

# Development of a Demand Side Response Methodology



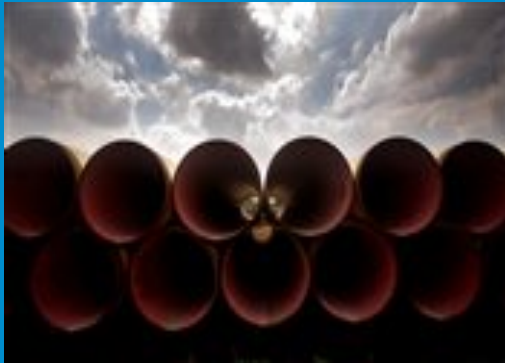
DSR WG5

# Agenda

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- DSR Product Design
- DSR Trial
- *The DSR Methodology*
- *Initial Survey feedback*

# The DSR Product Design

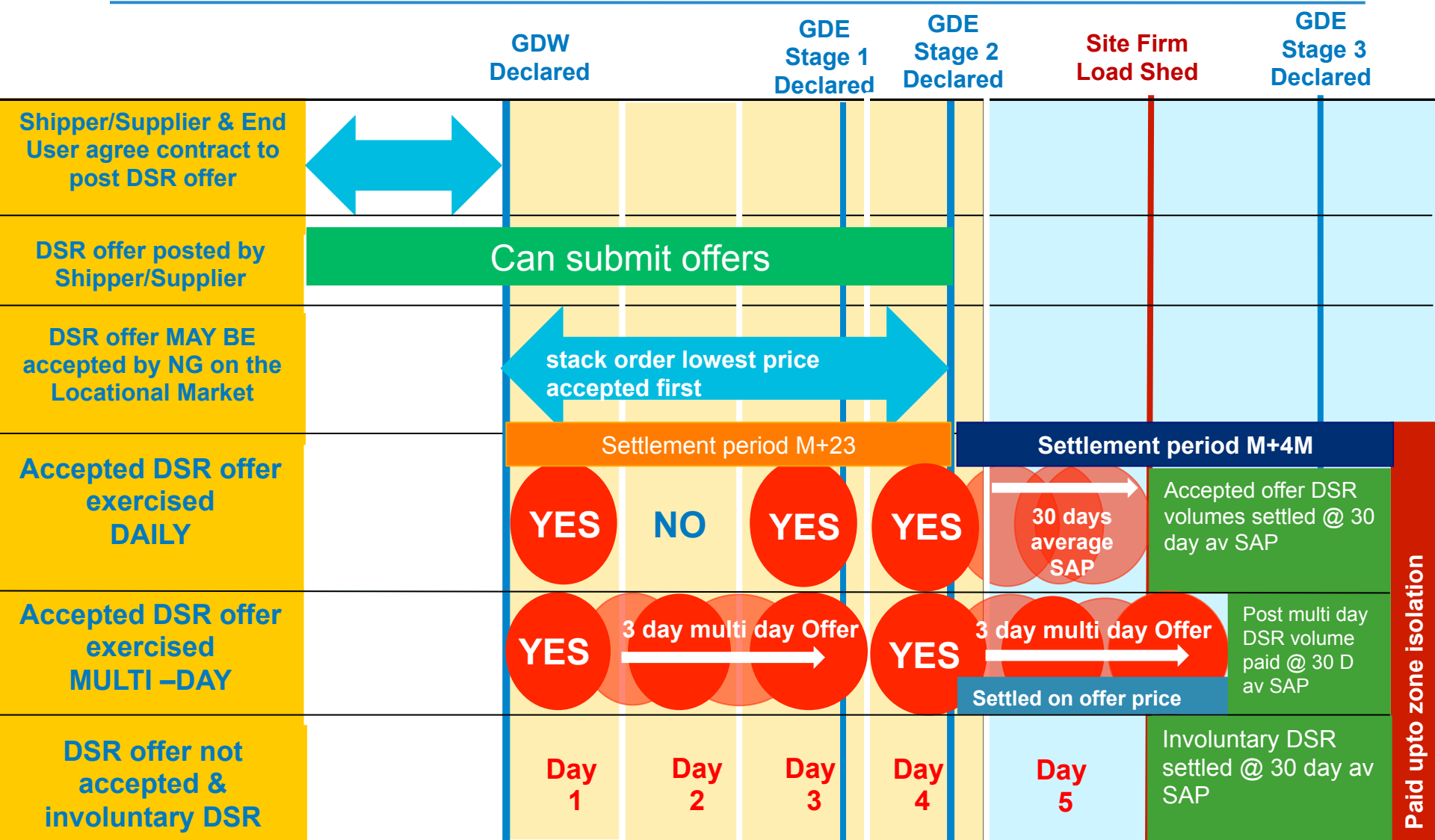


## DSR Product Design

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- The following slides outline the DSR product which has been developed and agreed during the course of the DSR workgroups

# DSR Mechanism Process Flow: Daily or Multi-day Offers



Paid upto zone isolation

## Key Product features:

DSR Offers

- may be submitted onto the market at any point.
- may only be accepted in the DSR Period (between Declaration of a GDW and the former of the GDW being revoked or the End of GDE Stage 1).
- will not be visible to the market until the GDW is declared.
- may be amended within the DSR Period (aligned with current OCM “supply side” market) for price and volume.

One to many Market

NG NTS being only ‘price taker’ on the Locational Market

Daily Product with options for structure:

- A 7 day profiled offer – i.e. can submit differing values for each day of the week

Multiday Product

Using currently functionality and UNC arrangements (Locational Market Transaction)

Stage 2 Obligation

Offers accepted within Stage 1, but on the Day of entry into GDE stage 2 will be obligated to remain off until instructed back on.

# Locational Platform favoured DSR Mechanism

DSR Offers can be supported by the existing OCM Locational Market .  
Some new functionality will need to be considered:

DSR Flag	Introduce a flag to identify DSR Offers, eligible for acceptance post a GDW, which can run along side other products available on the Locational Market.- <b>new functionality</b>
Feed into cashout	Prices associated to accepted DSR Offers will feed into cashout. Locational actions, accepted for constraint purposes, will continue to have their prices excluded from cashout, through an ID code – existing functionality
1 to many	The Locational Market revised to a one to many market (NGG the single ‘price taker’) – <b>new functionality</b>
Offer visibility	DSR Flagged Offers will not be visible until the GDW is declared - <b>new functionality</b>

Removes the need for additional markets to be created and monitored:  
Likely to be less development cost and governed under existing UNC provisions

## The DSR Trial





# DSR Trial Overview

## Timeline of paper based DSR trial mechanism

Development of the DSR Trial	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Internal Development of proposed paper based trial approach	Nov - May 15										
External Workshop to advise on paper based trial arrangements								Jun-Jul 15			
Run Trial and Draft Report											
Publish trial report to Industry and Ofgem										Aug-15	
Ofgem 'go no go' decision											Sep-15

- Option Development
- Consultation
- Authority Decision
- Key Stage Gate

## Pre-Trial Go Live Requirements

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- Engage with Ofgem and Industry to determine objectives and define success criteria for the DSR trial
- Trial scenario to be developed that is likely to follow similar structure as the Network Gas Supply Emergency exercise scenarios
- Timeline to be developed providing details of the incident(s), responses, instructions and actions that will take place within the trial
- Industry and Ofgem engagement will be sought to register interest in participation in the trial
- Await Ofgem confirmation that trial can commence

# Pre-Trial Timeline

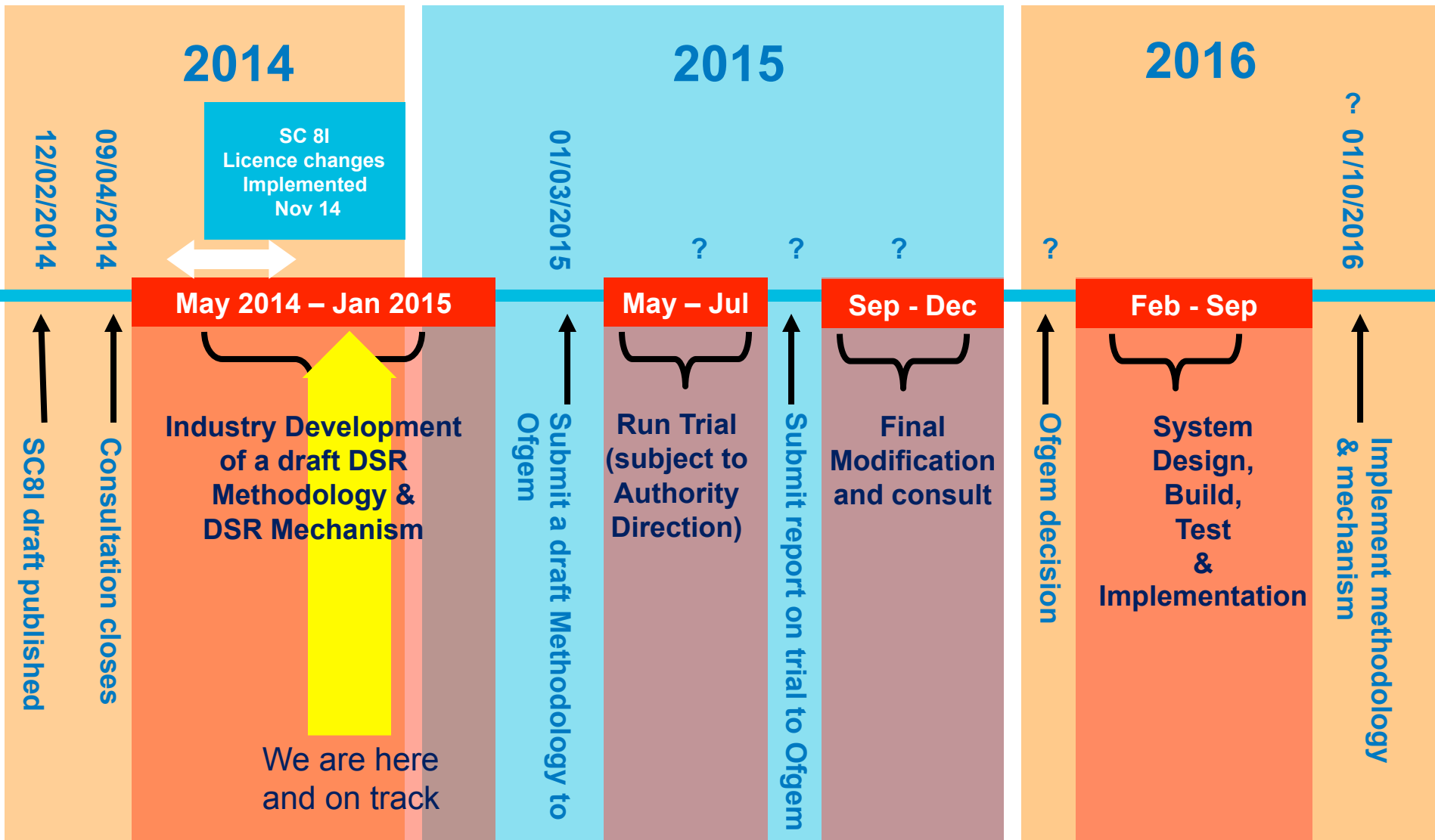
Proposed paper based trial approach	Nov	Dec	Jan	Feb	Mar	Apr	May
Internal Engagement	Option Development						
Define Trial Objectives/Critical Success Factors	Consultation	Consultation					
Develop Trial Scenario		Option Development	Option Development				
Determine Trial Timeline			Option Development	Option Development			
Industry and Ofgem Engagement					Consultation	Consultation	Consultation
Ofgem 'go-no-go' decision							Authority Decision

- Option Development
- Consultation
- Authority Decision

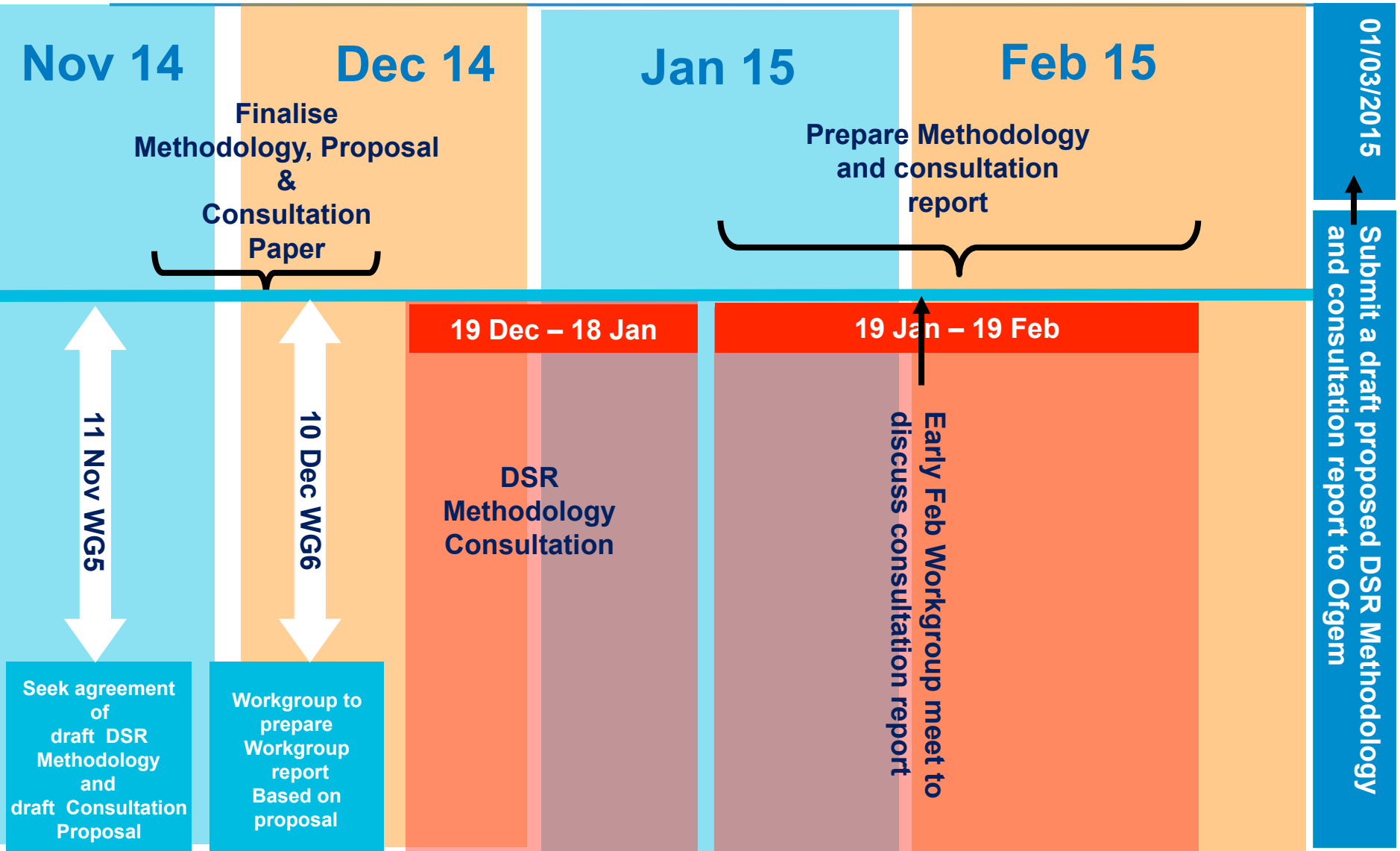
## Next Steps



# DSR Methodology and Mechanism Timescales



# DSR Methodology Consultation Timescales



## Next Steps

Task	Action	Delivery date
DSR Methodology	Draft prepared, Legal reviewed, copy submitted to Joint Office for Workgroup review on WG5. Final document to WG6	10 Dec 14
Customer Survey	Survey out for consultation ~20 responses receive to date. Close out extended to 7 Nov. Preparing analysis on survey for December Workgroup.	10 Dec14
DSR Proposal	Draft Proposal under internal review. Issue to the Joint Office in preparation for Workgroup discussion and to assist in preparation of Workgroup Report. Final Document to WG6	10 Dec14
Consultation Paper	Consultation paper to be prepared for 18 Dec Workgroup	10 Dec 14
DSR Trial	Internal preparation of option development and customer engagement plan	Nov 14 to Feb 15