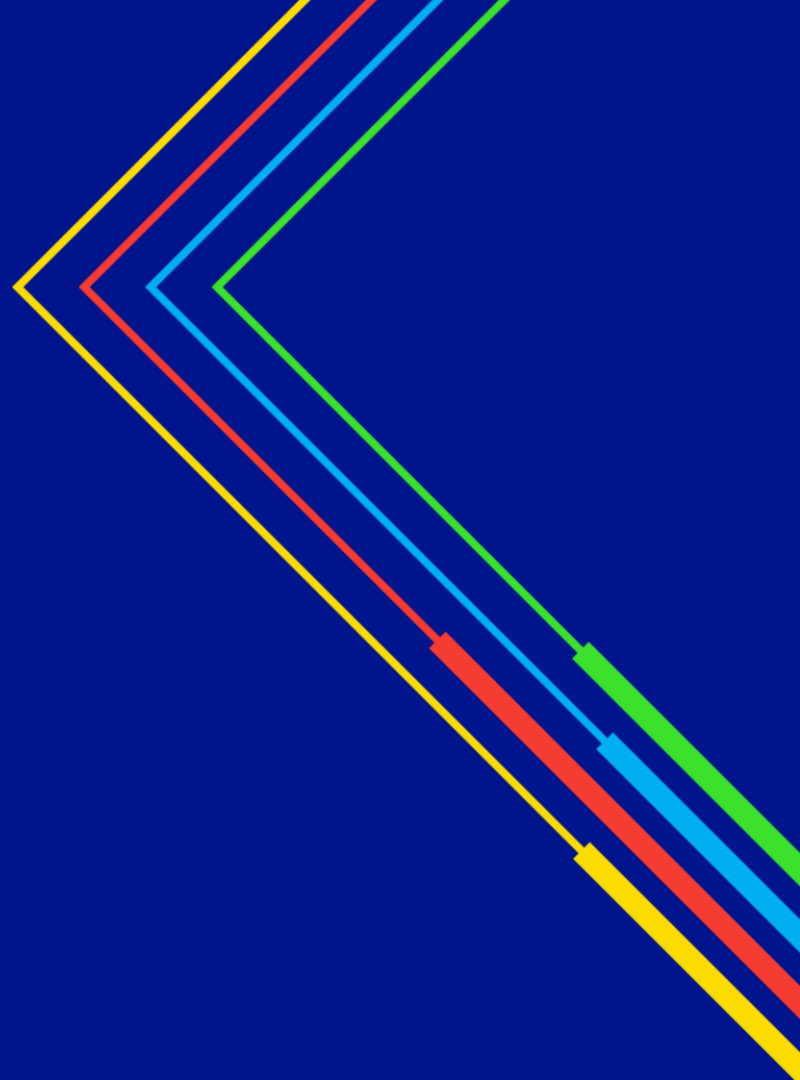


# Mandatory setting of Bid Parameters

Transmission Workgroup

5<sup>th</sup> Nov 2020



# Introduction

## Bid Errors

- There has always been the possibility for User error in the capacity auctions/applications processes.
- Lack of sufficient appetite for manifest error provision in previous WG discussions.
- Recently the August invoice required adjusting, as communicated at the [September Operational Forum](#).
- NG is considering to propose a simple and pragmatic step that can help reduce errors in these capacity processes.

# Further Context

## Bid Errors

- If bids are entered incorrectly (price/quantity)
  - The amount of capacity allocated across multiple auction participants may be impacted
  - The revenue generated and fed into neutrality calculations may also be impacted
  - Overrun charges may be incorrect for other auction participants
- It should be noted that it is not National Grid's role to monitor or police User bids placed on Gemini.
- There are User validation settings that can be switched on by the User to help them manage the risk of erroneous bids being placed.

# What is proposed

## Mandatory setting of bid parameters

- A UNC modification proposal making it mandatory for Users to set bid parameters prior to participating in auctions for daily products.
  - Firm day ahead entry capacity
  - Firm day ahead exit capacity
  - Firm within day entry capacity
  - Firm within day exit capacity
  - Interruptible day ahead entry capacity
  - Off-peak day ahead exit capacity
- This would be a small one off inconvenience for Users for each auction listed, that would help reduce ongoing risk for all Users.
- The relevant bid parameters would be Bid Price, and Bid Value (= Price x Quantity)
- Because this would be a pre-condition to being able to place a bid in certain auctions, then for completion and transparency it should be added to the UNC auction rules.

# Example

## Bid Price Limit set

- The reserve price for entry capacity is 0.005 p/kWh/d
- A User sets a limit of 0.01 p/kWh/d. This still allows some premium to be added.
- One day a User operative intends to enter a bid price of 0.006 p/kWh/d. However they misplace the decimal point and enter 0.06 p/kWh/d.
- The bid falls outside of the bid validation parameter entered and the system will prevent the bid being placed.
- A notice will inform the User of what has happened.
- If a User does indeed wish to enter a bid price of higher than 0.01 p/kWh/d then a way to progress the bid will continue to be available.

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