



# INTRODUCTION OCM

0555 – REVIEW OF THE MARKER OPERATOR (OCM) PROVISION

OCTOBER 2015

# CONTENT

## Introduction to Market Operator (OCM) Provision

- OCM by the numbers
- Regulatory framework
- Products & services
- OCM trading & Clearing migration

# OCM BY THE NUMBERS (2014)

# 77,197

Trades

# 230,000

Orders

# 4,421,314,000

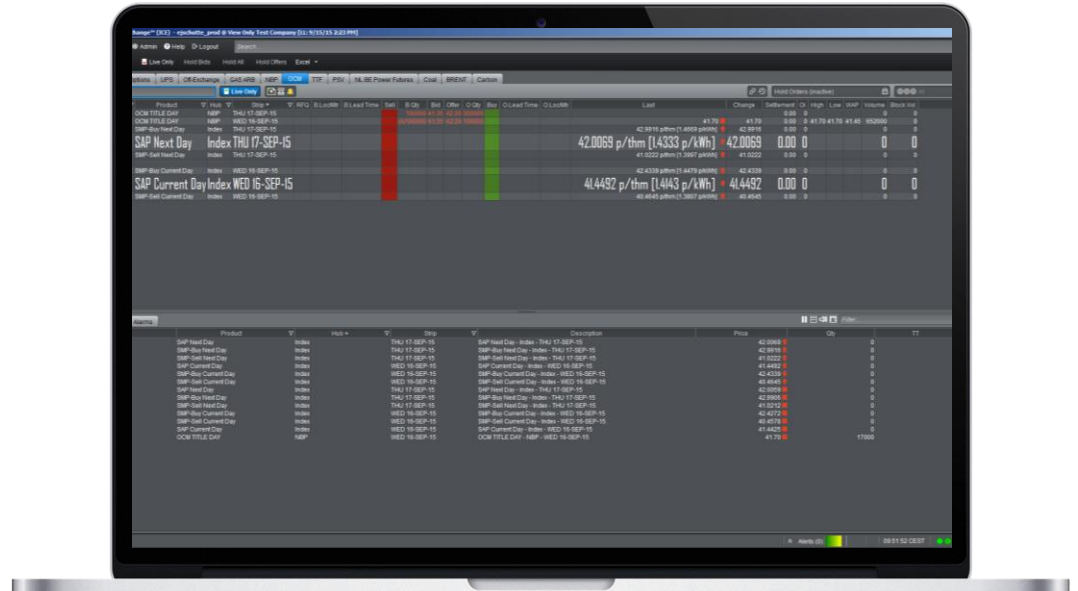
Therms

# 2,211,207,726

GBP

# 70

Members



# ON-THE-DAY COMMODITY MARKET

## REGULATORY FRAMEWORK

- ICE Endex has been appointed by National Grid Gas and was designated by OFGEM to provide and operate the trading system and clearing services for the On-the-Day Commodity Market (“OCM”).
- The Unified Network Code (TPD, section D) provides the trading arrangements for the OCM and therein a distinction is made between the rights and obligations of the Trading System Operator (i.e. exchange) and the Trading System Clearer (i.e. the clearing house or CCP).
- The Trading System Operator has to provide and maintain the trading system whilst the Trading System Clearer provides the clearing services for the purpose of the Trading System. The Trading System Operator can also fulfill the role of Trading System Clearer but may also designate another person to fulfill the latter role. Subject to certain conditions being met, NGG has to admit the Trading System Clearer as a User (i.e. shipper) for the purpose of making Trade Nominations.
- Once admitted as a User, the Trading System Clearer has to meet all the requirements set forth by the UNC, including the provisions of Section X (Energy Balancing Credit Management) and the EBCR.
- As of 24 November 2015 ICE Endex will act as the Trading System Operator (i.e. exchange) and the Trading System Clearer (i.e. the clearing house or CCP). The clearing services are provided by ICE Clear Europe on the basis of a Clearing Service Agreement between ICE Endex and ICE Clear Europe.

# PRODUCTS & SERVICES

- **Contracts offered for trading on a 24/7 basis**
  - OCM TITLE DAY
  - OCM PHYSICAL DAY
  - OCM LOCATIONAL DAY
  - OCM LOCATIONAL TWO DAY
  - OCM LOCATIONAL THREE DAY
  - OCM LOCATIONAL FOUR DAY
  - OCM LOCATIONAL FIVE DAY
  - OCM LOCATIONAL SIX DAY
  - OCM LOCATIONAL SEVEN DAY
- **Bespoke trading functionality including 'Reason Codes', 56 locations and meter numbers and lead time**
- **Real time calculation and publication of value and status of SAP, SMP-buy and SMP-sell**
  - Supports changes following Gas Security of Supply Significant Code Review
  - Imbalance Charge aligned with the EU Network Code on Gas Balancing
  - Development under way to support Demand Side Response mechanism (October 2016)
- **Various daily reports send to Ofgem and NGG**

# OCM TRADING & CLEARING MIGRATION

## Aim

- To make all ICE Endex markets available on ICE's trading infrastructure and provide post trade services through ICE Clear Europe

## Objectives

- WebICE - Single trading platform and matching engine for all markets
- ICE Clear Europe (ICEU) clearing house for all contracts offered by ICE Endex

## Benefits

- Increased distribution – OCM available on the same trading platform as NBP futures market and all other ICE (energy) commodity markets
- Integrated clearing service for spot, futures and options through a single clearing house (ICEU) and existing relationships with clearing members
- Cost reduction– new fee schedule results in a total annual cost saving for OCM registered shippers of £637,000

# CONTACT DETAILS

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