

DSR Framework and Methodology Consultation

Representation Pro-forma







(Close-out date for representations 23 January 2015)

Date: 23/01/15

Organisation: British Glass Manufacturers' Confederation

Is this response Confidential? NO

This document has been provided to facilitate your response to the DSR Framework and Methodology Consultation. In order to help draw your attention to the consultation questions that may be most relevant to you, we have colour coded the questions which may have greater relevance to you and your organisation. Please note that this is just a guide and we would welcome responses to all questions provided. The colour coding used is as follows:

-  Eligible Gas Consumer (Gas Consumption Annual Quantity (AQ) greater than 2 Million Therms)
-  Licenced Gas Shipper
-  Licenced Gas Supplier
-  User Group Representative (i.e. Energy UK, MEUC, EIUG etc.)
-  Licenced Gas Transporter
-  Other, if you believe you are none of the above then please give further details below:

Your Details:

Consultation Questions

Q1: Do you consider that the DSR Framework and Methodology should set out provisions for the gas procurement arrangements between National Grid and Shippers, with only high level references to the Demand Side Response contractual arrangements between Shippers/Suppliers and Gas Consumers?



Yes. Contractual agreements between Shippers / Suppliers and gas consumers should not be rigidly set out in the framework. By allowing parties to negotiate specific terms on contractual agreements such as lead times, reduction profiles, notification periods, tick down aspects etc. specific consumer needs can be accommodated more successfully than trying to set out criteria to suit all potential participants. The downside to this might be that it is more difficult for a company to assess whether there is any benefit in making an offer without discussing with their supplier.

An important determining factor will rely on defining the baseline from which to measure any reduction. Since this is defined by the prevailing Gas Flow Nomination, this may require operators to review their current nominations.

Another important factor will be lead time required and how much flexibility there could be over timings and we understand that this can be set out in the contractual agreements.

Operators may find it useful to have a standard pro forma for submitting offers to suppliers and if this is taken forward, it must be designed with input from all potential customers to ensure that flexibility is not lost.

Q2: Do you consider that the current On the Day Commodity Market (OCM) provides an appropriate platform to facilitate the provision of a DSR Product?



Yes. The use of an existing platform will reduce the cost of the scheme to other users.

Q3: Does the proposed DSR Product meet your expectations in respect of providing sufficient market offer flexibility to match your operational requirements when determining and offering DSR? If not, which aspect(s) would you change, add or remove?



Yes, although the extent of flexibility is not completely clear and may be subject to the shipper / supplier's decision. The option to have either a daily or multi-day product gives enough flexibility with further details to be agreed between customer and supplier / shipper. As specified above, lead time may also need to be taken into account, as well as working patterns

of staff (if they are required to make necessary changes to implement the DSR) and other factors. Giving the option to offer multiple tranches is also welcome.

Q4: Do the criteria and arrangements set out within the Framework and Methodology for the posting and processing of DSR Offers meet your requirements? If not, could you describe the new issues you would like to be considered?



Yes.

NB The start of a gas day; which we know to be 6am – 6am does not appear to be defined and this could cause confusion for newcomers.

Q5: In respect of the development of the DSR Framework and Methodology, do you consider that you have been given sufficient opportunity to provide your input into the development of the DSR Framework and Methodology? Have we listened and taken account of your views?



Yes.

Q6: Do you consider that the Draft DSR Framework and Methodology, the proposed DSR Mechanism and the suggested Shipper/Supplier to Gas Consumer service agreement structure delivers an efficient and economic approach, through which Gas Consumers may provide DSR, that may otherwise not be available during periods of acute gas market stress?



Yes.

Q7: Do you consider that the proposed DSR Framework and Methodology appropriately meets the requirements set out in the gas Transporters Licence principles, i.e. that only signatories to the Uniform Network Code may post a DSR Offer? If not, please detail how you feel this SC81.4 (a) licence obligation may be better achieved?



NA

Q8: Do you consider that the proposed DSR Framework and Methodology satisfies the eligibility criteria set out in the Licence condition SC81.4 (b)? If not, do you have any views on how to better satisfy this principle?



No comment

Q9: Are you satisfied that the introduction of the DSR Framework and Methodology through the proposed revisions to the Locational Market of the OCM Platform is the most appropriate approach to meet the principles set out in Licence condition SC8I.4 (c)? If not, would you like to share any other options which in your opinion would better satisfy this principle?



Q10: Do you consider that this proposed DSR Framework and Methodology satisfies the principle set out in Licence condition SC8I.4 (d) which requires all DSR Offers to be treated as 'Eligible Balancing Actions' and included in System Clearing Contracts and the calculation of Cash-out prices? If not, could you provide details of any compatibility issues that you feel would conflict with this principle?



NA

Q11: Do you consider that the proposed DSR Framework and Methodology provides you or other Gas Consumers with an additional 'route to market'?



Yes. Where customers can be part of the solution before a gas deficit emergency, they should be offered financial incentives thereby protecting the supply for users whose VOLL is much higher.

Q12: Does the proposed DSR Framework and Methodology provide a 'route to market' for a DSR product that you would be interested in providing?



Yes, it is likely that some glass sector companies will be interested in discussing DSR offers with their supplier / shipper.

Q13: Would you agree that the proposed DSR Framework and Methodology does not unduly preclude the emergence of further commercial interruption arrangements? If not, could you provide information regarding which element you feel could prevent the emergence of commercial interruption, and any view on how this could be mitigated?



No comment

Q14: Do you foresee any distortions or unintended consequences that the introduction of the DSR Framework and Methodology may have on the existing gas market or gas supply contract arrangements and the principle of parties balancing their own positions in the wholesale gas market?



NA

Q15: Do you believe that the proposed DSR Framework and Methodology facilitates the procurement of DSR in a manner consistent with the National Grid's obligation to operate its pipeline system in an efficient and economic manner?



Q16: Do you consider that the proposed DSR Framework and Methodology would provide an improvement to the incentives on the gas suppliers to secure the domestic customer supply security standard?



NA

Q17: We would value any additional comments you would like to share with us regarding the process we have adopted in developing of the DSR Framework and Methodology.



No comment

Contact: Jenni Staves

British Glass Manufacturers' Confederation

j.staves@britglass.co.uk