

Email introducing the survey;

Dear All,

National Grid is currently working with gas shippers and high volume gas customers to develop a new “route to market” for customers who are able to turn down their use of gas at times of particular system stress. This work is being undertaken through the development of a Demand Side Response (DSR) mechanism that would compensate large daily metered customers in return for reducing their gas demand.

In 2011 Ofgem initiated the ‘Gas Security of Supply Significant Code Review’ with the aim of further reducing the likelihood, severity and duration of a gas supply emergency. This Review has identified that there could be merit in developing a DSR Mechanism as a means of potentially further reducing the likelihood of a gas supply emergency and thereby enhance the security of supply to more critical loads. As a result, Ofgem has proposed placing a new Gas Transporter licence condition on National Grid to work together with our customers to develop a centralised DSR Mechanism.

As owner and operator of the Great Britain’s Gas Transmission System National Grid’s role is to ensure the safe, economic and efficient operation of the System. Whilst Gas Shippers hold the primary responsibility for ensuring that their customers’ demand for gas is met, National Grid supports shippers with this responsibility by also undertaking the role of the Residual System Balancer. It is currently envisaged that the development of a DSR mechanism will provide large daily metered customers with the option to offer a new commercial Demand Side “turn down” product. If this new mechanism is approved and implemented then customers’ offers made under the new arrangement would only be used in the rare event that a Gas Deficit Warning was issued by National Grid¹.

As part of the development of the DSR Mechanism National Grid would like to understand your views and opinions on the potential design of the DSR Mechanism and would also like to understand if you feel you would be interested and /or able to participate in such a service.

Below you will find a link to a DSR Mechanism Development survey. We would really appreciate 5 minutes of your time to complete this survey.

[Include Link to survey](#)

Thank you for your time and support in this complex area of work. Should you wish to discuss any aspect of the DSR work outside of the formal work group schedule then please do not hesitate to contact Claire Thorneywork, Darren Lond or Laura Mason (Cc’d in this email).

Gas Commercial Frameworks Team
National Grid

¹ A Gas Deficit Warning is a notice provided by National Grid to its customers where it anticipates there may be a significant supply or demand event on the system.

Introductory paragraph to the survey:

Feedback on Gas DSR Mechanism Development

This questionnaire is designed to enable you to provide National Grid with feedback relating to the Development of the Gas Demand Side Response (DSR) mechanism and to understand the potential demand reduction capability available.

The DSR mechanism is a tool which is being designed to encourage daily metered (DM) consumers to offer to reduce their gas demand at times of system stress. The aim is that by providing DSR prior to entering a gas supply emergency, DM consumers have the potential to protect their critical loads and receive compensation for doing so. Therefore potentially minimising the cost of demand interruptions and further reducing the likelihood of entering into an emergency.

The DSR Mechanism will enable customers to be paid to turn down their gas demand for a day. The amount of "Turn down" offered will be predetermined by the customer in advance. The customer will need to offer this 'Turn down' volume on a pence per unit basis.

The DSR industry workgroup are currently looking at the design of the DSR product, paying particular attention to the duration that the site will be expected to reduce their gas offtake for. Current indications from the industry outline a preference for the product to be a single day turn down, which is able to be repeated on subsequent days. This survey looks to capture your views on this in Q11 &12.

Other aspects of the DSR Mechanism are currently being developed through an industry workgroup process. The schedule for these work groups can be found at: <http://www.gasgovernance.co.uk/dsr>.

Survey:

1. Have you attended one of the DSR development discussions held by National Grid
 - Yes
 - No

2. How useful have you found the discussions on DSR development
 - Very useful
 - Useful
 - Not a good use of my time
 - N/A

3. In the event that the gas market was under stress and wholesale prices were rising significantly, would you voluntarily reduce your demand?
 - Yes
 - No
 -

4. If yes to question 3, would you reduce your demand through formal arrangements with your shipper/supplier, or would this be on a more ad-hoc basis?
 - Formal Arrangement
 - Ad-hoc basis

5. Approximately what proportion of your load would you be willing to offer in DSR?
 - 0%
 - 1-10%
 - 11-40%
 - 41-75%

- >76%
6. Would this proportion be in;
- A single tranche
 - Multiple tranches
7. Approximately what is your average daily gas demand?
- 0-1 GWh
 - 1-3 GWh
 - 3-6 GWh
 - 6-10 GWh
 - >10 GWh
 - Don't know
8. What sector are you in?
- Electricity Generation
 - Ceramics
 - Chemical
 - Glass
 - Steel
 - Food
 - Other Industrials
9. Do you currently have back up arrangements if your supply of gas was reduced?
- Yes
 - No
10. How quickly could you reduce an element of your daily gas demand?
- Instantly
 - Under 1 hour
 - 1-2 hours
 - 2-4 hours
 - 4-6 hours
 - >6 hours
11. What is the maximum length of time you would be willing to reduce your gas demand for [in return for DSR payments]?
- A few hours, but less than a day
 - A full day
 - A number of days, but less than a week
 - A full week
 - More than a week
 - Other
12. What is the minimum length of time you would be willing to reduce your gas demand for [in return for DSR payment]?
- A few hours, but less than a day
 - A full day
 - A number of days, but less than a week
 - A full week

- More than a week
 - Other
13. If you were offered a suitable annual “option fee” for being a “first call” provider of DSR services what impact would such an annual payment have on the volume of demand reduction you would be able to offer into the DSR mechanism?
- No impact
 - Would mean we would move from not being able to offer DSR to being in a position to make an offer
 - Increase volume offered by up to 25%
 - Increase volume offered by between 25% and 50%
 - Increase Volume offered by between 51% and 100%
 - Increase volume offered by more than 100%
14. Would you be interested in participating in a DSR mechanism if this helped to protect your critical loads and you received compensation for doing so?
- Yes
 - No
 - Maybe
15. National Grid intends to run an “Expression of interest” trial of the potential DSR Mechanism following the industry development process and before launching the final product. Would you be willing to participate in this simple paper based trial exercise?
- Yes
 - No

Additional Questions to add:

Currently on the OCM trading platform there is a minimum trade side of 100,000 kWh, would this affect your involvement in DSR?

Daily product, would this influence how you price your DSR offer?

Thank you for completing our questionnaire, if you have any further feedback then please contact us at: Box.DSRDevelopment@nationalgrid.com