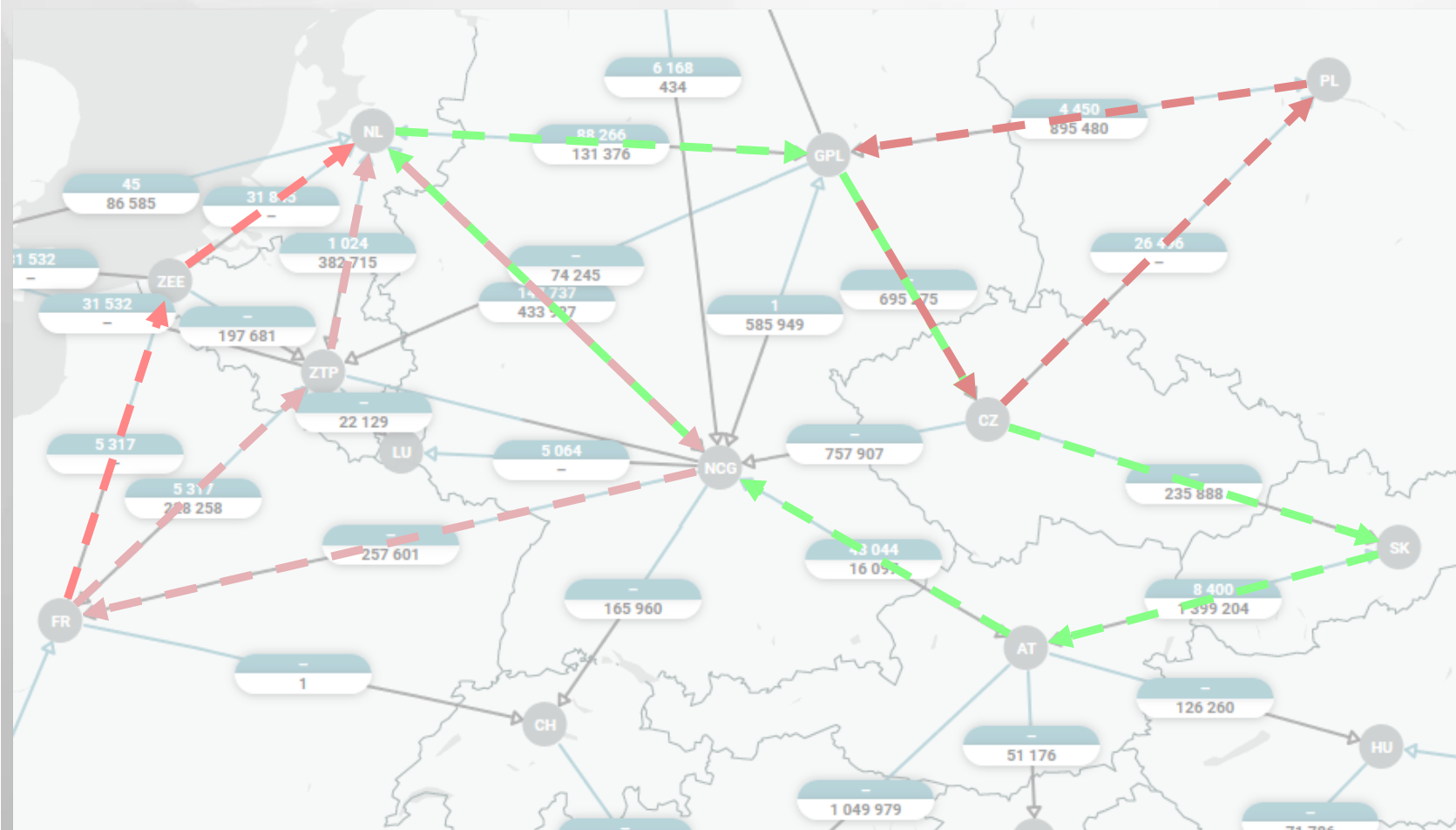
Easy handling of **recurrent**  
physical positions

Linking positions in **remote**  
**markets**

**Making profit** on your own and  
on other traders' physical flows







## Inefficiencies in the European Gas Market

Circle physical flows and unnecessary capacity bookings



# Advantages for Portfolio Management and Logistics

How to realize hidden daily profit!

**Automatic utilization** and **monetization** of **existing physical flows** and **unused** (cross-border) **capacities** on DA basis

Utilization and monetization of **storage working gas** volumes via **linking** them among each other or to all European VTPs on DA basis



# Advantages for Trading

We show you the money!



**Matching Rounds** with fixed spot prices offer **additional liquidity** for matching positions, taking new positions or **arbitration** against broker/exchange screens

**Missing Links** allow trading on a FCFS (First Come First Serve) principle

Asset based and speculative trading on **one place** and at the **same time!**



# Tradable products

## 1 **Buying/Selling DA/WE market spreads**

Buying/Selling location swaps

## 2 **Transfer of existing flows to DA/WE location swaps**

Buying/Selling location swaps

## 3 **Utilizing unused capacities**

Offering DA/WE location swaps

## 4 **Asking for storage swaps**

Storage ↔ Storage or  
Storage ↔ VTP

## 5 **Trading offered spreads or just single legs**

Missing Links are offered to the participants after calculation of the round





**Set credit limits**



**Enter the round**



**Submit the enquiries**



**Trade the Missing Links**



**Possible matching with all  
participating companies!**

**In any case you gain out of market spreads  
automatically using the R4G system**

**How it works**

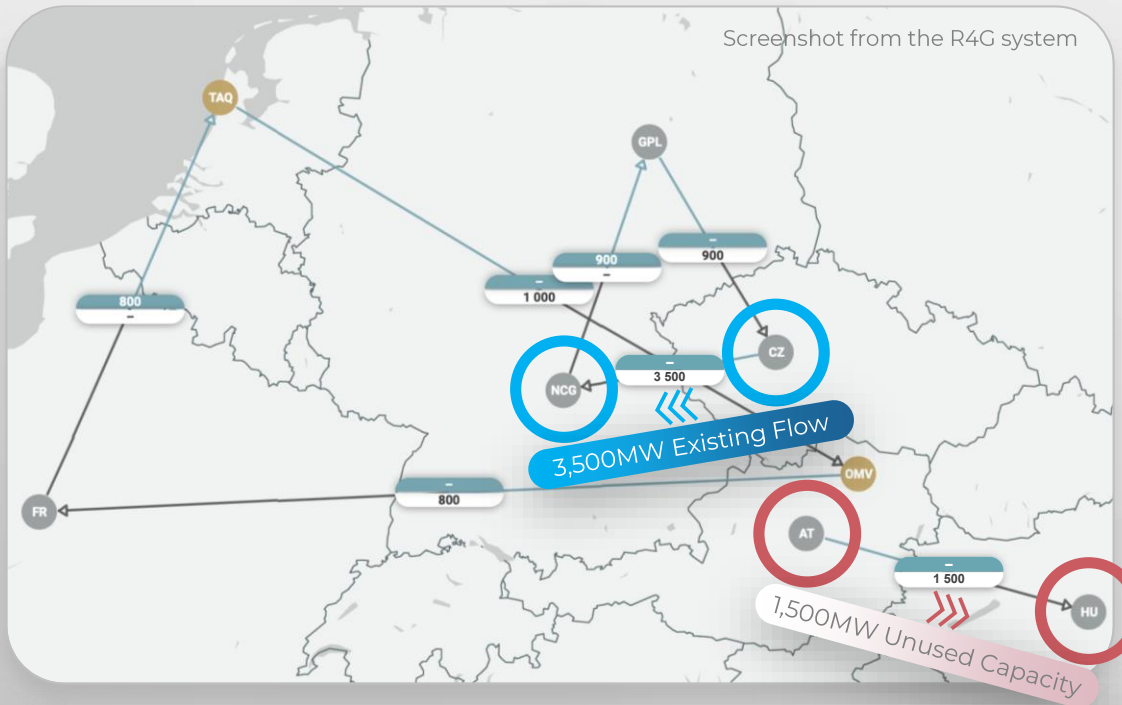


## Example #1

Showing how to monetize physical flows, capacities and even storage volumes

From	To	Vol/HR	Product	Reservice price	Market Spread
AT VTP	HU MGP	1,500	Unused Capacity	---	1.072
CZ VTP	DE NCG	3,500	Existing Flow	---	0.538
Bergerm. TAQA TTF	Storage OMV AT	1,000	Storage	---	0.437





Values taken from the previous slide

## Example #1

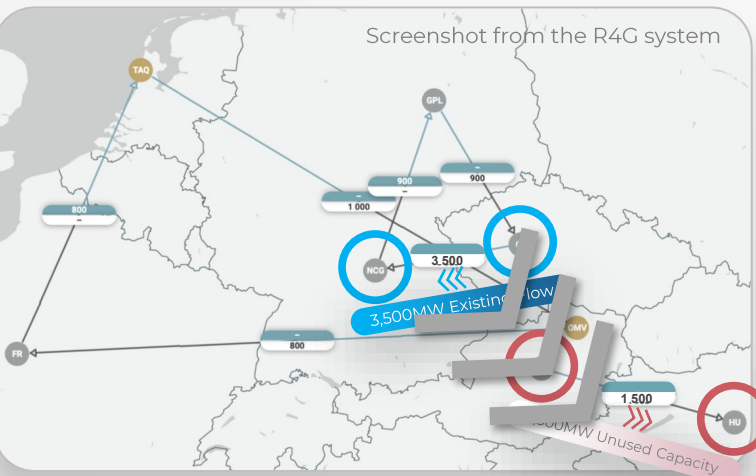
Before R4G system calculation:

### Enquiries

A mix of day-ahead swap enquiries, unused capacities and existing flows. Matching is unlikely through broker screens.



Screenshot from the R4G system

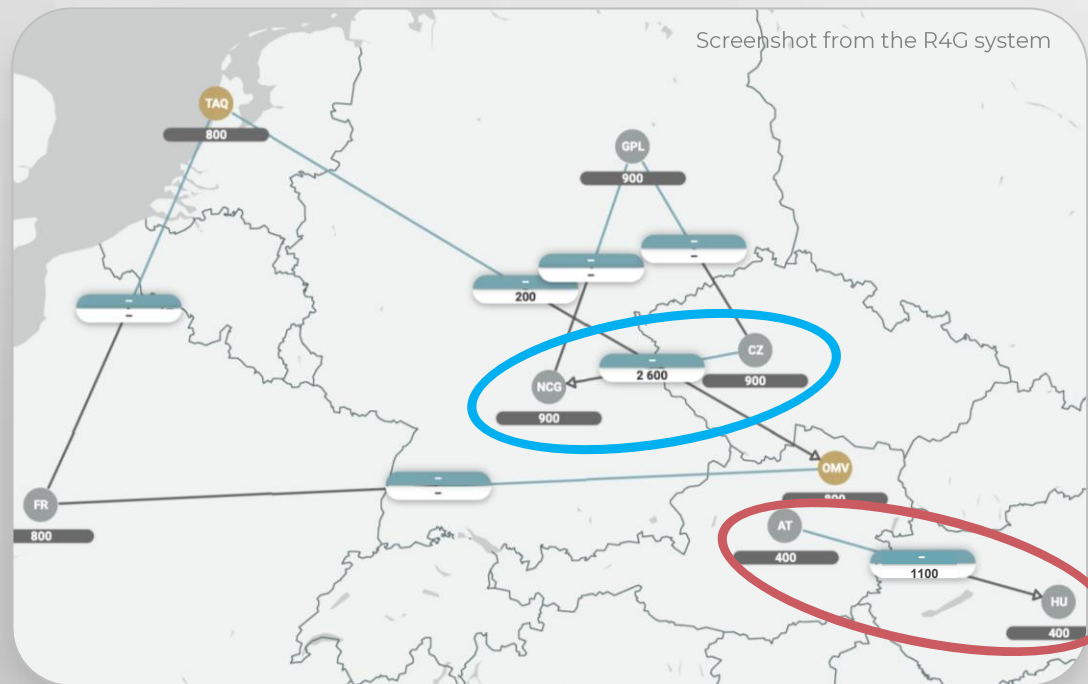


900MW converted into swaps:  
**€ 11.6K gained**

UCU 400MW:  
**€ 10.3K gained**

Values taken from the previous slide

Screenshot from the R4G system



## Example #1

After R4G system calculation:

### Profit

Unused capacities are partially utilized. Only some transmissions are required. A few swaps solve the situation.



## Example #2

Assumptions to show the potential of monetizing physical positions over a period of one year

- 1 Spread: +/-0.20 EUR/MWh**  
Average spread between neighbouring markets over one year
- 2 Capacities: 5,000 MWh/h**  
Total booked long-term capacities
- 3 Average utilization: 80%**  
Existing flow: 4,000 MWh/h  
Unused capacities: 1,000 MWh/h
- 4 Capacity splitting: 60% vs. 40%**  
60% of the year it's cheaper to do a location swap instead of flowing gas;  
40% of the year unused capacities are in the money  
(both on DA basis)
- 5 Matching rate: 25%**  
Average matching rate in the R4G application



## Example #2

Profit calculation  
over a period of one year

### 1 Values

[SP] Average spread = 0.20 EUR/MWh

[EF] Existing flow = 4,000 MWh/h

[UC] Unused capacity = 1,000 MWh/h

[LS] Location swap (60% of the year) = 219 days

[UCM] Unused capacities in the money (40% of the year) = 146 days

[MR] Matching ratio = 25%

### 2

$$(EF * 24 * LS + UC * 24 * UCM) * MR * SP$$

### 3

$$(4,000 * 24 * 219 + 1,000 * 24 * 146) * 0.25 * 0.20 \text{ EUR/MWh}$$

### 4

Expected Profit: 1,226,400 EUR/year

**Without any effort!!!**



# Missing Link

Specialized for Traders  
(First Come, First Serve)

REMAINING TIME  
**03:23**

[Download Missing Links XLSX](#)

Missing Link Offers for Round **Test-ML-1**

ML#	ML - SELL		ML - BUY		Remaining/Total, MW	ML SPREAD, MW		ML - SELL, MW		ML - BUY, MW		Matched Volumes <sup>Ⓞ</sup>
	Market	Price, EUR	Market	Price, EUR		Price Spread, EUR		ML-Buy offered	ML-Sell offered			
ML5	AT VTP	14.052	DK ETF	15.062	200/200	-1.010	Not available	<input type="text" value="0"/> <input type="button" value="Send"/>	0	Not available	0	0/0/0
ML6	HU MGP	14.000	CZ VTP	15.170	100/100	-1.170	Not available	<input type="text" value="0"/> <input type="button" value="Send"/>	0	Not available	0	0/0/0
ML7	AT VTP	14.052	DE GPL	14.968	100/500	-0.916	<input type="text" value="0"/> <input type="button" value="Send"/>	<input type="text" value="0"/> <input type="button" value="Send"/>	0	<input type="text" value="0"/> <input type="button" value="Send"/>	0	0/0/0
ML8	HU MGP	14.000	NL TTF	14.650	80/380	-0.650	<input type="text" value="0"/> <input type="button" value="OK"/>	<input type="text" value="0"/> <input type="button" value="Send"/>	0	<input type="text" value="0"/> <input type="button" value="Send"/>	0	300/0/0
ML9	BE ZTP	14.682	Storage OMV AT	14.052	300/500	0.630	<input type="text" value="0"/> <input type="button" value="Send"/>	<input type="text" value="0"/> <input type="button" value="Send"/>	0	<input type="text" value="1"/> <input type="button" value="OK"/>	100	0/0/200
ML10	Storage Pool DK	15.062	CZ VTP	15.170	300/800	-0.108	<input type="text" value="0"/> <input type="button" value="OK"/>	<input type="text" value="0"/> <input type="button" value="Send"/>	0	<input type="text" value="0"/> <input type="button" value="Send"/>	250	500/0/0



## Figures since Go-Live

Go-Live date:  
1<sup>st</sup> of September 2020

Submitted DA enquiries: **>3.2 TWh**

Matching rate: **Up to 61%**

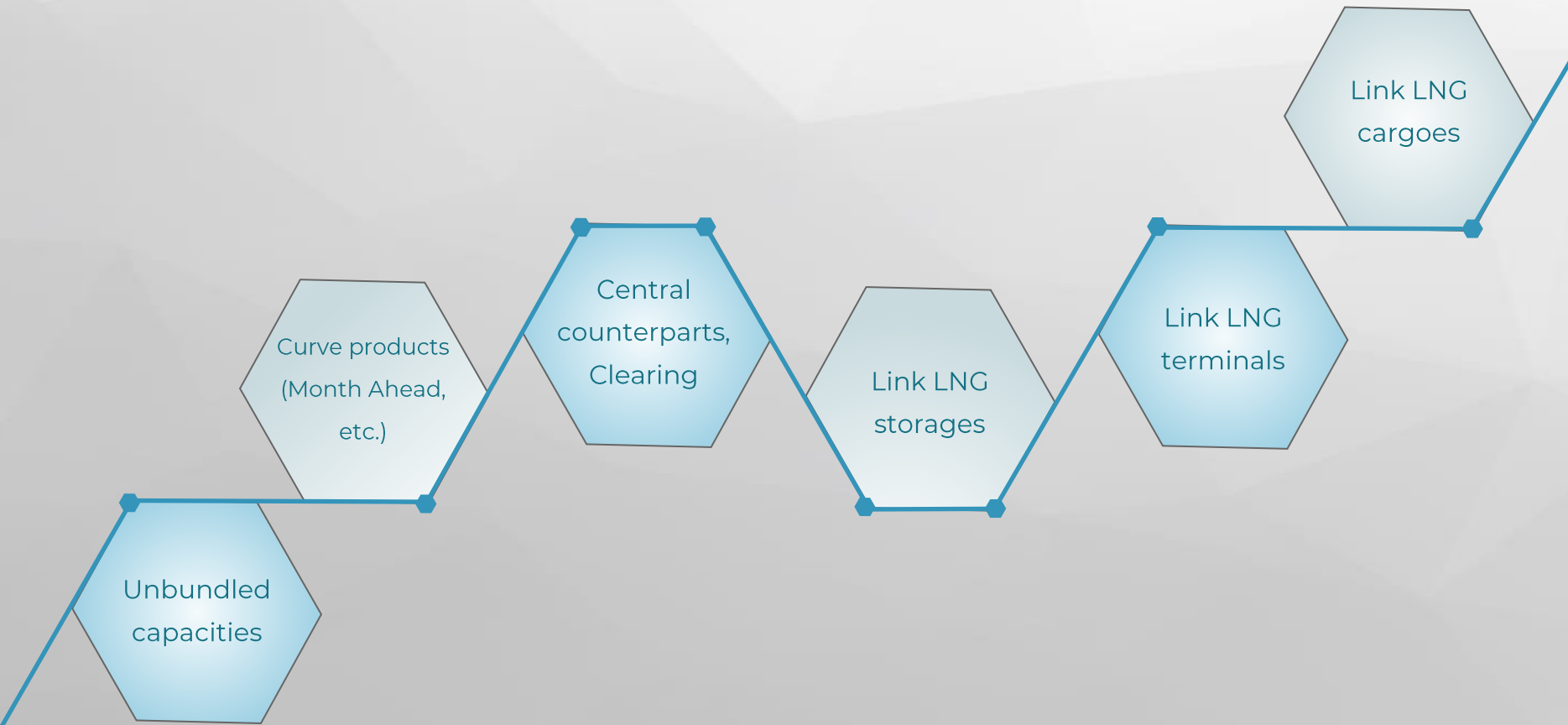
Onboarded companies: **12**

Max. number of companies in  
the same round: **4**

Number of companies in the  
onboarding process: **8**







# Outlook





**ROUTE4GAS**

**Route4Gas is an innovative and powerful instrument.**

**It adds additional liquidity and trading opportunities to the whole European Gas Market.**



ROUTE4GAS



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