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## 3<sup>rd</sup> Meeting of the LNG Price Assessment / Benchmarks

### Expert Group

25 April 2023 from 11:00 to 16:30

Meeting Chair: Iztok Zlatař

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### DRAFT MINUTES

(Chatham house rules, no names basis in quotes)

#### 1. MEETING OPENING

The [third meeting of the LNG Price Assessment/Benchmarks Expert Group](#) ('the Group'), took place in a hybrid format. The meeting was opened and the [Agenda](#) was presented and approved unanimously. Approving the minutes of the 2<sup>nd</sup> meeting of the LNG PAB, the Group thanked ACER for having updated the [meeting folder](#) with the graph on the LNG transaction processes and having provided the summary presentation of the [Revised Guidance on reporting LNG market data](#).

#### 2. RECENT DEVELOPMENTS

Under the second agenda item, ACER provided an update on the state of play of ACER LNG price assessment, confirming that LNG market participants have continued providing via [TERMINAL](#) daily market data in accordance with the specifications set-out in Article 21 of [Council Regulation \(EU\) 2022/2576](#)<sup>1</sup>, and the experience of the previous period allowed for the update of the related Guidance, in a manner that which will ensure the completeness and the desired quality of data.

ACER presented to the Group the ACER methodology document<sup>2</sup> as well as the **Guidance on reporting LNG market data version 2.0** ('the Guidance')<sup>3</sup>, which is

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<sup>1</sup> See dedicated [webpage on LNG price assessment](#).

<sup>2</sup> [LNG price assessment methodology 2.0](#).

<sup>3</sup> See the publication of the Guidance on reporting LNG market data version 2.0 published on 23 March 2023, [here](#).

aiming at enabling market participants to adequately fulfil their reporting obligations. ACER reviewed the historical evolution of the **methodology** and the **Guidance**<sup>4</sup> (explaining that the new version provides updates on the definitions of the types of contracts considered as reportable LNG market data and guidance on how to report bilaterally communicated bids and offers). ACER presented in more detail the main amendments, including **the type of contracts** in the scope. ACER mentioned, inter alia, that it updated the list on the type of transactions being **out of scope** of the reporting, e.g. small-scale LNG transactions, and went on setting out how to report **bilaterally communicated bids/offers**, but also **how to report price in case of index trades**. ACER subsequently explained the further clarifications introduced based on stakeholders feedback and the he expert's contributions on a number of issues and went through the changes, providing concrete reporting examples (Action point 2 from previous meeting), which triggered discussion in the Group. ACER also addressed issues that have been highlighted by experts and reporting parties, providing among others its understanding of the reporting of **repurchase agreements**. The Group committed to elaborate further the initial comments, taking stock of the clarifications provided and the further feedback received from ACER. ACER was in particular requested to create a working example of LNG price assessments.

### 3. **WORKSHOP: ACERS' DATA ROOM AND MEETING THE TEAM**

This part of the meeting included a visit to the ACER data room where the LNG Price assessment is calculated, and ACER presented an LNG data analysis based on the collected data. The members of the Group met with the ACER experts who are managing and analysing the data and brainstormed on the need and the means for further analysis.

### 4. **OPEN ITEMS ON THE METHODOLOGY**

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<sup>4</sup> Ibid.

Under this agenda item, the experts were introduced to the topics of floating prices and in particular, the experts were demonstrated a list of formulas received through reports and the challenge to connect indices, which may be not even available at the time of assessment.

ACER shared with the Group what is termed as '*the benchmark dilemma*' (i.e. the challenge to compare the LNG price assessment vs ICE Endex Front Months<sup>5</sup>).

## **5. LNG TRADING BEHAVIOUR AND MCM ACTIVATION**

The purpose here was to discuss the **impact of MCM on LNG trading behaviour** in case prices reach the MCM triggering levels. The experts looked in particular into the risks for market manipulation incidents and misleading signals linked to the MCM activation.

## **6. EXPERTS TOPICS**

Through roundtable discussion the experts provided updates and raised at a preliminary level issues for further consideration in the future.

## **7. CLOSING SESSION**

Acer thanked the LNG Experts for their commitment and constant contribution to the process of ACER's daily LNG price assessment and benchmarks and informed the Experts that the next LNG PAB meeting would take place in late September.

### **Action Points**

1. Feedback in writing on the ACER Guidance on reporting LNG market data version 2.0
2. ACER to provide further inputs into LNG market data collected.

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<sup>5</sup> [ICE Endex Energy exchange for Gas and Power](#)

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| 3. ACER to share the list of indexes identified in the formulas. Experts are requested to map these indexes to existing and available price data, including the information about the provider, frequency and potentially the timing. |
| 4. Experts to provide input regarding the <b>impact of MCM on LNG trading behaviour</b> in the event prices reach the MCM triggering levels.                                                                                          |
| 5. Experts to assess the robustness of the ACER LNG price assessment methodology in the event of LNG market price manipulation attempts.                                                                                              |