

**UNC Workgroup 0752 Minutes**  
**Introduction of Weekly NTS Entry Capacity Auctions**  
**Thursday 04 February 2021**  
**via Microsoft Teams**

<b>Attendees</b>		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Anna Shrigley	(ASh)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exxon Mobil
Daniel Hisgett	(DHi)	National Grid
Emma Buckton	(EB)	NGN
Hannah Reddy	(HR)	Xoserve
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KM)	ESB
Lauren Jauss	(LJ)	RWE
Leyon Joseph	(LJ)	SGN
Lucy Manning	(LM)	National Grid Grain
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RHe)	Hewitt Home and Energy Solutions
Rosannah East	(RE)	National Grid
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Victoria Bishop	(VB)	Sembcorp
Yvonne Reid-Healy	(YVR)	Cadent

Copies of all papers are available at: [www.gasgovernance.co.uk/0752/040221](http://www.gasgovernance.co.uk/0752/040221)

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 April 2021.

## 1.0 Outline of Modification

Adam Bates (AB) introduced the Modification, explaining that it introduces a weekly entry capacity auction in addition to the existing quarterly, monthly and daily auctions, he advised

that this will introduce greater flexibility and a reasonable level of control for Shippers who currently rely on monthly auctions, which is inefficient for their purposes.

AB went on to explain the intention of the Modification will be to introduce a Weekly NTS Entry Capacity auction process which would take place at D-9 (where D is the first gas day for the weekly period being a Monday) and the capacity would be allocated by D-8.

When AB advised of the recommended next steps, Rebecca Hailes (RHa) mentioned that UNC Panel questioned whether the Self-governance criteria applies. The challenge at UNC Panel was that this Modification is introducing a new product and will require a full assessment at Workgroup to determine what the impact of this may be.

Richard Fairholme (RF) suggested that information on how much cost would be involved in making this auction available would maybe alter Panel opinion.

Jennifer Randall (JR) advised that, although a Rough Order of Magnitude (ROM) has not yet been requested, National Grid do support Self-governance being applied to this Modification assuming a favourable ROM.

RHa clarified that the ROM will be requested once it is certain that the Modification is stabilised.

AB went on to provide a brief walkthrough of the Modification and highlighted further justification and the impact of National Grid publishing the indicative flow capabilities for all NTS Entry Points within their maintenance plans which are aggregated to a monthly figure. Some reductions may only be for a single day. AB explained that because the gas flow can change day to day, the User would either have to book additional capacity they do not need using the Monthly System Entry Capacity Auction (MSEC), or would be unable to plan efficiently using the Daily System Entry Capacity (DSEC) Auction. Reporting capabilities at this level of granularity makes it very difficult to rely on the DSEC Auction.

There followed a discussion as to whether the introduction of the weekly auction would be applicable to all points or would it only apply to domestic points only. It was suggested there may be a requirement to amend the Modification as currently it stipulates this is applicable to all points. When asked, JR agreed to discuss this scenario with the Proposer.

Rosannah East (RE) provided some feedback and concerns with regards to the timings of the weekly auction and advised that if the auction was held at D-9 (Monday) the allocation would be completed on a Saturday and Shippers might not have a 24 hour trading desk.

RE advised there needs to be a day in between the new weekly auction allocation (D-8) and the DSEC allocation (D-7).

AB considered this and advised he will change the solution and provide an amended Modification.

RE clarified that the biggest challenge is for any weekly auction that would fall at the end of the month, Gemini would have to wait for a batch job relating to the Monthly Auction to run on the last gas day of the month, in this scenario it would not be known at D-9 what capacity can be released for the weekly auction. RE advised that National Grid are currently unsure what the solution could be and clarified the batch job cannot be moved because of the impact on the monthly auction.

AB sought clarification of where in UNC it says the batch job needs to be run on the last day of the month and said that he is unsure why there is no flexibility to run that batch job.

RE clarified the scheduling of running of the batch job is not in UNC, it is related to a Licence obligation where the process has to be run where there is a bid received in the monthly auction that cannot be satisfied, it triggers a process where the Capacity Auctions team would liaise with the Network Capability team to see if the requested capacity can be allocated from another location.

Nick Wye (NW) advised that a weekly auction would be an attractive product to have and that careful thought must be given to any existing system or processes that may hinder its implementation. A solution should be sought wherever possible. He went on to suggest that the monthly auction would disappear through lack of demand.

RE confirmed the stage 2 allocation of the monthly auction can be found in UNC TPD B 2.3.21.

Malcolm Montgomery (MM) suggested that as stage 2 of the monthly auction is a licence obligation, there could be a conditionality, that if stage 2 is not triggered, the weekly auction can take place.

JR confirmed National Grid will look in to how often the stage 2 processes have run in the last 2 years; when the last one was run and how many have occurred in the last Gas Year.

Anna Shrigley (ASh) advised that ENTSOG is currently consulting on greater flexibility for IP capacity and provided the following link: [www.gasncfunc.eu/gas-func/issues/01/2020/view](http://www.gasncfunc.eu/gas-func/issues/01/2020/view)

Max Lambert (ML) asked what the desired implementation for this Modification would be, AB advised Summer 2021 would be good and urged for an implementation as soon as possible.

When ML asked if this will impact capacity revenues such as Forecasted Contracted Capacity (FCC) and Retail Recovery Charge (RCC), JR advised she will investigate. NW suggested this is possibly an unanswerable question as National Grid would not be able to predict who will book and what will be booked on a weekly basis.

It was commented that any possible analysis on future take up of a weekly auction would be based on guess work.

Ritchard Hewitt (RHe) said that it appears this Modification is introducing a product that a lot of Users are looking for, but it is only directed at one type of User, an Entry Capacity User and suggested that surely this Modification must also offer a similar Exit product. JR advised that there are already differences for Entry and Exit products and that one area National Grid are proposing to look at is different products being available for Exit as part of the Capacity Access Review under Modification 0705R. At this stage National Grid are not considering a weekly auction for Exit.

AB confirmed that this proposal is only for Entry Capacity.

Hannah Reddy (HR) confirmed that the proposed solution will impact batch runs within Gemini and confirmed that implementation timescales will be included in the ROM Response.

RHa commented to AB that if SouthHook Gas are looking at a Summer 2021 problem to solve, the timescales for implementation may not enable this in time.

ML asked if the Charging Methodology Relevant Objectives are being considered and if the modification is TAR NC compliant.

AB confirmed the Charging Methodology Relevant Objectives are not being considered as there is no impact to charging and be believed the Modification to be TAR NC compliant.

**New Action 0201:** SouthHook Gas (AB) and National Grid (JR) to clarify whether the Modification should be applicable to IPs.

## 2.0 Initial Discussion

### 2.1. Issues and Questions from Panel

#### Consider whether it should be Self Governance.

This was discussed as part of the introduction to the Modification in agenda item 1.0.

### 2.2. Initial Representations

None received.

### 2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at <https://www.gasgovernance.co.uk/0752>.

Workgroup accepted the Terms of Reference.

### 3.0 Next Steps

RHa confirmed that once the Modification is considered stable, Workgroup will look at requesting a ROM.

AB summarised that he will look at the Daily Auction and Allocation timeline and look at the impacts on the Monthly Auction process.

### 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 Thursday 04 March 2021	5pm Wednesday 24 February 2021	Microsoft Teams	Detail planned agenda items. <ul style="list-style-type: none"> <li>Amended Modification</li> <li>Development of Workgroup Report</li> </ul>

**Action Table (as at 04 February 2021)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>0201</b>	04/02/21	1.0	SouthHook Gas (AB) and National Grid (JR) to clarify whether the Modification should be applicable to IPs.	SouthHook Gas (AB) National Grid (JR)	<b>Pending</b>