

UNC 471 Amending the start time that a Day-ahead Market Offer can be accepted

UNC Panel Presentation

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The Issue (1)

- Users can buy or sell gas on the OCM, which is a screen-based gas trading market that allows Shipper Users to balance their daily gas positions.
- The trading time for one gas Day runs from 12:00 Day-ahead until 03:35 calendar day following the gas Day.
- Members of the Market Council (power) noted a reduction in Day-ahead GB power auction liquidity at weekends. Further investigation identified a lack of bidding activity by CCGT operators.
- The main reason cited for failing to submit order flow was a lack of gas price discovery when the Over The Counter (OTC) market is unavailable on weekends. The preferred approach to tackle the issue has been identified as extending the trading hours in the OCM gas market.

The Issue (2)

- The Day-ahead GB power auction submissions close at 11:00. For users wanting to use the Day-ahead power auction to schedule CCGT units they need a reference gas price. This currently is not available on the weekend as the OCM Day-ahead gas market is not open until 12:00 and there is no OTC trading market on a weekend.
- The ICE Endex are able to adapt to the increased trading hours but are currently prevented from accepting Market Offers any earlier than 12:00 as the start time of the OCM is set out in the UNC.
- Extending the trading hours will enable Users to schedule gas plant earlier Day-ahead (in line with other thermal plant) and provide Users with the opportunity to participate in the Day-ahead GB Power auction which closes at 11:00.

The Proposed Solution

- It is proposed that 2 paragraphs within UNC TPD Section D (Operational Balancing and Trading Arrangements) are amended:

2 TRADING ARRANGEMENTS

2.1.3 For the purposes of the Code:

(a) "Trading System" is an electronic trading system provided and operated by the Trading System Operator for the purposes described in paragraph 2.1.1; provided that references to the Trading System shall not include any part of such system by means of which transactions other than Market Transactions may be effected, or by means of which Market Transactions (other than Multi-Day Balancing Transactions) may be effected earlier than the ~~08:00 12:00~~ hours on the Day before the Gas Flow Day;

ANNEX D-1

5.1 Except in the case of Multi-Day Balancing Transactions, Market Offers in respect of a Market Offer Date will be capable of acceptance by Trading Participants between ~~08:00 12:00~~ hours on the Day preceding the Market Offer Date and 03:35 hours on the Market Offer Date. Market Offers in respect of Multi-Day Balancing Transactions will only be capable of acceptance by Trading Participants between ~~08:00 12:00~~ hours on the Day preceding the first Day to which the Multi-Day Balancing Transaction relates and 03:35 hours on the first Day to which the Multi-Day Balancing Transaction relates

Proposed Progression

- The proposed changes to the UNC are minimal and will provide ICE Endex (as the assigned OCM Trading System Operator) with the ability to accept Market Offers four hours earlier.
- This issue has already been debated in other forums and the UNC 0471 proposal to extend the trading hours is considered to be the most appropriate approach by the Market Council and Power Trading Committee which represents the principal physical traders in the power market.
- Therefore we do not believe that it is possible to develop UNC 0471 any further in order to meet the primary objective of extending the trading times.

UNC Panel Considerations

The Panel are invited to:

- Determine that this modification should be subject to self-governance;
- Determine that this modification should progress to Consultation.