



## Workshop:

### **NATURAL GAS PRICES –**

### **HOW AND WHEN TO BUY AND HOW TO REDUCE RISK AND EFFECTIVE PRICE**

*The lectures and practical examples are based on the example of the Republic of Croatia (with CEGH - Central European Gas Hub as gas source and transit through Austria and Slovenia) so that all explanations and all practical examples are based on concrete real figures. Nevertheless, all principles and experiences presented are valid in general and applicable on the liberalized gas market in EU in general.*

#### **Day 1 - Professional lectures**

1. Introduction
  - How the liberalized natural gas market works?
2. Deadlines for contracting
  - External (pre-determined) factors affecting the deadlines for contracting
  - Deadlines for contracting - a view from the position of the supplier and from the position of the buyer
  - Direct impact of the deadlines for contracting on the price/costs of natural gas
  - Overview and comparison of transport costs depending on the consumption curve and transit countries
3. Monitoring the movement of natural gas prices from publicly available sources - Part 1
  - Gas exchanges
  - Price indices - what is important to know
  - Forward vs. futures contracts
  - Spot prices and futures contracts
  - Caloric values and coefficients for converting units
4. Dynamics of natural gas price movements
  - Movement of natural gas prices - historical overview
  - Movement of natural gas prices in certain typical time periods of interest
  - What can be concluded?

5. How to reduce the risk of "unknown future"? How to reconcile deadlines for contracting and unknowns related to future movements in natural gas prices? How and when to contract gas?
6. Price models in use
  - Overview of individual types of price models
  - Comparison of individual price models from the position of risk and monitoring signals from the market
7. Methods for reducing risks related to price changes after contracting
  - Hybrid models
  - Options within the contract period
  - Layout of the invoice when contracting market models
8. Monitoring the movement of natural gas prices from publicly available sources – Part 2
  - Detailed overview of (major) websites of relevant gas exchanges - what and where to follow
9. Other elements that affect the price of natural gas
  - Consumption profile, flexibility in off-taking contracted quantities of gas
  - Balance energy
10. Conclusions and Q&A session

## **Day 2 – Practical examples and simulations**

### 1. Practical examples

Practical examples will be performed by the lecturer in interaction with the participants (open discussion and questions from the audience are possible for the entire time of performing the examples)

- Price models and the method of calculating the price of natural gas depending on the model (formula)

Purpose of the example: Help in understanding offers for gas supply, analysis and checking of invoices.

### 2. Simulations:

- Comparison of the total costs of natural gas for a fictitious customer, depending on the applied price model, in two cases - falling and rising gas prices on the market
- When to contract what? – model-dependent analysis and possible solutions

The purpose of the simulations: Through examples to show the possible impact of individual price models on the total costs of natural gas for the customer (depending on the market situation and the moment of contracting) and possible solutions for cost management.

### 3. Conclusions and Q&A session