

# Issue presentation: capacity booking issue for network users on timing and comparability of DAH auctions

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# Introduction

## Background

- GM&T has experienced issues when attempting to book short-term capacities on PRISMA
- GM&T initiated conversation with PRISMA to understand the details of the processes and respective cooperation between TSOs and PRISMA, as well as PRISMA and shippers
- GM&T identified a miss-match between the responsibilities of the involved parties, and decide to raise a FUNC issue on Timing and Comparability of DAH auctions (no. 520-18-03-21-1120):

### *Content of communicated FUNC issue:*

- Short 30-minute time window before the DAH auction does not always allow for issues to be solved
- Next auction (WID auction) is not like-for-like DAH products
- Risk of imbalance and illiquidity for market participants

# Experienced Issues (1/2)

## 1. Missing fall-back solutions for DAH

- Not all TSOs offer fall-back solutions in case of incidents during capacity auctions
- Some TSOs do not trigger fall-back solutions if the disruption is between a shipper and PRISMA
  - Only if disruption between PRISMA and TSO occurs
- Missing fall-back solutions after usual office hours (5:30 pm CET) or public holidays
  - Lack of experienced staff to deal with incidents
  - Manual process hinders capacity sell in case PRISMA is down
- Some TSOs do not offer fall-back solutions for DAH auctions if capacity can be procured in WID auctions

# Experienced Issues (2/2)

## 2. Timing and comparability of auctions

- 30-minute time window for DAH auction does not always allow for issues to be solved by end of the auction window
- Next opportunity to buy full 24 hour product is the next WID capacity auction, however:
  - Purchasing process takes too long to conclude (7:00 PM – 2:30 AM CET)
- DAH is not like-for-like WID:
  - in some markets, if the DAH auction has been disrupted, interruptible DAH auction will not take place as it cannot be offered as long as firm capacity is not sold out
  - Cases where markets charge the full 24 hour price to a shorter WID product
  - Cases where a different level of multiplier between DAH and WID capacity prices exists or are currently proposed within the Network Code Tariffs implementation process

# Implications for Market Participants

## 1. Reduced liquidity

- Liquidity reduces from DA to WD
  - Less market participants
  - Less volumes traded/offered
  - Reductions can even be seen after 5pm CET (close of firm DA PRISMA auctions) for DA products compared to WD

## 2. Risk of imbalance

- Liability for imbalance charges
  - Flows which are not unwound and remain in the respective market areas will incur imbalance charges → financial loss for shippers
- Varied balancing regimes across the European gas market
- Increase of shipper's balancing responsibilities
  - Potential financial losses dependent on market situation and shippers positions

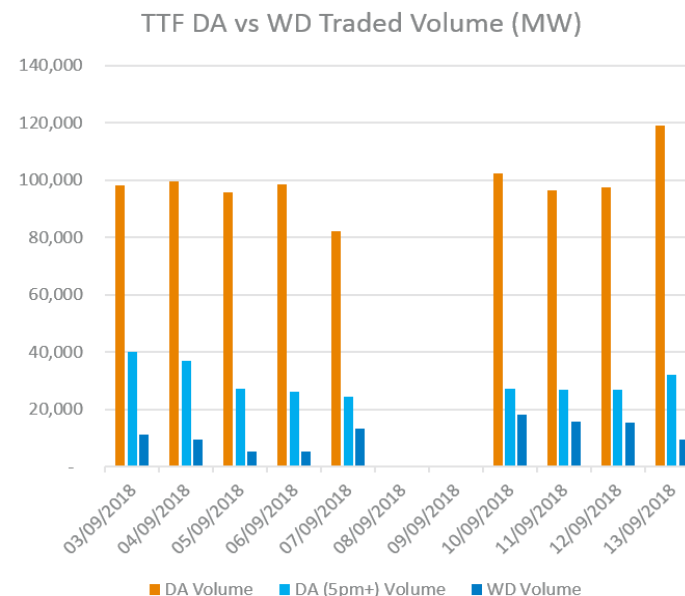


Illustration 1: Changing liquidity between DA and WID volumes. Weekend data has been ignored due to non-trading days.

# GM&T: provided suggestions

## 1. Improvements can be made before fall-back solutions are triggered

- 30min preview window ahead of the DAH auctions
- Communication test between TSOs and PRISMA to confirm data has been uploaded

## 2. Principals for TSO fall-back solutions

- *Transparency*
  - Better online accessibility (e.g. location on TSO website)
- *Alignment*
  - Simplifies internal processes and may reduce risks of imbalances
- *Comparability*
  - Fall-back solutions should be chosen based on an efficient market design
  - Ex. First WID auction needs to be “like-for-like” DAH auction
    - Cases where WID capacities have higher multipliers than DAH (= different tariffs)