

UNC 0872:

Mod Title: Single-sided Nominations for clearing houses of gas exchanges



***Guidance:** These slides are meant to provide a brief overview for the UNC Panel, to introduce what is trying to be achieved, to help them understand and decide the best process to be followed for new modifications. Please aim to be as brief as possible and not justify nor make the case for the Modification.*

Notes are provided in italics and if this template is being used should be removed.

The Joint Office is available to help and support the drafting of any modifications, including guidance on completion of the Modification template and the wider modification process. Contact: enquiries@gasgovernance.co.uk or 0121 288 2107.

Proposer: Francois Gonsior

Panel Date: 18.04.2024

Why change?



Please use bullets to summarise what in the UNC is wrong and creating problems

- Single-sided nominations would enormously reduce risk and improve security of the nomination of gas exchange trades.
- The Nomination of Clearing Houses is not something that is negotiable, it is just the execution of the contract traded on the exchange, which already is an exchange of will between two market participants.
- ECC has rights for single-sided nominations in every other gas market but the UK, even Romania which is no EEX market is implementing this principle right now. It is basically essential for safe trading of gas on exchanges.
- Therefore, ECC requests the introduction of single-sided nominations for all clearing houses of gas exchanges.

Options



Please use bullets to summarise what options have been considered to fix the identified problem. Is a UNC modification the only route?

- In the status quo method the European Commodity Clearing (ECC) nominates the clearing house side, as well as the customers side on behalf, maintaining dedicated accounts also for the customers. By this way “Acquiring Trade Nomination” and “Disposing Trade Nomination” are **both** done by ECC.
- These accounts are owned by the customers, but maintained by ECC and must not be touched by the customers to ensure their proper functioning. This is prone to errors due to customers accidentally adjusting their account login data.
- This is both an IT security risk as well as a risk for operational stability.

Solution



Please use bullets to briefly outline the solution contained within the modification.

- The following paragraph needs to be accompanied with a paragraph stating the single sided nomination rights for trade nominations of clearing houses of gas exchanges, that in their case it is not necessary that both acquiring and disposing trade nominations must be done. But a way of single-sided nomination of acquiring and disposing transactions.
- *UNC Uniform Network Code – Transport Principal Document*
- *Section C – Nominations*
- *5 Trade Nominations*
- *“5.1.1*
- *Where two Users, or (in accordance with paragraph 5.3) National Gas Transmission and a User, agree to do so, they may make in respect of any Day corresponding nominations (respectively a "Disposing Trade Nomination" and an "Acquiring Trade Nomination") for the purposes of paragraph 5.1.3, subject to and in accordance with this paragraph 5.”*

Is this Modification an Alternative?



Please answer the questions as far as possible to assist the Panel in determining whether this Modification is an alternative Modification

- Has the proposed alternative been raised promptly, given the timescales for the original Modification and any subsequent amendment to the original Modification? The Alternative is operationally in use.
- How much alignment is there between the two timescales? The proposal needs to be developed, and the alternative is live already.
- How much alignment is there between the scope/features? Is the proposed alternative addressing the same issue with a different approach? It is addressing the problem but with a very inferior solution.
- Could the two solutions be implemented together or are they mutually exclusive? It makes no sense to have both in place if there is a real Single Side Nomination the synthetic ones is no longer needed.
- Where has discussion of the alternative solution taken place? (For example, in the relevant workgroup, offline with the proposer of the original Modification and/or as a pre-modification) The alternative solution is in place for quiet some time but due to a rise in volumes and participants it became a bigger issue.
- What will be the effect on production of Legal Text for the Modifications concerned? Unknown.

Recommended Steps



Please use bullets to summarise the recommended steps. Please indicate how long you think the assessment process should last and if self-governance should apply or not.

- **The Proposer recommends that this modification should be:**

(delete as appropriate)

- Subject to Self-Governance
- Workgroup assessment to develop the modification for 2 months
- Proceed to Consultation



Document Control to be removed upon completion of the template.

Document Control Sheet

Document ID	Title	Publication Date
Mod Presentation Template	Mod Presentation Template	
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2.0	Helen Cuin	16 September 2020
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