

Wallumbilla Natural Gas Calendar Month Futures

Contract Specifications and Delivery Process Fact Sheet | Version 1 – 28 September 2023

This fact sheet is provided for informational purposes to market participants who may be Buyers or Sellers of the upcoming ASX Wallumbilla Natural Gas Calendar Month (Physically Delivered via Delivery EFP) Futures Contract. This fact sheet provides an overview of the proposed contract specifications and delivery process. It is not intended to be used as reference material by ASX24 Clearing and Trading Participants. A separate ASX Wallumbilla Natural Gas Futures Contract Delivery Process document and Clearing Participant Technical Specification Document have been written specifically for Clearing and Trading Participants of ASX24. ASX notes that the information provided in this fact sheet and any associated changes to the ASX 24 Operating Rules & Procedures and ASX Clear (Futures) Operating Rules is subject to regulatory approval. Accordingly, ASX reserves the right to amend any of the below contract specifications. To the extent permitted by law, ASX and its employees, officers and contractors shall not be liable for any loss or damage arising in any way (including by way of negligence) from or in connection with any information provided or omitted or from any one acting or refraining to act in reliance on this fact sheet.

Contract Specifications

The below is the proposed Contract Specifications. These Contract Specifications are subject to regulatory approval. Final Contract Specifications will be published in Schedule 1 of the ASX24 Operating Rules prior to the launch of the contract.

Contract Unit	One hundred (100) Gigajoules (GJ) of natural gas per day over the period of one Calendar Month as determined by the Market Operator for delivery at the Delivery Point that is the Wallumbilla High Pressure Trade Point (as defined in the Gas Supply Hub Exchange Agreement) operated by the Australian Energy Market Operator.
Type of Contract	Deliverable based on a Delivery Exchange for Physical
Effect of Contract	In fulfilment of each Contract the Buyer and Seller must enter into an Exchange for Physical on the terms directed by the Approved Clearing Facility.
Contract Months	January, February, March, April, May, June, July, August, September, October, November, December. Up to 36 months listed.
Commodity Code	GZ
Trading Hours	10:00am – 4:00pm AEST/AEDT
Manner of quoting Futures Price	Prices are quoted in A\$ and cents per GJ of gas per day
Minimum fluctuations for quoting Futures Price	\$0.01 per GJ of natural gas per day.
Final Trading Day	Five (5) business days prior to start of the contract month
Time at which trading ceases on the Final Trading Day	12:00 noon (except that Block Trades may be agreed at any time up to 3:00 pm on the Final Trading Day and that between 12:00 noon and 3:00 pm only the Block Trade minimum threshold is 1)
Exchange for Physical (EFP)	EFP's allowed

Final Time by which an Exchange for Physical transaction may be submitted for cancellation 3:30 pm on the Final Trading Day (note this is a standard Exchange for Physical)

Block Trades Block trades allowed subject to threshold size of 5 lots. Where a Block Trade is agreed between 12:00 noon and 3:00 pm on the Final Trading Day, then the threshold for that Wallumbilla Natural Gas Futures Contract will be 1 lot.

Final Time by which a Block Trade may be submitted for cancellation 3:30 pm on the Final Trading Day

Settlement Value The Settlement Value shall be calculated by the Approved Clearing Facility by multiplying the Daily Settlement Price on the Final Trading Day by 100 and multiplying by the number of days in the calendar month.

Delivery On or by the Settlement Day:

- (a) Seller shall register an Exchange for Physical with the Market Operator; and
- (b) Buyer shall register an Exchange for Physical with the Market Operator, in accordance with the Procedures and the operating rules of the Approved Clearing Facility

Final time by which Seller must enter into and report Delivery Exchange for Physical transaction to the Market Operator 4:30pm on the second Business Day following the Final Trading Day

Final time by which Buyer must enter into and report Delivery Exchange for Physical transaction to the Market Operator 5:30pm on the second Business Day following the Final Trading Day

Inability to Deliver If an Approved Clearing Facility cancels the delivery process the contracts of the Buyer and Seller will be cash settled at the Daily Settlement Price on the Final trading Day.

Final Trading Day – Key Timings

The Final Trading Day (FTD) for the Futures Contract is five (5) Business Days prior to the start of the Settlement Month (Gas Delivery Month). This is intended to allow sufficient time for completion of the delivery process, including for the Gas Supply Hub Transaction to be entered into and the Delivery Exchange for Physical (Delivery EFP) to be agreed and reported to the Market Operator (ASX).

Trading Activity	Last Trade / Agreement Time
On-market trades	12:00
Standard EFP Transactions	12:00 (Agreement)
Block Trades (minimum threshold of 5 lots)	15:00

Minimum threshold of 1 lot applies to Block Trades agreed between 12:00 and 15:00 on the Final Trading Day

The time by which an off-market transaction (EFP or Block Trade) may be submitted for cancellation is 15:30 on the Final Trading Day. Day 2 cancellations cannot be submitted on the Business Day following the Final Trading Day.

Daily Settlement Price Methodology

The Daily Settlement Price (DSP) methodology will follow the same determination as the Victorian Wholesale Gas Futures Contract set out in the [ASX24 Operating Rules – Section 2](#).

The determination of the Daily Settlement Price will comply with all of the below procedures:

- > The DSP will not be generated at levels less competitive than outright orders at market close
- > A Preliminary DSP will be generated from the last traded price where the last traded price is more competitive than orders at market close
- > If the last traded price is outside the closing bid / ask spread, the DSP will be the extreme of the bid / ask spread closest to the last traded price
- > In the absence of trades or valid orders, the DSP will be the prior settlement price
- > On the Listing Date, in the absence of trades or valid orders, the DSP will be equal to the DSP of the nearest same calendar month contract
- > Block Trade prices will not be used for DSP determination

Note that these are not yet finalised for the Wallumbilla Natural Gas Calendar Month Futures and are subject to regulatory approval.

Delivery Process – Delivery Exchange for Physical (Delivery EFP)

The delivery process begins five business days before the start of the Settlement month (the Final Trading Day). The high-level steps for the delivery process are as follows:

Step	Who is Involved
1. Matching of Buyers and Sellers	<ul style="list-style-type: none"> > ASX Clear (Futures) > Clearing Participants > Buyers & Sellers
2. Provision of terms for Delivery EFP	<ul style="list-style-type: none"> > ASX Clear (Futures) > Clearing Participants > Buyers & Sellers
3. Agreement of Delivery EFP	<ul style="list-style-type: none"> > AEMO > Buyers & Sellers
4. Delivery EFP reported to the Market Operator (ASX)	<ul style="list-style-type: none"> > ASX24 > Trading Participants > Buyers & Sellers
5. Future Contract component of Delivery EFP registered with ASX Clear (Futures)	<ul style="list-style-type: none"> > ASX Clear (Futures) > Trading Participants > Clearing Participants
6. Close Out of Open Contracts	<ul style="list-style-type: none"> > ASX Clear (Futures) > Clearing Participants

1. Matching of Buyers and Sellers

The matching of Buyers and Sellers is divided into three main steps:

I. Clearing Participants with Open Futures contracts provide Open Position information to ASX Clear (Futures)

By 5pm on the Final Trading Day, Clearing Participants must provide ASX Clear (Futures) a Delivery Report which will contain: Clearing Participant information, Futures contract information, size and direction of open positions, Buyer's and/or Seller's information and the Trading Participant of each Buyer and Seller (who will be registering the Delivery EFP).

II. ASX Clear (Futures) reconciles Open Position information provided by Clearing Participants with ASX records

ASX's Clearing Operations team will reconcile information received from Clearing Participants from the above step against position held in the ASX24 Clearing System. The reconciliation process is designed to highlight any discrepancies in information and appropriate corrective actions will be taken, for example, ASX's Clearing Operations team obtaining new Delivery Reports from Clearing Participants.

III. ASX Clear (Futures) matches Buyers and Sellers

ASX Clear (Futures) will match Buyers and Sellers of Open Positions for the Delivery EFP transactions. Each matched position will be assigned a unique identifier called the "Gas Future ID" which will be used to create the EFP Trade (under the AEMO Gas Supply Hub Agreement (GSH Agreement)) and will also mean that the matching process between Buyers and Seller remain anonymous as each party to the trade will only see the "Gas Future ID".

The matching process has been designed to minimise the number of Delivery EFPs that will need to be registered, as well as the number of EFP Trades on the Gas Supply Hub GSH). Any Buyers or Sellers with Open Positions above 500 lots will have their positions split into more than one Delivery EFP / EFP Trade as 500 lots, or 50 Terajoules of gas per day is the maximum volume allowable per trade as per the GSH Agreement.

2. Provision of terms for Delivery EFP

Once the matching of Buyers and Sellers has been completed, ASX Clear (Futures) will provide details of the terms of the Delivery EFP transactions to Clearing Participants as a .csv file for each Buyer and Seller, called the 'Gas Allocated Clients file'. This process will be completed by 9am the Business Day after the Final Trading Day. Each Clearing Participant will then pass on the terms on to each of their clients (Buyers and Sellers).

Each file will contain all information for the required Delivery EFP(s) for each Buyer or Seller. This .csv file provided to Buyers and Sellers by ASX Clear (Futures) through each Clearing Participant has been designed such that the file may be uploaded into the AEMO Markets Portal. The file will contain the following information:

- > Gas Future ID (Unique Identifier used in the GSH Transaction)
- > Start and End Date of the Delivery Month
- > Trade Type (Buy or Sell)
- > Volume and Price (for both Physical and Futures legs of Delivery EFP)
- > Product information including Trading Location and Delivery Point
- > Buyer and Seller Identifier

3. Agreement of Delivery EFP

Buyers & Sellers will be required to enter into a Delivery EFP transaction on the terms provided by their Clearing Participant and in accordance with ASX24 Operating Rules and Procedures. A Delivery EFP transaction consists of two separate but related transactions that are entered into at or about the same time, being:

1. **Physical Transaction** – this will be a Gas Supply Hub Transaction in the Monthly Netted Physical Gas Product for the Wallumbilla Trading Location, with a Delivery Point of the Wallumbilla High Pressure Trade Point
2. **Futures Contract** – Wallumbilla Natural Gas Futures Contract.

Once the matching of Buyers and Sellers has been completed, ASX Clear (Futures) will provide details of the terms of the Delivery EFP transactions to Clearing Participants as a .csv file for each Buyer and Seller. This process will be completed by 9am the Business Day after the Final Trading Day. Each Clearing Participant will then pass on the terms on to each of their clients (Buyers and Sellers).

Each file will contain all information for the required Delivery EFP(s) for each Buyer or Seller. This .csv file provided to Buyers and Sellers by ASX Clear (Futures) through each Clearing Participant has been designed such that the file may be uploaded into the AEMO Markets Portal. The file will contain the following information:

- > Gas Future ID (Unique Identifier used in the GSH Transaction)
- > Details required to complete the Physical Transaction component of the Delivery EFP
- > Details required to complete the Futures Contract component of the Delivery EFP

Note that a Delivery EFP transaction may only be entered into during the Delivery Period (on FTD+1 and FTD+2) when on-market trading has closed and for the purpose of Closing Out an Open Contract in delivery. Where the Gas Supply Hub Transaction is entered into by a Related Body Corporate of the Buyer or Seller of the Futures Market Contract, the Buyer or Seller's ASX24 Trading Participant must retain satisfactory evidence that demonstrates the nature of the relationship between the parties to the Delivery EFP Transaction.¹

The process to enter into the two related transactions are as below:

I. Physical Transaction

Once Buyers and Sellers have received the terms of the Delivery EFP from their Clearing Participants, they will be required to submit an 'EFP Trade' as per the AEMO Gas Supply Hub Exchange Agreement. The GSH Transaction is a transaction in the Monthly Netted Physical Gas Product for the Wallumbilla Trading Location, with a Delivery Point of the Wallumbilla High Pressure Trade Point. It provides for an amount of gas to be delivered at this Delivery Point each day during the Delivery Month, which is the same as the Settlement Month for the Futures Contract. The price and volume of the GSH Transaction will be the same as the Daily Settlement Price on the Final Trading Day and the volume (lots) for the Futures Contract as indicated in the Gas Allocated Clients file.

The 'EFP Trade' for each Gas Future ID must be submitted by both the Buyer and the Seller. Once the GSH Transaction Information is matched and validated and the GSH Transaction has been formed, Buyers and Sellers will receive their own "GSH Transfer Information Report" from AEMO confirming the transaction has been created.

AEMO Preliminary Transfer

Buyers and Sellers may enter into a Preliminary GSH Transaction up to 14 days before the start of the Delivery Month using indicative Open Interest positions. The Preliminary Transfer is option and information would be included in the AEMO GSH Prudential position.

For more information on the 'EFP Trade' or Preliminary Transfer, please refer to the [Gas Supply Hub Exchange Agreement](#), [AEMO Impact & implementation report for ASX Wallumbilla Futures Product](#), and other related documents published by AEMO.

II. Futures Contract

At or about the same time that Trading Participants' Clients [or their Related Body Corporate]² enters into the physical transaction component of the Delivery EFP by creating a Gas Supply Hub Transaction, they must also agree to enter into the Futures Contract component of the Delivery EFP. The Futures Contract component of the Delivery EFP will close out the original Futures Contract.

¹ Subject to regulatory approval.

² Subject to regulatory approval.

4. Delivery EFP reported to the Market Operator (ASX)

Once the Agreement of the Delivery EFP been completed, Buyers and Sellers must instruct their ASX24 Trading Participant to report the Market Operator. A Delivery EFP transaction may only be agreed and reported to the Market Operator during the Delivery Period, which starts at 9am on the first Business Day following the Final Trading Day and ends at 5:30pm on the second Business Day following the Final Trading Day.

The Agreement Time for the Delivery EFP will be the time that the Trading Participant is provided with a request by its Client (Buyer or Seller) to report the Delivery EFP to the Market Operator, and in practice should be no later than 4pm on the second Business Day following the Final Trading Day. The Trading Participant must then report the Delivery EFP to the Market Operator.

5. Registration of the Futures Contract component of the Delivery EFP with ASX Clear (Futures), and

6. Close Out of Open Contracts

ASX24's Trading Participants and Clearing Participants are expected to use the existing allocation and designation processes in the ASX24 Operating Rules and ASX Clear (Futures) Operating Rules to record and Close Out Open Contracts in the Clearing System related to the Delivery EFP.

Further enquiries:

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