

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: National Grid NTS
Representative: Hayley Burden
Date of Representation: 27th January 2014

Do you support or oppose implementation?

Support

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

National Grid NTS supports implementation of this proposal.

As a result of the North Western European Price Coupling project for electricity, the D-1 (Day-ahead) GB Power Auction gate closure will change to 11:00 from February 2014. For this auction to be effectively utilised, a gas reference price needs to be available for CCGTs to schedule D-1, prior to this gate closure. As the OTC market is not available on a weekend, Shipper and Trader Users rely on the OCM for Title product trading at weekends; however, this market currently does not open until D-1 12:00.

Bringing the start time of the OCM forward to D-1 08:00, as proposed in Modification 471S, will allow both gas and power to be traded prior to the power market gate closure at D-1 11:00. We believe this will create increased opportunities for gas trading and may lead to greater liquidity in the market, thereby facilitating effective competition between Shipper Users as outlined in Relevant Objective (d).

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

N/A

Self Governance Statement:

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

We agree with the Panel's decision that 471S should be a Self-Governance modification, however consideration needs to be given on how to implement this proposal. Modification 471S proposes a system change to the Gemini platform. A Self-Governance modification can be implemented as soon as 16 business days

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after an approval decision but the system changes may not be aligned to meet these timescales and therefore the actual implementation date needs to take account of system requirements.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We agree that implementation of this modification positively impacts on Relevant Objective (d). Increased availability of the D-1 OCM Title market will lead to increased gas trading opportunities and may lead to greater liquidity in the market, which will lead to a more accurate SAP (System Average Price), thereby facilitating effective competition between Shipper Users. We do not foresee that this modification will have a tangible positive impact on any other Relevant Objectives.

Impacts and Costs:

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

The proposed recovery of costs is for them to be attributed to Shipper and Trader Users based on each User's total throughput on a given day. We agree with the proposed cost recovery as Shipper and Trader Users will be the beneficiaries of the extended market availability.

Implementation:

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

As mentioned previously, this modification has been proposed as Self-Governance and therefore could be implemented as soon as 16 business days after an approval decision. Any implementation date needs to align with the time at which changes to the Gemini platform could be made. It must also be recognised and considered that ICE-Endex, who operate the OCM trading platform, will need to make changes to their systems to implement this proposal.

Legal Text:

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

Yes we agree the legal text delivers 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.

N/A