

# Wallumbilla Natural Gas Calendar Month Futures

Delivery Process Fact Sheet | August 2024

This fact sheet is provided for informational purposes to market participants who may be Buyers or Sellers of the ASX Wallumbilla Natural Gas Calendar Month (Physically Delivered via Delivery EFP) Futures Contract. This fact sheet provides an overview of the delivery process and is not intended to be used as reference material by ASX 24 Clearing and Trading Participants. To the extent there is any inconsistency between this fact sheet and the ASX Operating Rules and ASX Clear (Futures) Operating Rules, the ASX rule framework will prevail.

## Final Trading Day – Key Timings

The Final Trading Day (FTD) for the Futures Contract is five 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.

## Delivery Process – Delivery Exchange for Physical (Delivery EFP)

The delivery process begins five Business Days before the start of the Settlement month (on 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"> <li>&gt; ASX Clear (Futures)</li> <li>&gt; Clearing Participants</li> <li>&gt; Buyers &amp; Sellers</li> </ul>
2. Provision of terms for Delivery EFP	<ul style="list-style-type: none"> <li>&gt; ASX Clear (Futures)</li> <li>&gt; Clearing Participants</li> <li>&gt; Buyers &amp; Sellers</li> </ul>
3. Agreement of Delivery EFP	<ul style="list-style-type: none"> <li>&gt; AEMO</li> <li>&gt; Buyers &amp; Sellers</li> </ul>
4. Delivery EFP reported to the Market Operator (ASX)	<ul style="list-style-type: none"> <li>&gt; ASX 24</li> <li>&gt; Trading Participants</li> </ul>

	> Buyers & Sellers
5. Future Contract component of Delivery EFP registered with ASX Clear (Futures)	> ASX Clear (Futures) > Trading Participants > Clearing Participants
6. Close Out of Open Contracts	> 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 17:00 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 positions held in the ASX 24 Clearing System. The reconciliation process is designed to highlight any discrepancies in information and appropriate corrective actions to 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 Sellers 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 09:00 the Business Day after the Final Trading Day. Each Clearing Participant will then pass on the terms 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 the 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

### 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 ASX 24 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.

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 ASX 24 Trading Participant must retain satisfactory evidence that demonstrates the nature of the relationship between the parties to the Delivery EFP Transaction.

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 GSH 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 fourteen days before the start of the Delivery Month using indicative Open Interest positions. The Preliminary Transfer is optional 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) 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.

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

Once a Buyers and Sellers EFP Trade(s) has matched with AEMO, both Buyers and Sellers must instruct their ASX 24 Trading participant to report details of their matched AEMO EFP Trade(s) to the Market Operator. Their Trading Participant will then use this notification from their Client to report the Delivery EFP(s) to the Market Operator. A Delivery EFP transaction may only be agreed and reported to the Market Operator during the Delivery Period, which starts at 09:00 on the first Business Day following the Final Trading Day and ends at 17:30pm 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 16:00 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)**

Once the Market Operator has accepted the Delivery EFP, it must promptly provide details of the Futures Contract component of that Delivery EFP to ASX Clear (Futures) for registration in accordance with the ASX Clear (Futures) Operating Rules. No action is required by Buyers and Sellers for this step.

#### **6. Close Out of Open Contracts**

ASX 24's Trading Participants and Clearing Participants are expected to use the allocation and designation processes in the ASX 24 Operating Rules and ASX Clear (Futures) Operating Rules to record and Close Out Open Contracts in the Clearing System related to the Delivery EFP.

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#### **Further enquiries:**

#### **ASX Commodities Team**

Markets

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