

# Methodology

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## Distribution

www.tankardindex.com

## Introduction

The Tankard Index is a series of daily trade-backed UK and European natural gas indices. Individual indices represent prices at four separate natural gas delivery hubs:

- Tankard NBP Index based on gas delivered via the UK National Balancing Point hub
- Tankard TTF Index based on gas delivered via the TTF hub in the Netherlands
- Tankard NCG Index based on gas delivered via the NetConnect hub in Germany
- Tankard GASPOOL Index based on gas delivered via the GASPOOL hub in Germany

Each Tankard index is calculated using prices taken from contracts for physical delivery at each respective hub and executed via one of the three Tankard collaboration partners: ICAP, Marex Spectron and Tullett Prebon. The Tankard indices are calculated and published on behalf of the collaboration partners by ICAP Information Services.

Indices are published for three delivery periods: Day-Ahead (D.A), Month-Ahead (M.A) and Weekend-Ahead (WE.A).

## Publication

The indices are published with two daily fixings and follow UK local time and the UK business day calendar:

- [Tankard All Day](#): D.A, M.A and WE.A indices for NBP, TTF, NCG and GASPOOL using voice and electronic trades executed during the trading day up to 17:29:59.
- [Tankard 16:30](#): D.A and WE.A indices for NBP and TTF using electronic trades executed between 16:25:00 and 16:29:59.
- [Tankard 15:30](#): D.A and WE.A indices for NBP and TTF using electronic trades executed between 15:25:00 and 15:29:59.

All indices are published to three decimal places, together with the corresponding traded volume and the highest/lowest traded price used in the index calculation.

Publication is via the website: [www.tankardindex.com](http://www.tankardindex.com)

The indices are denominated as follows:

	Currency	Traded Volume Units
Tankard NBP Index	Sterling (pence)	Therms
Tankard TTF Index	Euro	MWH
Tankard NCG Index	Euro	MWH
Tankard GASPOOL Index	Euro	MWH

## Algorithm

Each Tankard index is the volume-weighted average of the traded prices from eligible natural gas transactions executed via ICAP, Marex Spectron or Tullett Prebon.

The calculation for the Tankard indices is as follows:

$$Index = \frac{\sum_i price_i \times volume_i}{\sum_i volume_i}$$

where  $price_i$  and  $volume_i$  are the price and size of eligible natural gas trade  $i$ , and the summations are over all eligible natural gas trades for that index.

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Eligible trades are determined for each index by:

- Trade date and trade period
- Delivery hub
- Delivery period (D.A, M.A or WE.A)

Sleeve trades, where one counterparty facilitates a trade for two counterparties who would not otherwise be able to trade with each other, are counted as one trade for the purposes of this index.

In addition, trades with outlying prices are removed from the final set of eligible trades. Outliers are determined via the following algorithm:

- Eligible trades are sorted according to ascending price and the median price is established.
- Moving away from the median price in either an ascending or descending direction, each consecutive price has to be less than or equal to a maximum percentage difference from the preceding price in the sorted list of trades.
- Any trade with a price that is more than the maximum percentage difference from the immediately preceding price in the sorted list (and any subsequent prices beyond that price) are removed from the final set of eligible trades.

The maximum percentage change in price is 10% and this can be adjusted in response to market conditions.

If there are fewer than five trades from the start of the day until 17:29:59 for any of the D.A, M.A or WE.A Tankard All Day indices, any such affected index will be calculated as a simple average of the corresponding index over the previous five business days, if the corresponding index over the previous five business days is not available, there will be no index for the day.

If there are fewer than five trades in the Tankard 16:30/15:30 five minute trading period, the start time of the trading period is moved back until five trades have been captured. The Tankard 16:30/15:30 trading period will end at 16:29:59/15:29:59 in all cases. The Tankard 16:30/15:30 indices are published with Start Times and End Times which indicate the times of the first and last trades included in each index published at 16:45/15:45.

If there are fewer than five trades over the entire day for any of the D.A or WE.A Tankard 16:30/15:30 indices, any such affected index will be calculated as a simple average of the corresponding index over the previous five business days, if the corresponding index over the previous five business days is not available, there will be no index for the day.

## Recalculation Procedure

Tankard may at its sole discretion republish a Tankard index in circumstances such as delayed input data and corrections to traded prices. In such circumstances, the revised index number would be posted as usual on the website. All Index revisions will be approved by the Tankard collaboration partners before being released on the website.