

Representation - Draft Modification Report UNC 0759S

Enhancements to NTS Within-Day Firm Entry and Exit Capacity Allocations

Responses invited by: **5pm on 11 June 2021**

To: enquiries@gasgovernance.co.uk

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

Representative:	Alex Nield
Organisation:	Storengy UK Limited
Date of Representation:	9 th June 2021
Support or oppose implementation?	Support
Relevant Objective:	<p>a) Positive</p> <p>d) Positive</p>

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

Storengy UK fully supports the implementation of this proposal, and believes that this proposal will benefit all parties within the industry.

Currently the small number of capacity auctions during the day for NTS Exit Capacity limit the opportunities for shippers to acquire capacity, and therefore limit the ability of shippers to closely align capacity bookings to flows. More regular auctions will improve the efficiency of capacity bookings, minimising costs for gas flows and freeing up previously unused capacity that can be utilised by other shippers.

The extension of the auction day for capacity bookings will also increase capacity booking efficiency, as well as increasing market flexibility, which is currently restricted by the inability for shippers to book extra NTS capacity in the early hours of the morning. Extending the auction day will enable the opportunity for shippers to adjust gas flows in the later hours of the gas day to better align to market needs, again helping in managing the gas network, and better matching gas supply to demand.

The introduction of a Capacity Allocation Period for NTS Exit Capacity will provide further benefit to shippers as the success of bids for capacity should be confirmed soon after bids are placed, again helping in the matching of capacity bookings to gas flows. Currently the success or failure of bids made early in the gas day may not be notified to the shipper until the end of the day, meaning that shippers are unable to confirm whether or not sufficient capacity has been booked until late in the auction day or after the auction day has finished. This currently presents a significant risk of overruns and

financial penalties for shippers, and makes shippers more reluctant to react to within day market changes. This solution should help to resolve this issue, encouraging market flexibility, and reducing risks of substantial increases in the costs of moving gas.

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

Storengy UK agrees that this Modification should be self-governance as it should not have a material impact on competition or network costs, but will increase the flexibility of the industry, and improve management of NTS capacity for all parties.

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

The current within-day auctions limit the opportunities to acquire NTS capacity, and therefore restrict the ability of shippers to closely match capacity bookings to flows. The current uncertainty caused by the very long capacity allocation period for Within Day Exit capacity also harms shippers confidence in within day trading. Therefore the sooner this solution can be implemented the better, as it will enable improved efficiency (network management, market flexibility, operational time and processes, financial cost) for all parties involved.

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

All elements of this proposal will enable shippers to more efficiently manage capacity bookings, and therefore more efficiently manage the costs for moving gas. This should result in improved matching of capacity bookings to flows, reduced overruns and associated costs, better utilisation of network capacity, and improved flexibility in meeting the needs of the market.

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

Storengy UK is satisfied that the legal text will deliver the intended 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.*

N/A

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

N/A