

UNC Workgroup 0832S Minutes
Introducing additional flexibility to change the NTS large price step
for Ascending Clock Auctions at IPs
10:00 Wednesday 04 January 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Ashley Adams	(AA)	National Grid NTS
Alex Nield	(AN)	Storengy
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Grid NTS
Brian McGlinchey	(BG)	Vermilion Energy
Chris Wright	(CWr)	Exxon Mobil
Claire Procter	(CP)	Patronas
Colin Williams	(CWi)	National Grid NTS
Dan Hisgett	(DH)	National Grid NTS
Dan Wilkinson	(DW)	EDF
David A Bayliss	(DB)	National Grid NTS
Joseph Glews	(JG)	Ofgem
Julie Cox	(JCx)	Energy UK
Kieran McGoldrick	(KM)	National Grid
Kirsty Appleby	(KA)	National Grid
Lauren Jauss	(LJ)	RWE
Marion Joste	(MJ)	ENI
Mariachiara Zennaro	(MZ)	Centrica
Matt Atkinson	(MA)	SEFE Energy
Nick Wye	(NW)	Waters Wye Associates
Nigel Sisman	(NS)	Sisman Consulting
Oliver Weston	(OW)	Ofgem
Oreoluwa Ogundipe	(OO)	Interconnector
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home and Energy
Terry Burke	(TB)	Equinor

Copies of all papers are available at: <https://www.gasgovernance.co.uk/NTSCMF/040123>

Please note that NTSCMF meetings will be quorate where there are at least six participants attending, of which at least two shall be Shipper Users and one Transporter is in attendance.

1.0 Introduction and Status Review

1.1. Approval of Minutes (06 December 2022)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

EF explained there were no late papers.

1.3. Review of Outstanding Actions

None.

2.0 Review of Legal Text

Prior to discussing the Legal Text, EF explained that as this Modification had prompted no further onerous discussion during the initial Pre-Modification introduction during the last meeting, he was proposing that it could potentially be submitted to the January Panel instead of the February Panel.

EF explained that he had pre-populated a large proportion of the Workgroup Report for general discussion noting the comments from the previous meeting and would add in any comments from this meeting.

Ashley Adams (AA) provided an overview of the Modification proposal and explained it was seeking to improve Ascending Clock Auctions for IP Capacity by providing additional flexibility to change the percentage of the Reserve Price used to determine the NTS large price step when it is deemed appropriate to do so.

AA then overviewed the Legal Text, as detailed below:

UNC Modification 0832S Legal Text and Commentary

Text Commentary

This Modification seeks to provide additional flexibility to change the percentage of the Reserve Price used to determine the NTS large price step when it is deemed appropriate to do so. Updates to UNC TPD Section Y are required to implement the changes proposed within this Modification.

Changes to paragraph 2.9.2 a) will allow for National Grid NTS to amend the percentage of Reserve Price used to determine the NTS Large Price Step when it is deemed appropriate to do so.

The addition of text at the end of paragraph 2.9.2 explains that NGG will provide transparency to market participants by providing supporting information should it deviate from the default arrangements.

Legal Text

2.9.2 For the purposes of EID Section B:

- a. the NTS large price step for an Auction will be the greater of 5% of the applicable Reserve Price and 0.0001 p/kWh/Day subject to National Grid NTS having the right to amend such percentage in its sole discretion; and
- b. unless otherwise agreed with the Adjacent TSO in connection with a Bundled Auction, the SPS Fraction will be 1/5,

(and terms in paragraphs (a) and (b) have the meanings given to them in EID Section B).

Where National Grid NTS exercises its discretion to amend the percentage in accordance with this paragraph 2.9.2, National Grid NTS shall provide supporting information relating to the exercise of such discretion to the extent available.

Nigel Sisman (NS) questioned if this applied to both bundled and un-bundled capacity by Gemini, and AA confirmed that yes it did apply to both. AA added that the large price step arrangements had been left in place, as this was presently working well, and that it would only come into play for bundled auctions, if the adjacent TSO was not able to do it.

NS noted that the capacity arrangements at the Interconnectors was very complex and could involve a significant amount of un-bundled capacity via the auctions and that this complexity should not be underplayed. NS proposed that it was important that all parties got to understand the auctions process.

Ritchard Hewitt (RH) noted that within the Legal Text there was no mention of when the supporting information would be published, and he felt this needed to be clarified. AA confirmed that the information would be published with the Auction information. EF noted that it was referred to in the Modification proposal within the Section titled “Why”, as detailed below:

If NGG were to deviate from the default arrangements, they would publish the updated NTS large price step percentage in line with the timescales detailed in EID Section B 4.3.2 which are:

(a) in relation to an Annual Yearly Auction, one month before the Auction Date;

(b) in relation to an Annual Quarterly Auction, two weeks before the Auction Date;

(c) in relation to a Rolling Monthly Auction, one week before the Auction Date

RH suggested that the Legal Text needed to reflect the solution within the Modification and that presently there was a misalignment between the two. He proposed the above text should be included within the Legal Text to ensure uniformity. AA said that if all parties agreed, he would ask Dentons the Legal Text provider to add this into the existing Legal Text. All agreed with this proposal.

In relation to the percentage formula as detailed above in 2.9.2 For the purposes of EID Section B:, NS said that National Grid clearly had sole discretion to change the percentage; increase or decrease of the 5%. AA noted that all the wording within the Modification was to increase-change it and not only to decrease-increase it, and that this was intentional. NS said that he felt this was a strange formulation. AA also confirmed the PRISMA auction timetable would not be changing, and he reiterated the purpose of the Modification, which was to introduce flexibility to change the percentage.

EF noted that due to the fact the Legal Text needed the minor inclusion, he was proposing a slightly out of process next steps, if the Workgroup were in agreement. This was that AA would ask for the addition be put into the Legal Text and then the Modification is sent to the January Panel without an extra meeting to for Workgroup participants to re-review it. RH verbalised that he was happy with this suggestion and no other participants objected.

ER confirmed he would then send the Modification to the January Panel.

3.0 Development of Workgroup Report

EF provided an on-screen overview of the Workgroup Report and made minor amendments in line with the Workgroup discussions and suggested inputs.

All Workgroup participants agreed with the content and changes suggested.

4.0 Next Steps

EF advised the next steps to be:

- Legal Text to have Section Y included within it; to provide uniformity between the Modification proposal and the Legal Text.
- Workgroup Report to be submitted to the January 2023 Panel, and then out to consultation.

5.0 Any Other Business

None.

6.0 Diary Planning

EF confirmed no further meetings were planned, as the Modification would be submitted to the January 2023 Panel meeting.