

Long Term Entry Capacity Auctions Monthly Transfer and Trade

June 2008

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Background

- ◆ A total of 16 Modification Proposals raised to address the issue of Trade and Transfer
- ◆ Modification Proposal 0169A – ‘Transfer and Trading of Capacity between ASEPs’ implemented ahead of the Winter 07/08 period, for the duration of five capacity months: Nov-07 to Mar-08
- ◆ Relevant obligations in the NTS GT Licence:

Transfer	Special Condition C8D 11
Trade	Special Condition C8D 12

Trade and Transfer Audit

- ◆ Pöyry undertook audit in May 2008, on behalf of the Gas Forum, to review the process implemented by Modification Proposal 0169A
- ◆ Examination of the analyses performed and data used to establish exchange rates*
- ◆ Findings from the audit were favourable overall
- ◆ Results of the audit are available on the Ofgem website

* Established pursuant to The Entry Capacity Transfer and Trade Methodology Statement

RMSEC / RMTTSEC*

- ◆ Modification 0187A ‘Alterations to the RMSEC Auction to Accommodate Transfer and Trade of Capacity between ASEPs’ implemented with effect from 1st June 2008
- ◆ ‘Old’ rules still apply for June RMSEC (allocating July Capacity)
- ◆ First sale auction to which Modification 0187A rules apply – surrender process commences in June and a July RMTTSEC for August Capacity
- ◆ There will be some overlap of the two auction processes

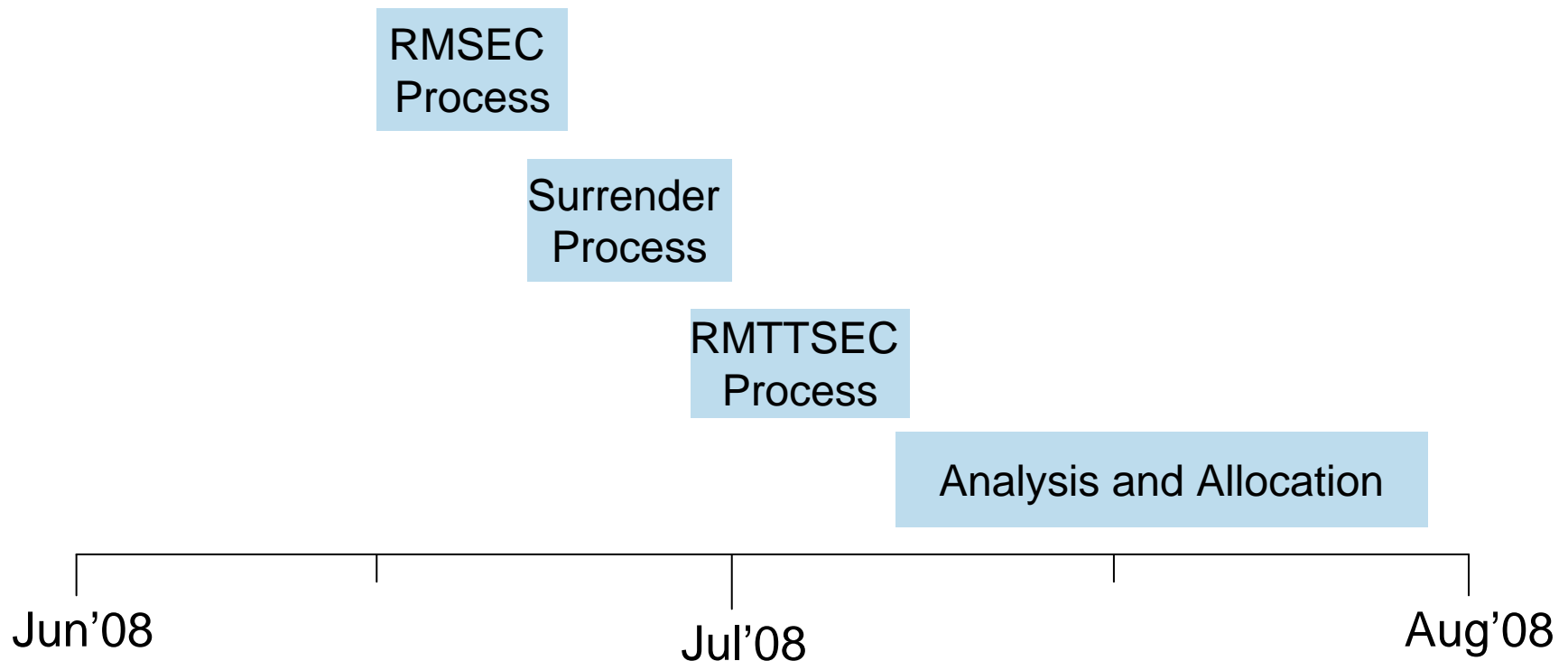
* Rolling Monthly System Entry Capacity (RMSEC)

Rolling Monthly Transfer and Trade System Entry Capacity (RMTTSEC)

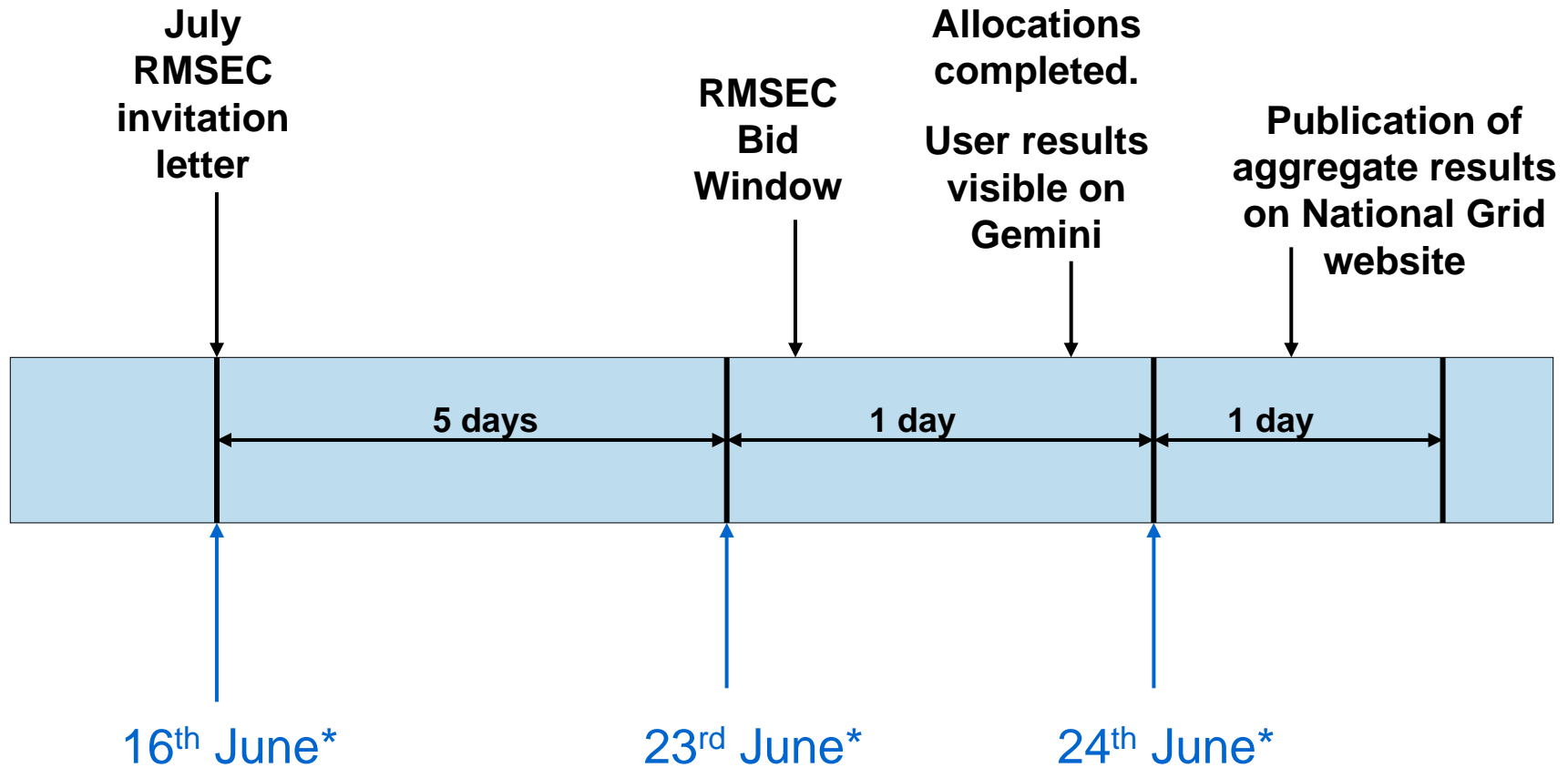
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Overall Timeline

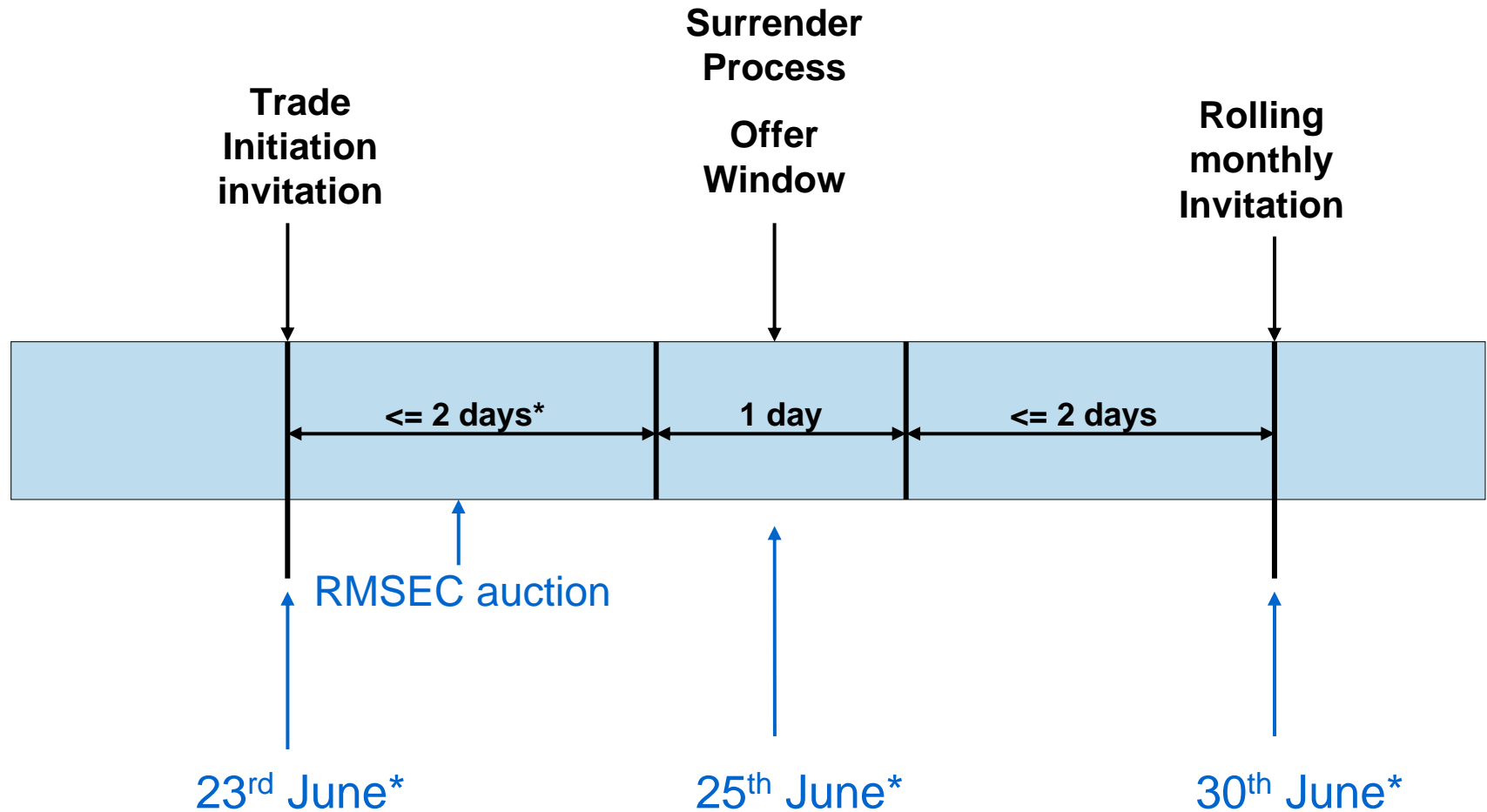
- ◆ Last RMSEC for July capacity
- ◆ Surrender and RMTTSEC for August capacity



Timeline: RMSEC (July 2008 Capacity)



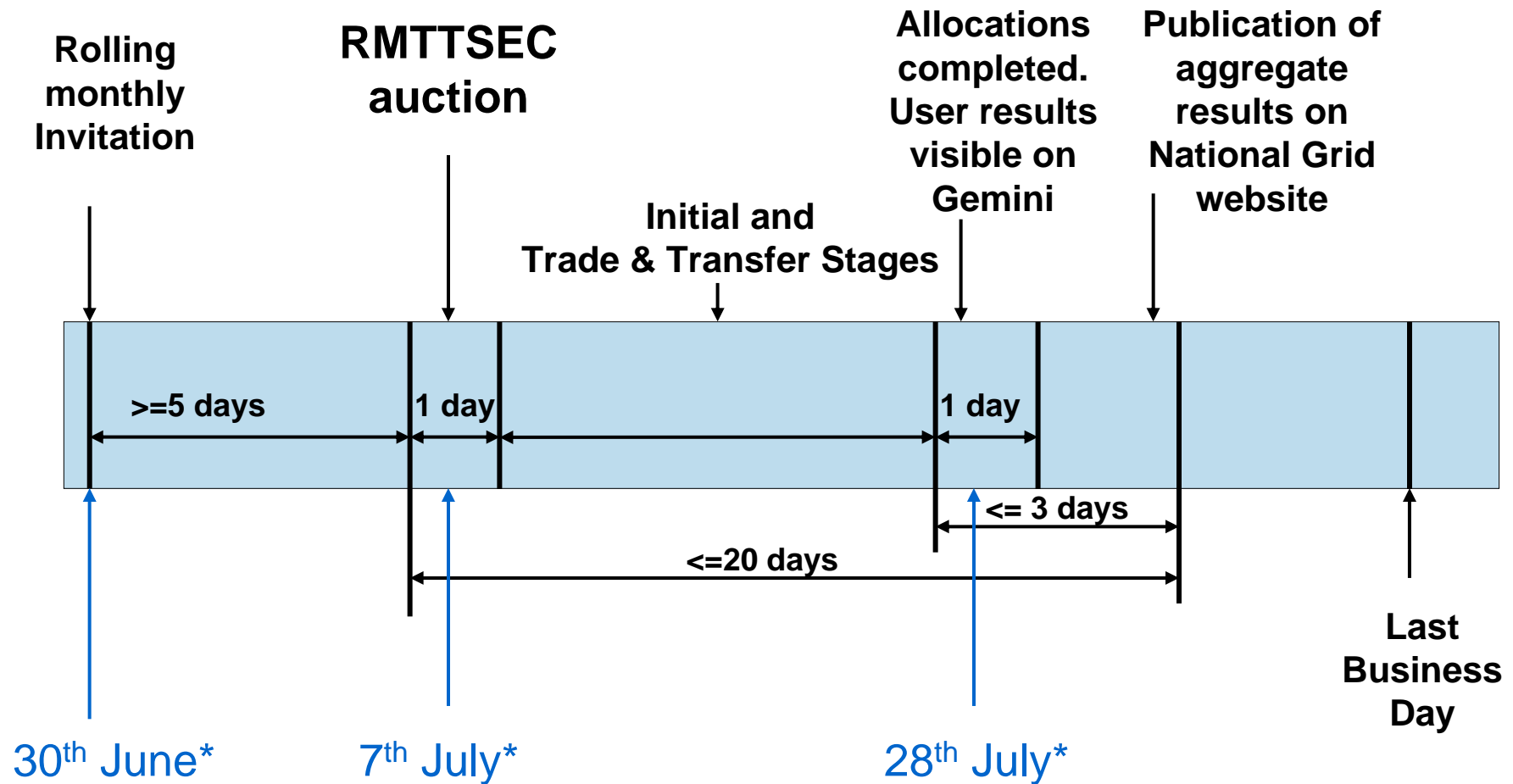
Timeline: Surrender (August 2008 Capacity)



*Please note: these dates are indicative

* Business Days

Timeline: RMTTSEC (August 2008 Capacity)



*Please note: these dates are indicative

* Business Days

Surrender Invitation (National Grid to Shippers)

- ◆ Confirmation of capacity month
- ◆ Date of Surrender window
- ◆ Copy of the Surrender Terms and Conditions will be attached in the appendices
- ◆ For reference the prevailing reserve prices (p/kWh/d) of Monthly NTS Entry Capacity at each ASEP for the relevant month will also be included

UNC Section B2.3.5

Surrender – Know Before You Offer

- ◆ Place offers within Gemini
- ◆ Surrender Window open from 08:00 to 17:00
- ◆ Surrender offer may be withdrawn or modified until 17:00
- ◆ Users may submit up to a maximum of two offers per ASEP*
- ◆ Minimum quantity accepted for offers is 100,000 kWh/day

UNC Section B2.3.6/7/8

* up to the maximum amount of their NTS Entry Capacity entitlement, at an ASEP for the relevant capacity month

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Surrender – How to Place Your Offers

- ◆ Place offers within Gemini via [Home>Deal>Capture>Create Bids](#)
- ◆ Accept Terms and Conditions prior to placing an offer
- ◆ Enter the minimum price (rolling monthly surrender price) which the User wishes to be paid (p/kWh/d)
- ◆ Amount of capacity User wishes to offer* (kWh/d)

UNC Section B2.3.6

* up to the maximum amount of their NTS Entry Capacity entitlement, at an ASEP for the relevant capacity month

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Overview of Bid Capture – Adding Offers

◆ Home>Deal>Capture>Create Bids

- ◆ Ensure that the appropriate product, location and sub-transaction have been selected before entering a bid.

When these fields have been entered Gemini will allow the User to click on this button to add an offer.

*Product = Entry Capacity Firm Derived

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RMTTSEC Invitation

(National Grid to Shippers)

- ◆ Date of RMTTSEC auction
- ◆ Reserve prices (p/kWh/d)
- ◆ ASEPs
- ◆ Unsold NTS Obligated Firm Entry Capacity
- ◆ Surrendered NTS Firm Entry Capacity
 - ◆ Less than the reserve price
 - ◆ Equal to the reserve price
 - ◆ Greater than the reserve price
- ◆ Pay as bid auction

UNC Section B2.3.12

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RMTTSEC – Know Before You Offer

- ◆ Bid Window open 08:00 to 17:00
- ◆ Bids may be withdrawn or modified until 17:00
- ◆ No more than 20 bids per ASEP

UNC Section B2.3.15/16

RMTTSEC - Placing Bids

- ◆ Place bids within Gemini via
[Home](#)>[Deal](#)>[Capture](#)>[Create Bids](#)
- ◆ Relevant Month
- ◆ Relevant ASEP(s)
- ◆ Bid Price (p/kWh/d)
- ◆ Amount of Monthly NTS Entry Capacity applied for (kWh/d)
- ◆ Minimum eligible amount is 100,000 kWh/day

UNC Section B2.3.14

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Overview of Bid Capture – Adding Bids

◆ Home>Deal>Capture>Create Bids

- ◆ Ensure that the appropriate product, location and sub-transaction have been selected before entering a bid.

Bid Capture - Microsoft Internet Explorer

GEMINI

Smell Gas ? Call free on 0800 111 999
all calls are recorded and may be monitored

Contract Product Trade Deal Constraints DCM Invoice

Messages - 3823 User Name: kb120 BA: TRA User Role: IGMS006

GEMINI Environment: B PROD You are here : Home > Deal > Capture > Create Bids > Query Bids Deal

Bid Capture

* Product*: --Select-- Method of Sale*: --Select-- Transaction Period*: --Select--

BA Code*: --Select-- BA Abbr. Name*: --Select-- BA Name*: --Select--

Location*: --Select-- Sub Transaction Period*: []

Query Clear

Add Modify Withdraw Alternative Bid Linked Bid

When these fields have been entered Gemini will allow the User to click on this button to add a bid.

* Product = Entry Capacity Firm Primary

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Allocation – Available Capacity

- ◆ **Rolling Available NTS Entry Capacity =**

Unsold NTS Baseline Entry Capacity + Surrendered Capacity

(+ Incremental NTS Entry Capacity, if any)

UNC Section B2.3.2(a)

- ◆ Rolling Available NTS Entry Capacity at an ASEP will be used to satisfy bids during the Initial stage
- ◆ Rolling Available NTS Entry Capacity will be ordered from lowest to highest price to satisfy RMTTSEC bids
i.e. lowest priced capacity will be used first

Allocation – Available Capacity

Example at one ASEP (where reserve price = 1p)

Surrendered Offers:

Shipper	Quantity Offered	Price
A	100	3p
B	200	2p
C	300	1p

Unsold = 100 units

Order of use:

C	300	1p
Unsold	100	1p
B	200	2p
A	100	3p



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Initial Allocation Stage (1)

- ◆ All bids ranked in order of price (highest first)
- ◆ Capacity allocated to highest priced bids first
- ◆ Where the amount applied for exceeds the available capacity, the User will be allocated the remaining unallocated amount
- ◆ Where two or more bids specify the same bid price, the allocation will be pro rated
- ◆ Where the amount to be allocated is less than the amount the User specified it was willing to be allocated, or is less than the minimum eligible amount, the allocation will not be made

Allocations - Example

- ◆ Initial Stage

Available Capacity = 600units

Bids

Bid ID	Shipper	Price	Quantity
1	A	1.5	200
2	B	1.2	200
3	C	1.0	100
4	A	0.9	150
5	D	0.5	300
6	D	0.4	200

- ◆ Bids 1 – 4 = 650units in total. 600 units can be satisfied by the Initial stage.
 - ◆ Bid 4 will be partially satisfied leaving 50 units for the Transfer and Trade stage.
- ◆ Bids 4 – 6 will be satisfied by the trade and Transfer stage. Please note that the process will not always require the Trade and Transfer stage as all bids could be satisfied by the initial stage.

Initial Allocation Stage (2)

- ◆ Surrendered capacity will only be allocated where the bid price is higher than the minimum surrender price
- ◆ All unallocated and partially allocated bids remaining unsatisfied at the end of the initial allocation stage will progress through to the trade and transfer allocation stage
- ◆ ASEPs with unsatisfied bids remaining progress through to the T&T stage as Recipients, ASEPs with unsold or surrendered capacity remaining progress through as Donors

Trade and Transfer Allocation Stage

- ◆ Unsatisfied bids at each ASEP will be ranked in price order (highest first)
- ◆ Bid groups will be created for each ASEP according to quantity
- ◆ The bid group price (WAP) will be calculated for each group
- ◆ The bid groups for all ASEP's will be ranked according to bid group price, with the highest ranking first
- ◆ Bid groups will be allocated against in descending order
- ◆ The most favourable exchange rate will be used

Information Publication – Invitation Letters

Invitation letters are issued:

- ◆ Via email from the Joint Office of Gas Transporters
- ◆ Faxed using National Grid's Surefax process
- ◆ In PDF format on National Grid's website:

www.nationalgrid.com/uk/Gas/Data/CA/reports

Surrender Invitation *(UNC Section B2.3.5)*

RMTTSEC Invitation *(UNC Section B2.3.12)*

Information Publication - Reports

Results will be available:

- ◆ Within Gemini via

Specific User Results:

[Home>Deal>Bid Capture Reports>Bid Information](#)

Aggregate Results:

[Home>Product>Publish Reports>MoS* Results](#)

- ◆ On National Grid's website

www.nationalgrid.com/uk/Gas/Data/CA/reports

UNC Section B2.14.3

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*Method of Sale

Long Term Entry Capacity Summary Report

◆ Website

◆ www.nationalgrid.com/uk/Gas/Data/CMR

Click on this link to view the report

The screenshot shows the National Grid website interface. The browser title is "National Grid: Capacity - Monthly Reports - Microsoft Internet Explorer". The address bar shows "http://www.nationalgrid.com/uk/Gas/Data/CMR/". The website header includes the "nationalgrid" logo and navigation links: "Home | Contact us | Our other sites | Search by keyword". A secondary navigation bar contains "About Us", "Energy & Services", "Media", "Community", and "Careers". Below this, a breadcrumb trail reads: "Gas | Electricity | Metering | Property | Interconnectors | Land and Development | Grain LNG". A left-hand sidebar lists various categories such as "About the Gas industry", "Pipeline Projects", "Connections", "Operational Data", "Capacity - Monthly Reports", "Capacity Auctions", "Capacity Summary", "Storage Information", "Operational Summary", and "Seasonal & Annual Data". The main content area is titled "Capacity - Monthly Reports" and lists several reports under the heading "Reports":

- NORM23 - Entry Capacity Trading**: Entry Capacity is defined in Network Code Section B. This Report gives an overview of the average, peak and lowest daily capacity traded by entry point. This provides a summary picture of the levels ... [View](#)
- NORM26 - Capacity Trading Analysis**: This Report shows in a graph the amount of days that there were capacity trades for, split by capacity trade type (see Help Text for more detail on the individual types of trade). [View](#)
- Long Term Entry Capacity Summary Report**: The report gives a tabular indication of Quarterly and Monthly NTS Entry Capacity sold and available in the long term entry capacity auctions at each ASEP (Aggregated System Entry Points) for the ... [Download Excel Spreadsheet](#) 186 KB
- Discretionary System Entry Interruptible Capacity Report**: This monthly report shows the Interruptible Entry Capacity made available at each ASEP for the previous month. The data is disaggregated into Use It Or Lose It and Discretionary Quantities. [Download Excel Spreadsheet](#) 20 KB
- ACCM - Auction Capacity - By Capacity Month**: [View](#)

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Shipper Preferences and Entitlements

Users are able to set their own preferences* and view their entitlements via the following screens:

- ◆ [Home>Deal>Capture>Set Up Shipper Preferences](#)
 - ◆ This allows the User to specify their own validation limits (both upper and lower) for **capacity**, **price** and **value** of a bid. Users should also be able to specify their limits for a combination of **methods of sale** (i.e. RMSEC) and **locations** (ASEPs).
- ◆ [Home>Product>Entitlements-Net](#)
 - ◆ This allows the User to view their entitlements. Users are able to query their entitlements by ASEP and period of their choice.

*anonymous

General Queries and Support

- ◆ For general queries regarding Long Term auctions you can contact the following at National Grid:

◆ Chris Gumbley	Senior Capacity Analyst	01926 654 071
◆ Dave Wagstaff	Capacity Analyst	01926 654 045
◆ Kay Haycock	Capacity Analyst	01926 655 342
◆ Andy Nixon	Capacity Analyst	01926 654 132
◆ Team email	capacityauctions@uk.ngrid.com	

- ◆ For Short Term (Daily) auctions please contact:

◆ Paul Youngman	Commercial Officer	01926 654 151
◆ Lesley Ramsey	Commercial Analyst	01926 654 4048
◆ Team email	gasoperationscentresatisfaction@uk.ngrid.com	

- ◆ For Gemini e-training contact xoserve:

- ◆ Customer Lifecycle Team (0121 623 2450) or visit www.xoserve.com

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