



## Discretionary Release Of System Entry Capacity

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# Discretionary Release of System Entry Capacity - background

- ◆ MOD 216 “Introduction of an additional Discretionary Release Mechanism for NTS Entry Capacity” was approved by Ofgem on the 22<sup>nd</sup> of August 2008.
- ◆ MOD 216 allows National Grid to hold System Entry Capacity auctions outside of and in addition to UNC defined auction mechanisms (e.g. QSEC, AMSEC, RMTTSEC etc)
- ◆ National Grid may release additional Firm System Entry Capacity through this discretionary release mechanism.
- ◆ A new auction has been created within Gemini named “DRSEC” (Discretionary Release of System Entry Capacity). This Winter the DRSEC auction has been run on two occasions:
  - September 2<sup>nd</sup> 2008 making entry capacity available for October 08
  - September 23<sup>rd</sup> 2008 making capacity available for November 08 through to March 09

# DRSEC Results

- ◆ Results of the DRSEC auctions held so far are as follows

ASEP	Sub Transaction Period	Quantity Allocated - GWh/day	Weighted Average Price - p/kWh	Lowest accepted Price - p/kWh	Highest accepted Price - p/kWh	No. of bidding Shippers	No. of Successful Shippers	Number of accepted Bids
Easington	Oct-08	2	0.0173	0.0173	0.0173	1	1	1
Easington	Nov-08	53.9	0.017	0.0087	0.0345	5	5	23
Easington	Dec-08	83.5	0.0273	0.0136	0.0874	11	9	29
Easington	Jan-09	86.2	0.046	0.0171	0.1027	13	9	33
Easington	Feb-09	87.5	0.0453	0.0171	0.1027	12	8	31
Easington	Mar-09	35.2	0.0229	0.0136	0.0345	8	5	18

- ◆ No Bids were received for Garton or Hatfield Moor Onshore ASEPs.
- ◆ Rationale for including ASEPs in a DRSEC auction is as follows:
  - Sites are sold out i.e. there is no “obligated” capacity available for Users to bid for at the ASEPs within the period highlighted, and
  - Demand for additional capacity at the ASEP is perceived to exist, based on user request or NG best view
- ◆ Actual amount of capacity made available and accepted is at NG discretion and depends on
  - User demand
  - Prevailing forecast grid conditions
  - Risk and reward analysis
- ◆ For this winter, the Easington area capability has been increased due to the early delivery of reinforcement in the area, namely
  - Easington to Ganstead pipeline
  - Asselby to Panal pipeline
- ◆ For further information on the DRSEC auction please refer to the following web link:

<http://www.nationalgrid.com/uk/Gas/Data/CA/>

## DRSEC Cntd.

- ◆ A further DRSEC auction will be held at the earliest opportunity to enable users to secure additional capacity ahead of winter
  - Timing depends on our confidence in grid conditions and our code obligations - Likely to be in October 08
  - It is likely to be for ASEPs in Easington area, i.e Easington, Garton and Hatfield Moor Onshore
  - Expected transaction periods are
    - December 08
    - January 09
    - February 09
    - March 09
  
- ◆ Rationale behind running a further DRSEC auction in October 08:
  - At the time of running previous DRSEC auction it was still uncertain as to when the Easington area reinforcements would be commissioned.
  - The additional pipelines have now been commissioned although their operational capabilities are still unproven at this stage
  - Demand for additional capacity at those ASEPs could be met
  
- ◆ Terms and Conditions must be accepted if a User wishes to participate in the auction. The Terms and Conditions will be issued along with the auction invitation letter.
  
- ◆ Further auction details will be confirmed via the auction invitation letter.