

## **Interfax. SPIMEX encourages Russian LNG producers to offer gas on exchange**

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MOSCOW. Jan 14 (Interfax) - The Saint Petersburg International Mercantile Exchange (SPIMEX) is encouraging Russian liquified natural gas (LNG) producers to offer volumes in organized trading in order to form a national index of prices for LNG, the president of the exchange Alexey Rybnikov told reporters.

"We need to work on pricing for Russian LNG. Because if we don't, the same thing will happen to the LNG market that happened to the oil market in its time. We supply significant volumes to the market, but at the same time we are not price makers, we are price takers. And this is precisely what is happening today. Because principal volumes are contracted under long-term contracts. Frankly speaking, we do not know and cannot see the formula, but we can probably guess that it is linked to some foreign indicators", the SPIMEX head said.

"How do other countries do it? They are actively experimenting with creating different indices and benchmarks for LNG. The Chinese are doing this in the format of auctions for the purchase of physical volumes through the Shanghai Oil and Gas Exchange for the Chinese domestic market. Clearly, the ultimate goal is pricing, and an index can grow out of that. Precisely the same model that is implemented in the market of delivery futures for oil imported into China - the futures that are traded on the Shanghai Futures Exchange," he said.

"I believe that Russian companies still underestimate the importance of those tools with which they can influence the price and act as price makers in this market. The exchange gives them these opportunities. We will continue the conversation, we will model this topic. Certainly, we cannot deliver benchmarks and price indicators of LNG for export without support from companies", Rybnikov said.

Small-scale LNG may well become an exchange commodity in the Russian domestic market, he added.

"We are studying this topic. In order to organize exchange trading, we need to understand the points of sale, supply bases and prices. To what extent this market will be in demand from the standpoint of exchange trade, this still requires study," Sergei Trofimenko, SPIMEX managing director of gas and electric power markets, said.

It was previously reported that in February 2020, the international independent pricing agency Argus began publishing calculated export parity (netback) indices based on FOB Kamchatka and FOB Murmansk delivery for liquefied natural gas (LNG) from Novatek's Arctic projects.

The new indices serve as a price indicator for the LNG transshipment facilities that Novatek (MOEX: NVTK) and its partners plan to put into operation in Kamchatka and Murmansk in 2022-2023. The new terminals will transship LNG from ice-rated tankers to conventional gas tankers, which are cheaper to charter, and then ship it to destinations in the Asia-Pacific and Europe.

The Kamchatka FOB price index is an average of netbacks calculated on the basis of Argus LNG prices in the Asia-Pacific Region markets: Japan, South Korea, Taiwan, China, India and South-East Asia. The FOB Murmansk price index is based on the Argus LNG quotation for North-Western Europe.