

Representation

Draft Modification Report

0471S - Amending the start time that a Day-ahead Market Offer can be accepted

Consultation close out date: 27 January 2014
Respond to: enquiries@gasgovernance.co.uk
Organisation: EDF Energy
Representative: John Grant Arrowsmith
Date of Representation: 10 January 2014

Do you support or oppose implementation?

Support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

EDF Energy fully supports this modification. If implemented, Shipper Users and Trader Users will be able to trade the On-the-day commodity market (OCM) Daily Title product on the OCM market from 08:00 instead of 12:00 Day-ahead. Currently, there is not a liquid Day-ahead gas market on the weekend as it is not possible to trade the spark spread in the auction due to a lack of a reference gas price. This is cited by many market participants as a primary reason for under-utilising the auction.

Providing Shipper Users and Trader Users with earlier notice of accepted bids from 08:00 on the OCM market will offer Shipper Users and Trader Users with the opportunity to efficiently trade the gas and power for CCGTs, especially on the weekend when gas trading liquidity is thin. Amending the start time that a Day-ahead Market Offer can be accepted will increase liquidity and ensure that the gas demand for CCGTs can be efficiently traded at the same time as the Day-ahead power auctions. Being able to better schedule CCGTs at an earlier stage Day-ahead will improve system balancing in both the power and gas markets.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

Self Governance Statement:

Do you agree with the Modification Panel's decision that this should be a self-governance modification?

We agree with the Modification Panel's decision that this should be a self-governance modification.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

0471S
Representation
10 January 2014

Version 1.0

Page 1 of 2

This modification, if implemented, would have a positive impact on Relevant Objective (d). It would increase effective competition amongst Shipper Users and Trader Users by making it possible for generators to schedule gas plant earlier Day-ahead, in line with other thermal generation, enabling the efficient use of gas generation.

In addition, EDF Energy believe that it may have a positive impact on Relevant Objective (b) as earlier and more accurate scheduling of CCGTs on a weekend will improve the accuracy of the Offtake Physical Notifications (OPNs) that Shippers send to National Grid Day-ahead. Discussions between National Grid and Shippers in the Gas Operational Forum have suggested that a contributory factor to erroneous demand attributions and significant linepack changes is inaccurate OPNs for Daily Metered sites such as CCGTs. "Occasional demand attribution failures... generally linked to data entry issues by DNs/Shippers"¹.

Furthermore, EDF Energy believe that this modification will improve liquidity in both the prompt gas (and power) markets in line with Ofgem, EC and ACER objectives.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

EDF Energy does not believe we would face material costs following the implementation of this modification.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

As this is a self-governance modification, implementation could be sixteen business days after a Modification Panel decision to implement. However, we recognise that there will be a system change required in order to facilitate this modification which would affect the implementation date.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

We are satisfied that the legal text will deliver the intent of the modification.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

No

¹ Demand Attribution Update, October 2013 <http://www.nationalgrid.com/NR/rdonlyres/959A89C5-D47D-4F04-8D67-6DC09C690FBC/62817/DemandAttributionUpdate.pdf>