



Rough Order Magnitude (ROM) Request

Change Reference Number: 5342

Please send completed form to: <mailto:box.xserve.portfoliooffice@xserve.com>

Section A: Change Details	
Change Title	Introduction of Weekly Entry Capacity Auction
Will the Change impact the UNC (YES / NO)	Yes
MOD Reference (if raised)	0752
Contact Details of Person Requesting the ROM	
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Section B: Xserve Acknowledgement and Business Analyst Contact Details	
<i>(Xserve CIO Office will add)</i>	
ROM Received Date	15/03/2021
ROM Response date	22/03/2021
Business Analyst Name	Hannah Reddy
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The Proposed Change

(Xoserve's understanding of the Modification)

Following changes to the charging regime effective from 01/10/20, it has become more expensive for shippers to book capacity on the NTS. It is widely acknowledged that shippers are now incentivised to book capacity more efficiently, whereby their capacity bookings will better reflect their anticipated gas flows.

Currently, quarterly, monthly, and daily NTS Entry Capacity products are available to shippers, which is not necessarily reflective of how gas is traded and subsequently flowed onto the NTS, especially for flexible assets such as LNG Terminals and Storage. As a result, shippers would like the option to book capacity in weekly strips, through a new weekly NTS Entry Capacity auction.

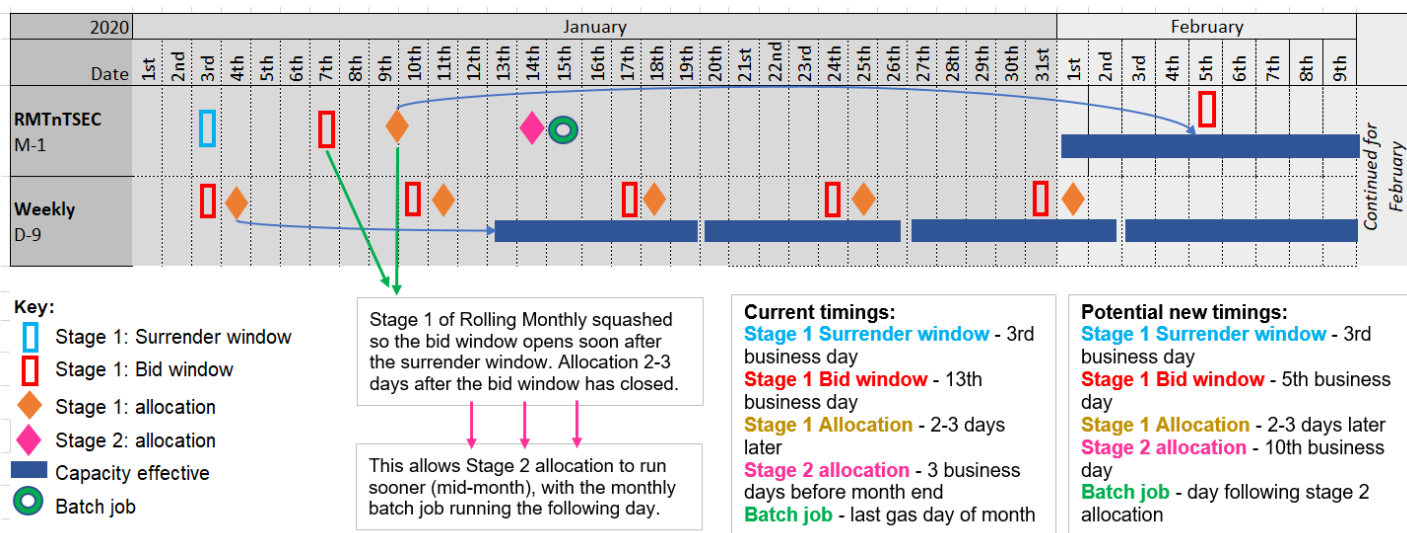
The following details how the weekly NTS Entry Capacity auction will run:

- The capacity available at the weekly auction will be anything left unsold from the RMTnTSEC auction.
- The weekly auction will take place between 08:00 and 17:00 at D-10 (where D is the first gas day of the weekly period, being a Monday).
- The capacity will be allocated at D-9. This allows time for a weekly batch job to run at D-8, in between the weekly allocation and the opening of the DSEC bid window at D-7.
- The weekly batch job will work out the capacity left unsold from the weekly auction and the quantity which can be made available in the daily auction. This batch job will run each week, after each weekly strip of capacity has been allocated at D-9.

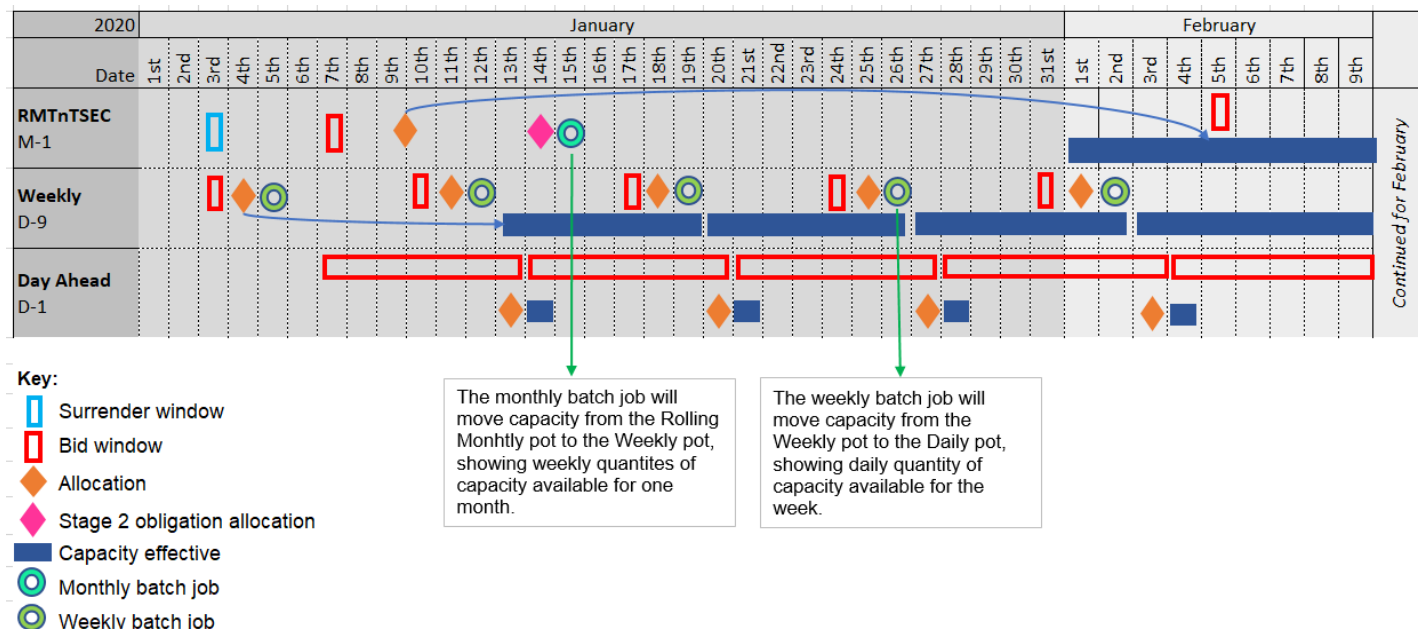
In some instances, there will be weekly strips of capacity that span the end of one month and the beginning of the next month e.g. weekly capacity effective for three days at the end of January and four days at the beginning of February. This raises an issue with regards to the batch job which currently runs on the last gas day of the month as part of the RMTnTSEC auction. The monthly batch job works out what capacity is left unsold from the RMTnTSEC auction and the quantity which can be made available in the weekly auction. For shippers to bid at D-10 for weekly capacity that spans two months, and be allocated this capacity at D-9, the monthly batch job will need moving, to run at least 8 gas days before the end of the month.

As a result of moving the monthly batch job, there will be some further changes to the RMTnTSEC auction process in Gemini. The diagram below helps to illustrate the changes we anticipate; they include running Stage 1 of the RMTnTSEC auction (the opening of the surrender window, opening of the bid window and allocation of bids) and Stage 2 of the auction (allocating any previously unsatisfied bids by fulfilling our trade and transfer obligations) in quicker succession to what happens currently.

*Please note the 'Potential new timings' are only suggested dates and would not need to be adhered to. The only requirement here would be ensuring the monthly batch job runs at least 8 gas days before the end of the month.



Further changes to Gemini result from the interaction between the weekly product and the daily product. The capacity made available in the daily NTS Entry Capacity auctions will be anything left unsold from the weekly auctions. Therefore, a weekly batch job will need setting up in Gemini. This will run on D-8; the day following the weekly allocation and the day before the opening of the DSEC window on D-7. Please see below a diagram which helps to illustrate the interaction between the weekly and daily products.



Finally, there is an issue around the weekly strip of capacity that would span two gas years i.e. when capacity is effective from the end of September into the first few days of October in any given year. As reserve prices are likely to differ from year to year, this auction will need to be invoiced accordingly. This is likely to mean charging the current gas year price for capacity booked on the days which fall in September, and charging the new gas year price for capacity booked on the days which fall in October. Anyone entering this auction will be informed that the reserve price will vary for the days within that weekly strip of capacity.

To meet the request for a new weekly product, could you please cost the system impacts for the following:

1. Stage 1 of RMTnTSEC – moving the bid window and first allocation forward, so they run earlier in the month (within the first 10 business days of month if possible)
2. Stage 2 of RMTnTSEC – moving the second allocation so that it runs in between Stage 1 and the monthly batch job
3. Moving the monthly batch job forward from the last gas day of the month. The only requirement on timings would be for the batch job to run at least 8 gas days before the end of the month.
4. The option to book capacity in weekly strips through a new weekly NTS Entry Capacity auction. The bid window will open at D-10 and allocation will be at D-9.
5. Adding in a weekly batch job, to run at D-8 following the weekly allocation at D-9 and before the opening of the DSEC bid window at D-7. This batch job would occur each week, after each weekly strip of capacity has been allocated.
6. Charging two different prices for days within the weekly strip of capacity that would span two gas years.

Change Impacts

General Impacts to Xoserve and External Parties:

Xoserve impact: Xoserve will need to make changes to the RMTnTSEC auction and add in a weekly auction on Gemini.

Shipper Impact: Option to book capacity in weekly strips

External Interface Impacts (Changes to Screens, Portals, Files, Permitted Values, etc.)

The weekly product will be added to the auction screen, allowing shippers to book capacity in weekly strips.

Interface Requirements:

1. New interfaces may be required to share data to downstream
2. New Table data may be required to share with GCS Talend
3. Existing Interfaces may have changes

Impacts to Gemini System:

- System change to add weekly auctions as a new product on Entry.
- Change to the RMTnTSEC auction process so that Stage 1 and Stage 2 happen in quicker succession to what happens currently.
- Moving the monthly batch job from the last gas day of the month to at least 8 gas days before the end of the month.
- Adding in a weekly batch job to run on D-8, the day following the weekly allocation.
- Charging two different prices for days within the weekly strip of capacity that would span two gas years.

Detailed Impacts to Gemini System:

Auction Setup

1. 'Define MoS' and 'Setup MoS' functionalities require changes to accommodate the method of sale rules for Weekly and Interruptible auctions

Product level Available Capacity

1. Current NTS Entry Capacity Firm and Interruptible product (Short Term) will be used as a Weekly product. A new product is not required.
2. Modifications to existing Interruptible capacity release functionality to calculate the available capacity for next two weeks to conduct weekly Entry Interruptible auctions. Currently it calculates for next one week.
3. Long term to Short term Firm product rollover
 - a. Rollover batch job to be scheduled immediately after allocation of RMTnTSEC auction
 - b. Modifications to rollover batch job to calculate the available capacity for next month to conduct weekly Entry Firm auctions

Offered Capacity for a MoS

1. New Automated Process is required to offer the weekly capacity at MoS level for weekly Firm and Interruptible Auctions

Processing

1. New Automated Process is required to allocate the Weekly Firm & Interruptible bids based on the QHAP rules defined for a MoS

Recall

1. Recall process may require changes to include the weekly firm and interruptible bids

Capacity Charge Calculation

1. Weekly auction bids will be invoiced as daily charges to accommodate the weekly Sub Transaction Period falling into two different Gas Months
2. New Primary/Adjustment charge types will be created for weekly Firm and Interruptible auctions
3. Modifications to the existing Short-Term charge calculation process to include the weekly Firm and Interruptible auctions
4. NTE File Format changes are required to accommodate the new charge types
5. BA Split charges functionality require changes to include the weekly Firm and Interruptible auctions

Overrun Charge Calculation

1. Map Weekly firm method of sale to HFCP price type for overrun price calculations
2. Modifications to the existing charge calculation to include the weekly firm auctions

Entry Capacity Neutrality Charge Calculation

1. Create New Neutrality pots to include the weekly firm auction charge types
2. Modifications to existing apportionment driver calculation to include the weekly Firm and Interruptible auctions
3. Modifications to existing Neutrality charge calculation to consider the NIEC quantity sold from weekly firm auctions for revenue share

NTS Optional Capacity Transmission Service Charge Calculation

1. Map weekly firm auctions to NTS Optional Capacity charging framework to be considered for the below
 - a. Eligible Quantity Calculation
 - b. Primary/Adjustment Transmission Service Charge calculation

NTS Optional Entry Capacity Neutrality Charge Calculation

1. Modifications to existing NTS Optional Capacity Neutrality charge calculation to consider the aggregate of Discount and Credit charges of NIEC quantity sold from weekly firm auctions

Reporting

1. Modifications required in Capacity and Revenue by Bid report to display weekly Firm and Interruptible
2. The following Capacity Reports may require Changes
 - a. Capacity & Revenue By Quantity Holder
 - b. Product Info MoS
 - c. Recall Capacity Report
 - d. Sold/Unsold Report

Detailed Impacts to UKLink System:

1. New charge types will need to be set up in UK Link SAP ISU
2. UK Link SAP ISU will need to handle amended invoice File Format

Impacts UKL Manual Appendix 5b:

Appendix B of the UK LINK Communications Document UKLCD1 Code Communications Reference – updates will be needed to add the weekly auction.

DSC Service Areas Impacted:

Service Area 20: UK Link Gemini System Services

Costs and Timescales

Change Costs (implementation):

An enduring solution will cost at least **£280,000**, but probably not more than **£350,000** to implement.

Change Costs (on-going):

The change is not expected to increase ongoing running costs.

Timescales: Industry are keen to see this change as soon as possible

This change would need to be prioritised through the Change Management Committee alongside other changes within Xoserve's planned Gemini programme.

The high-level estimate to develop and deliver this change is approximately 20 to 22 weeks for Analysis through to Post Implementation Support.

Please note a lead time of 3 months for startup/sanction/mobilisation should be considered though there is the potential for this to be shortened subject to the delivery mechanism and availability of resources.

Assumptions:

1. The Entry weekly auctions are only applicable at GB locations for Firm and Interruptible products
2. In the scenario where the STP falling between two different Gas Months/Years, the System solution is not required to manipulate the price. National Grid will calculate the price outside Gemini and input into the Gemini System for the weekly Sub Transaction Period
3. Constraints will continue to be applied for D and D-1
4. Any NIEC quantity sold using the weekly firm auctions will flow into revenue pot of Neutrality
5. Weekly Interruptible booked capacity will not feed into neutrality
6. Unsold NTS Entry Capacity offered for weekly auctions includes obligated and Non-Obligated capacity
7. The SOP's and LWI's will be updated by the relevant business
8. User Trials are not required
9. E-Training updates are not required
10. Connected testing with the UK Link System is not required
11. An allowance of 3 weeks for UAT has been included in the estimated timescales
12. An allowance of 3 weeks for Post Implementation Support has been included in the estimated timescales
13. There will be joint testing between National Grid and Correla
14. This ROM assumes the solution will be delivered as a standalone project
15. This ROM is based on the Gemini functionality currently in Production and does not consider any functional changes being introduced by inflight projects
16. Change can be delivered using environments from the existing Gemini test estate
17. Costs are high level, based on high level analysis and assumed requirements

Dependencies:

- Availability of National Grid business resources to support delivery

- Implementation of the change is dependent on timely approval of the associated UNC modification

Constraints:

- If the intention is to deliver this during 2021 then this change would need to be considered alongside the wider Gemini change programme including existing inflight projects:
 - Gemini System Enhancements
 - NOCC readiness for October 2021
 - CSSC programme

Observations:

None identified

Rough Order Magnitude (ROM) Response

Document Version History

Version	Status	Date	Author(s)	Summary of Changes

Template Version History

Version	Status	Date	Author(s)	Summary of Changes
2.0	Approved	22/05/18	Steve Ganney	Minor changes implemented