

**UNC Workgroup 0832S Minutes**  
**Introducing additional flexibility to change the NTS large price step**  
**for Ascending Clock Auctions at IPs**  
**10:00 Tuesday 06 December 2022**  
**via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
Ashley Adams	(AA)	National Grid NTS
Alex Nield	(AN)	Storengy
Alsarif Satti	(ASa)	Ofgem
Andrew Gowland	(AG)	ENI
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Grid NTS
Brian McGlinchey	(BG)	Vermilion Energy
Chris Wright	(CWr)	Exxon Mobil
Colin Williams	(CW)	National Grid NTS
Dan Hisgett	(DH)	National Grid NTS
Dan Wilkinson	(DW)	EDF
David A Bayliss	(DB)	National Grid NTS
Davide Rubini	(DR)	Vitol
Debra Hawkin	(DHa)	TPA Solutions
Jeff Chandler	(JCh)	SSE
Joseph Glews	(JG)	Ofgem
Julie Cox	(JCx)	Energy UK
Kieran McGoldrick	(KM)	National Grid
Kirsty Appleby	(KA)	National Grid
Lauren Jauss	(LJ)	RWE
Marion Joste	(MJ)	ENI
Nick Wye	(NW)	Waters Wye Associates
Oliver Weston	(OW)	Ofgem
Oreoluwa Ogundipe	(OO)	Interconnector
Ritchard Hewitt	(RH)	Hewitt Home and Energy
Terry Burk6y7e	(TB)	Equinor

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0832/061222>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 February 2023.

Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <https://www.gasgovernance.co.uk/0832/061222>

**1.0 Outline of Modification**

**Proposal:**

*This Modification Proposal seeks to improve Ascending Clock Auctions for IP Capacity by providing additional flexibility to change the percentage of the Reserve Price used to determine the NTS large price step when it is deemed appropriate to do so.*

Ashley Adams (AA) provided an overview of the Modification; his presentation covered the following main topics. Where there was specific interaction regarding particular slides with the Committee members, this has been captured within the minutes for each section of the presentation, and full details can be found on the published presentation here:

### **Overview**

- Long-term Auctions for IP Capacity are held as Ascending Clock Auctions where Capacity is bid for in a series of bidding rounds, with prices increasing by the large price step each round until the aggregate amount of IP Capacity bid for does not exceed the capacity available.
- UNC currently restricts the setting of the NTS large price step to the greater of 5% of the applicable Reserve Price and 0.0001 p/kWh/Day.
- Where there is high demand for capacity, the current arrangements may not be appropriate to create sufficiently quick price discovery resulting in auctions running for extended periods of time.
- This Proposal provides additional flexibility to adjust the percentage of the Reserve Price used to determine the NTS large price step in such circumstances.
- The change is designed to assist the successful close out of auctions in a timely manner ensuring that capacity is allocated when it has been bid for to the benefit of all parties involved.

### **How Ascending Clock Auctions Work – Slide 3**

### **Importance of appropriate Large Price Steps – Slide 4**

AA explained, where there is high demand for capacity, it is important that large price steps are set at an appropriate level in order to facilitate a competitive gas market and ensure capacity can be allocated.

### **Bacton Exit IP Rolling Monthly Bundled Auctions – Summer 2022 – Slide 5**

### **Bundled Auctions and Adjacent TSO Large Price Steps – Slide 6**

### **Solution – Slide 7**

An amendment is proposed to UNC TPD Section Y 2.9.2 to leave the default large price step as 5% of the reserve price or 0.0001p/kWh/d (whichever is higher) but introduce the ability, where it is considered beneficial, to change this percentage ahead of each auction if required, in line with agreed timescales.

This solution would ensure the flexibility to change the large price step if required while also preventing additional complications with the processes of adjacent TSOs under normal circumstances.

Should NGG deviate from the default arrangements, it would agree to publish:

- The reasoning for changing the NTS large price step ahead of the relevant Ascending Clock Auction
- An explanation of how the NTS large price step percentage was determined

DH confirmed that National Grid will update the draft Legal Text once a decision is made on how the data will be published, conversations are taking place to see if this can be via PRISMA.

Workgroup had no questions.

## **2.0 Initial Discussion**

**2.1. Issues and Questions from Panel**

None

**2.2. Initial Representations**

None received.

**2.3. Terms of Reference**

The standard UNC Workgroup Terms of Reference will apply and is available at [www.gasgovernance.co.uk/mods](http://www.gasgovernance.co.uk/mods)

**3.0 Next Steps**

EF advised the next steps to be:

- Workgroup Report drafting

**4.0 Any Other Business**

None.

**5.0 Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Wednesday 04 January 2023	5pm Wednesday 21 December 2022	Via Microsoft Teams	Standard Workgroup Agenda

**Action Table (as at 06 December 2022)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Reporting Month	Status Update
			None			