

Representation - Draft Modification Report UNC 0752

Introduction of Weekly Entry Capacity Auction

Responses invited by: 5pm on 11 May 2021

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Lauren Jauss
Organisation:	RWE Supply and Trading GmbH
Date of Representation:	11 May 2021
Support or oppose implementation?	Support
Relevant Objective:	a) Positive d) Positive

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

We agree that the provision of a new Weekly NTS Entry Capacity auction provides shippers with an additional opportunity to book capacity to more accurately to reflect their flows onto the NTS. This therefore should result in more efficient and economic operation of the system and lead to more effective market competition.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

We do not have any specific requirements in terms of implementation timeline.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

Since this is an additional opportunity for shippers to book capacity using an existing platform, we do not expect to incur any additional costs or for any development or analysis to be required on our part. However, it is important that the overall market cost/benefit justifies the existence of this auction: if the participation is low then the administrative costs may not be outweighed by the market benefits.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

We do not have any comments on the legal text at this time.

Modification Panel Members have requested that the following questions are addressed:

Q1. Do you consider this Modification to be suitable for self-governance procedures?

We agree that this Modification is suitable for self-governance procedures.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

We have not identified any errors or omissions in this Modification Report.

Please provide below any additional analysis or information to support your representation

We note that the proposed weekly auction is to mitigate against the inefficient booking and increased costs of acquiring NTS Entry Capacity at the MSEC auction and is not intended to have any adverse impacts on the current auctions. However, we believe that as a result of the introduction of this auction there is a risk that capacity might be more frequently sold out before the DSEC and DISE auctions. In that scenario, shippers such as ourselves may be encouraged to book blocks of weekly capacity to secure our forecasted requirements, rather than matching our gas flow more accurately by participating in the day ahead auctions. This would result in less efficient and economic operation of the system.