

Representation - Draft Modification Report UNC 0832S

Introducing additional flexibility to change the NTS large price step for Ascending Clock Auctions at IPs

Responses invited by: **5pm on 17 February 2023**

To: enquiries@gasgovernance.co.uk

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

Representative:	Ash Adams
Organisation:	National Gas Transmission
Date of Representation:	17/02/23
Support or oppose implementation?	Support
Relevant Objective:	d) Positive g) Positive
Relevant Charging Methodology Objective:	c) Positive e) Positive

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

As proposer of this UNC Modification, National Gas Transmission supports its implementation.

It is vitally important that large price steps are set at appropriate levels in order to facilitate a competitive gas market, promote efficiency in the auction process and to ensure that capacity is allocated, where it has been bid for.

Under current arrangements National Gas Transmission is not able to change the NTS large price step and is bound by UNC to set it as the greater of 5% of the applicable reserve price and 0.0001p/kWh/day. When the issues described within the proposal became evident, with high demand for bundled capacity at Bacton Exit IP resulting in a requirement to increase the large price step, National Gas Transmission was reliant on adjacent TSOs to set the large price step at an appropriate level in order for auctions to close out in a timely manner and ensure capacity could be allocated. If there were to be a similar requirement for unbundled auctions or for bundled auctions at Moffat IP, National Gas Transmission would be powerless to intervene without the changes proposed within the Modification.

The additional flexibility described within the proposal is therefore required to ensure that National Gas Transmission can change the NTS large price step for any ascending clock auctions at IPs. The proposal retains the 0.0001p/kWh/day or 5% of reserve price rule as

a default, and we expect only to use this flexibility in exceptional circumstances when there is a benefit in doing so to facilitate a timely closure to the auctions.

In addition to efficiencies in the capacity booking process at IPs, obligations under CAM NC must also be considered. CAM NC Article 17 paragraph 11 directs that large price steps should be determined in such a way as to seek to minimise, as far as reasonably possible, the length of the auction process. The implementation of this proposal would facilitate National Gas Transmission in meeting its obligations under CAM NC and ensure that there is no conflict in this regard between CAM NC and UNC.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

National Gas Transmission supports the application of Self Governance procedures as set out in the Draft Modification Report.

This UNC Modification Proposal seeks only to facilitate efficient Ascending Clock Auctions for IP Capacity and ensure that when there is demand for capacity, it can be allocated. We therefore believe that the UNC Modification will not have a material effect on existing or future gas consumers, competition between parties, operation of network systems matters relating to sustainable development, safety or security of supply, the management of market or network emergencies, governance procedures nor will it discriminate between different classes of UNC parties.

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

We do not require a lead time for implementation of this UNC Modification Proposal, therefore, as self-governance procedures are proposed, implementation could be sixteen business days following a decision to implement.

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

National Gas Transmission will not incur any specific additional costs as a consequence of the implementation of this UNC Modification Proposal.

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

We note that we have submitted an amended legal text for this Modification in light of UNC Panel's decision to implement UNC 0837FT. The revision is purely to include the change of company name from National Grid to National Gas Transmission into the legal text. It does not materially affect the intent of the text and we therefore remain satisfied that the legal text delivers the intent of the solution.

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.

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

National Gas Transmission believe that all required analysis and information has been provided in the Workgroup material.