












UNC Modification	At what stage is this document in the process?
<h1 data-bbox="134 322 655 414">UNC 0872:</h1> <h2 data-bbox="134 450 1102 591">Single-sided Nominations for clearing houses of gas exchanges</h2>	<div data-bbox="1209 309 1469 629"> <div data-bbox="1209 309 1469 383">01 Modification</div> <div data-bbox="1209 394 1469 468">02 Workgroup Report</div> <div data-bbox="1209 479 1469 553">03 Draft Modification Report</div> <div data-bbox="1209 564 1469 638">04 Final Modification Report</div> </div>
<p data-bbox="129 680 507 719"><b>Purpose of Modification:</b></p> <p data-bbox="129 736 1426 813">To improve the security and effectiveness of the gas market by enabling clearing houses to clear trade nominations with single-sided trade nominations.</p>	
<p data-bbox="129 860 308 898"><b>Next Steps:</b></p> <p data-bbox="129 913 975 952">The proposer recommends that this modification should be:</p> <ul data-bbox="156 969 608 1055" style="list-style-type: none"> <li>• subject to Self-Governance.</li> <li>• Assessed by a Workgroup.</li> </ul> <p data-bbox="129 1070 1437 1146">This modification will be presented by the proposer to the panel on 18 April 2024. The Panel will consider the proposer’s recommendation and determine the appropriate route.</p>	
<p data-bbox="129 1187 400 1225"><b>Impacted Parties:</b></p> <p data-bbox="129 1240 588 1279">High: National Gas and Xoserve</p> <p data-bbox="129 1294 711 1332">Low: Shippers trading on gas exchanges</p>	
<p data-bbox="129 1375 389 1413"><b>Impacted Codes:</b></p> <p data-bbox="129 1435 472 1473">No other codes affected</p>	

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4	Code Specific Matters	4	Proposer: Francois Gonsior Head of Physical Settlement Operations European Commodity Clearing AG
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8	Implementation	7	 <a href="mailto:Malcolm.Montgomery@nationalgas.com">Malcolm.Montgomery@nationalgas.com</a>
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10	Recommendations	7	Systems Provider: Xoserve
<b>Timetable</b>			 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>
<b>Modification timetable:</b>			Other: Thomas Haffke
Pre-Modification Discussed	04 April 2024		 <a href="mailto:thomas.haffke@ecc.de">thomas.haffke@ecc.de</a>
Date Modification Raised	04 April 2024		 +49 341 24680128
New Modification to be considered by Panel	18 April 2024		Transporter: European Commodity Clearing AG
First Workgroup Meeting	02 May 2024		 <a href="mailto:physical-settlement@ecc.de">physical-settlement@ecc.de</a>
Workgroup Report to be presented to Panel	15 August 2024		 +49 341 24680345
Draft Modification Report issued for consultation	16 August 2024		
Consultation Close-out for representations	09 September 2024		
Final Modification Report available for Panel	11 September 2024		
Modification Panel decision	19 September 2024		

## 1 Summary

### What

Currently clearing houses of gas exchanges need to nominate both client side and clearing house side because of double sided nomination without exception. This requires clearing houses of gas exchange to maintain a dedicated account for every customer, which is not an efficient and safe design and prone to potential errors.

This Modification will allow single-sided nominations by clearing houses of gas exchanges.

### Why

The current design is an operational and security risk for the gas market. It is also a market barrier for gas exchanges and their respective clearing houses.

### How

Enable clearing houses to clear trade nominations with single-sided trade nominations.

Enhance UNC Uniform Network Code – Transport Principal Document, Section C – Nominations, 5 Trade Nominations with a paragraph stating the special role of the clearing houses of gas exchanges and giving them the right for single-sided nominations of trade nominations.

National Gas Transmission (NGT) and Xoserve adjust their systems in a way that clearing houses can submit single sided nominations for the trading hub, which are accepted by NGT and Xoserve.

## 2 Governance

### Justification for Self-Governance

Self-Governance procedures are sought because the changes proposed are unlikely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.

### Requested Next Steps

This Modification should:

- be considered a non-material change and subject Self-Governance
- be assessed by a workgroup.

## 3 Why Change?

Single-sided nominations would enormously reduce risk and improve security of the nomination of gas exchange trades.

In the status quo method the European Commodity Clearing (ECC) nominates the clearing house side, as well as the customers side on behalf, maintaining dedicated accounts also for the customers. By this way “Acquiring Trade Nomination” and “Disposing Trade Nomination” are **both** done by ECC.

These accounts are owned by the customers, but maintained by ECC and must not be touched by the customers to ensure their proper functioning. This is prone to errors due to customers accidentally adjusting their account login data.

This is both an IT security risk as well as a risk for operational stability.

As 40% of the UK gas spot market are traded on EEX Gas, with increasing numbers of customers and growing volumes, a better, more sustainable and safer solution is needed.

ECC has rights for single-sided nominations in every other gas market but the UK. It is basically essential for safe trading of gas on an exchange.

Therefore, ECC requests the introduction of single-sided nominations for clearing houses of gas exchanges.

## 4 Code Specific Matters

### Reference Documents

UNC Uniform Network Code – Transport Principal Document, Section C – Nominations, 5 Trade Nominations

### Knowledge/Skills

General understanding of gas trading and nomination processes would be useful.

## 5 Solution

The following paragraph needs to be accompanied with a paragraph stating the single sided nomination rights for trade nominations of clearing houses of gas exchanges, that in their case it is not necessary that both acquiring and disposing trade nominations must be done. But a way of single-sided nomination of acquiring and disposing transactions.

*UNC Uniform Network Code – Transport Principal Document*

*Section C – Nominations*

*5 Trade Nominations*

*“5.1.1*

*Where two Users, or (in accordance with paragraph 5.3) National Gas Transmission and a User, agree to do so, they may make in respect of any Day corresponding nominations (respectively a "Disposing Trade Nomination" and an "Acquiring Trade Nomination") for the purposes of paragraph 5.1.3, subject to and in accordance with this paragraph 5.”*

## 6 Impacts & Other Considerations

**Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?**

No Impact on SCR.

## Consumer Impacts

The Current setup represents an entrance barrier for gas exchanges to the market. The result is lacking competition between gas exchanges. The change would reduce prices of gas trading and therefore prices for the end consumer. Furthermore, general operational stability of the gas market will improve.

Larger consumers / Shippers, who trade on the exchange will profit from better overall service quality and stability and reduction of operational cost for their own effort maintaining their accounts.

### What is the current consumer experience and what would the new consumer experience be?

Only visible change for the end-consumer might be reduced cost by the overall increase of efficiency and security of the gas trading. Shippers will profit from a more lean and efficient way of gas trading with less risk of imbalances and less IT security risk.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
<p><b>Improved safety and reliability</b></p> <p>Less operational risks</p> <p>Less IT security risks</p> <p>Less operational effort for Shippers and the clearing house of the exchange</p> <p>Higher reliability and safety in total</p>	Positive
<p><b>Lower bills than would otherwise be the case</b></p> <p>Reducing the cost for the operational expenses for the exchange and the shippers who trade on the exchange, reduces also costs that would have to be transferred to consumers</p>	Positive
<p><b>Improved quality of service</b></p> <p>Way more stability on UK gas trading on the exchange</p> <p>Less work for Shippers who trade on the exchange</p>	Positive
<p><b>Benefits for society as a whole</b></p> <p>Gas trading lowers prices and improves supply security. Described improvements on the stability and operational effectiveness of gas trading would benefit society as a whole.</p>	Positive

## Performance Assurance Considerations

None

## Cross-Code Impacts

None

**EU Code Impacts**

None

**Central Systems Impacts**

GEMINI / XOSERVE could be affected and needs to be examined.

**7 Relevant Objectives**

**Impact of the Modification on the Transporters' Relevant Objectives:**

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive d) (i)
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Relevant Objective a) would be better facilitated by this modification because the proposed change reduces overall imbalance risk in after trading processes and therefore probably would reduce the residual balancing actions. More efficient / seamless trading processes between shippers could potentially reduce the need for residual balancing actions to be taken by NGT.

Relevant Objective d) (i) would be better facilitated by this modification because proposed change reduces barriers of market entrance in gas trading and improves overall efficiency of operation for shippers and clearing houses of gas exchanges. It reduces the effort for shippers to set up at the gas exchange. Also, market entrance barriers are reduced for gas exchanges. The current method is a market entrance barrier because of the high effort in manual maintenance and in establishing such a procedure with customers.

## 8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

## 9 Legal Text

### Text Commentary

To be provided after suitable time

### Text

To be provided after suitable time

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Self-Governance procedures should apply.
- Refer this proposal to a Workgroup for assessment.