

UNC 0866:

Amendments to Demand Side Response Arrangements



Proposer: Phil Hobbins, NGT

Panel Date: 18 January 2024

Why change?



- NGT has been working intensively with industry and consumers in recent times to deliver gas DSR reforms which have sought to improve the effectiveness of DSR as a pre-emergency tool
- Key changes have included:
 - Introduction of an 'option and exercise' procurement tender and contractual structure;
 - Enabling consumers to directly contract with NGT for DSR; and
 - Expanding the ability for participation in DSR to all daily metered consumers.
- Whilst market growth has been achieved, the 0.6 mcmd of DSR pre-contracted for this winter is still a relatively low volume
- During NGT's engagement with consumers and their associations in 2023, a number of enhancements to existing arrangements were suggested, which, in addition to NGT's own ideas, could help to increase the volumes of DSR offered

Options considered that are not being progressed at this stage



Multi-gas day DSR product

- No strong call for this product by consumers
- Can already be priced in to an option offer
- NGT could add an extra field to the tender proforma

A 'next 24 hours' DSR product

- Half of consumers polled show some interest
- May extend DSR exercise period beyond when NGT requires it

Consumer DSR 'exercise only' scheme

- Relatively low level of consumer interest

Solution



- Modify the UNC to:
 - Amend the timings and content of the DSR Options procurement tender process
 - Change how the process of exercise of a DSR Option works, including how the 'starting point' for demand reduction is determined
 - Enable Class 2 Consumers to contract directly with NGT for DSR Options
 - Amend the credit rules for Consumer DSR
 - Amend liabilities for failure to deliver when a DSR Option is exercised

Recommended Steps



- The Proposer recommends that this modification should:
 - be considered a non-material change and subject to Self-Governance.
 - be assessed by a Workgroup.

NGT proposes that Workgroup reports back to the April 2024 Panel to enable reforms to take effect within the 2024 DSR Options Tender