

Demand Side Response Methodology (DSR) for Use after a Gas Deficit Warning (GDW)

Draft Business Rules

Version 0.1

Following the broad consensus of Workgroup 0504 meeting 3 (WG3), held on the 10 September 2014, these Business Rules are currently drafting based on a 'Daily Product'. During WG3 members were asked to consider the pros and cons of all three products, and provide views to the next Work Group (13 October 2014). Please note that these Business Rules are in draft form and may be revised to reflect any product or feature design revisions agreed within the any further 0504 Workgroup discussions.

Background

In February 2014 Ofgem published its Final Policy Decision Consultation on the Security of Supply (SoS) Significant Code Review (SCR). As part of the Consultation Ofgem proposed the revision of National Grid's NTS Transporters Licence to introduce the new Special Condition 8I (SC8I) – 'Development and Implementation of a Demand Side Response (DSR) Methodology for use after a Gas Deficit Warning'; The Licence revisions were approved by the Authority in September 2014. The Special Condition 8I requires National Grid NTS to:

1. Develop a methodology (the "Demand Side Response Methodology"), in consultation with the industry, for assessing and accepting Demand Side Response Offers, with a draft to be submitted to the Authority no later than March 2015;
2. Where Directed by the Authority to do so, run a trial of the approved draft Demand Side Response Methodology;
3. Following such a trial, submit to the Authority a report on the outcome of the trial and a final version of the Demand Side Response Methodology, amended to address issues identified by the Licensee during the trial; and
4. Where Directed by the Authority to do so, implement the Demand Side Response Methodology.

These Draft Business Rules seek to describe the arrangements and provisions required for the proposed DSR Methodology, and will include some provisions that may be required as part of other governance arrangements for example: the UNC and suggested Heads of Terms for shipper/supplier contracts with End Consumers. The proposed DSR Methodology arrangements described within these Business Rules seek to ensure that all relevant SC8I Licence conditions requirements are met.

The Demand Side Response Methodology

Following several industry engagement sessions, over the last year, meeting with approximately 60 Large Industrial End Consumers, Shippers and Suppliers, and a suite of Modification Proposal 0504 – ‘Development of a Demand Side Response Methodology’ Industry Workgroup sessions, these Draft Business Rules seek to provide an initial view, of the DSR Methodology which represents industry discussions to date.

The DSR methodology seeks to provide an additional ‘route to market’ through which End Consumers (via their Shipper) can signal their willingness to make available additional DSR volume, i.e. DSR volumes which would not otherwise be offered through existing market mechanisms. Encouraging as much DSR volume to come forward, post a Gas Deficit Warning (GDW), but prior to the end of GDE stage 1 may, in some circumstances, provide sufficient additional system balancing volumes to avoid the system entering into stage 2 of a Gas Deficit Emergency (GDE), and therefore may help all affected parties avoid the high costs and risks associated with an escalation into the later stages of a GDE.

Ofgem’s SCR process identified that the gas market would benefit from large consumers reducing demand voluntarily ahead of an emergency. However, during the same process stakeholders expressed doubts that a market for voluntary interruption would emerge of its own accord. During this process a number of stakeholders also suggested the development of a centralised mechanism for DSR. Ofgem has therefore directed National Grid to develop a centralised mechanism for specific types of End Consumers to Offer their DSR to National Grid Gas (NGG). It is envisaged that establishing this mechanism will serve to ‘kick-start’ the market for commercial interruption in the medium to long term and thereby increase competition for the provision of DSR.

DSR Methodology Business Rules

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DSR Methodology Business Rules

Section 1. Definitions

1.1. The DSR Service describes the framework by which the End Consumer and Shipper will determine, agree and offer demand side response to National Grid NTS. The DSR Service Contract is the agreement within which the DSR Service arrangements will be agreed between the Shipper and the End Consumer. The DSR Offer describes the input requirements and parameters required for each individual trade offer that may be submitted on to the OCM – DSR Platform. The DSR Offer Notice is the binding agreement between the End Consumer and the Shipper that defines the specific data entries and parameters required for an individual DSR Offer.

1.2. Definitions:

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|------------------------|--|
| a DSR | Demand Side Response. The reduction in a Sites gas offtake. |
| b DSR Service | The framework in which the End Consumer and Shipper will determine, agree and offer Demand Side Response to National Grid NTS. |
| c DSR Service Contract | The Contract in which the DSR Service arrangements will be agreed between the Shipper and the End Consumer. |
| d DSR Offer | Each individual trade offer that may be submitted on to the OCM – DSR Platform. |
| e DSR Offer Notice | The binding agreement between the Shipper and End Consumer that details the DSR Offer information |
| f DSR Product | The basis of the methodology that put in place the framework and arrangements in which all DSR Offers will be placed, accepted and exercised. |
| g DSR Period | The Period between the GDW being declared and the former of the revocation of the GDW or the end of GDE stage 1. The period where National Grid NTS may accept DSR Offers. |
| h OCM – DSR Platform | The Trading platform that DSR Offers may be submitted upon. |
| i GDW | Gas Deficit Warning ref: UNC Section V5.9 |

- j GDE Gas Deficit Emergency ref: UNC Section Q
- k Firm Load Shed During Stage 2 of a GDE emergency; upon direction from the Network Emergency Coordinator (NEC), National Grid NTS and relevant Transporters may instruct the End Consumers to curtail gas offtake at specified sites.
- l Tick Down Each DSR Offer may be offered with a counting down feature that reduces the volume of DSR available on the Gas Day as the unaccepted Offer progresses through the Day.
- m Gemini System Part of the UK Link System, and is the accounting system for Gas Energy Balancing.

Section 2. DSR Service

2.1. The DSR service features 2 principle contractual arrangements:

- a **For reduction in gas quantity offtaken at relevant Site** - Shipper to End Consumer contractual arrangement; In exchange for the payment of a service fee the Shipper (through instruction from the relevant End Consumer) will agree to offer, on behalf of the End Consumer, a reduction in offtake from the NTS. In return the End Consumer commits to honouring and delivering on the agreed offtake reduction if called to do so. These arrangements will be undertaken within the terms provided in this DSR methodology, and secured upon the DSR Offer being accepted on the 'On the day Commodity Market' (OCM) - DSR Platform by National Grid NTS; and
- b **For the gas procurement** – Shipper to National Grid NTS contractual arrangement. Acceptance by National Grid of an Offer, placed by a Shipper on the OCM – DSR platform, to sell title to gas at the NBP to National Grid NTS in its Role as Residual Balancer.

2.2. A DSR Service;

2.2.1. The End Consumer will work together with their Shipper/Supplier to place the relevant DSR Offer(s) onto the OCM-DSR trade platform. DSR Offers may be placed, updated or withdrawn, on the DSR trade platform at any time up to the declaration of a GDW. Once submitted, the DSR Offer will be deemed to be available for every day within the DSR Period (between the declaration of a GDW and the end of GDE Stage 1).

2.2.2. National Grid NTS will notify the OCM Market Operator that a GDW has been declared and when a GDW has been revoked.

- 2.2.3. DSR Offers associated to the DSR Service may only be accepted by National Grid NTS and only where a GDW has been declared and is in effect. There is no limit to the number of days and duration that National Grid NTS can call on the service within these parameters.
- 2.2.4. A DSR Service will comply within the 'Terms' specified in the Shipper/Supplier to End Consumer DSR Service Contract provisions, which will reflect the provisions set out in this DSR Methodology.
- 2.3. The Shipper agrees to pay the End Consumer the contractually agreed DSR payment, within the agreed timescales, for the reduction in offtake at the relevant site; less the agreed cost of gas procured by the Shipper and subsequently sold to National Grid NTS.
- 2.4. Upon instruction from the End Consumer the Shipper may revise or remove the DSR Offer to indicate when the service is reduced or unavailable (maintenance etc.). [Revisions to be notified, on the OCM – DSR platform, prior to the declaration of a GDW.]
- 2.5. Where a DSR Offer is accepted by National Grid NTS on the OCM – DSR Platform;
 - 2.5.1. The Shipper will notify the End Consumer of the requirement to reduce their notified End Of Day (EOD) offtake by a volume at least equal to the DSR Offer (including any allowances for 'Tick down').
 - 2.5.2. The Gas Balance position registered on the Gemini system, of the Shipper's and National Grid NTS, in its Residual Balancing role, will be registered on the Gemini system, will be adjusted to reflect the completed gas trade on the OCM – DSR platform.
 - 2.5.3. DSR Offers may be accepted;
 - a Solely by National Grid NTS for National Balancing purposes only; and
 - b Post GDW being declared up to the end of Gas deficit Emergency Stage 1; and
 - c Where the DSR Offer meets the criteria set out in this DSR Methodology

Section 3. The DSR Product

- 3.1. The DSR Product provides 2 items:
 - a A specified volume of demand side reduction by the End Consumer; and
 - b A Gas Trade for the equivalent demand side reduction volume by the Shipper.
- 3.2. Features of the DSR Product:

- 3.2.1. The DSR Product must be associated with a specific Daily Metered Supply Point that has an annual demand quantity offtake greater than 2 million therms per annum (DMC).
- 3.2.2. The Product may be submitted onto the OCM – DSR Platform a Registered User at the relevant DMC.
- 3.2.3. The Product will be offered to National Grid NTS as a [Daily product and accepted for each Gas day exclusively];
- 3.2.4. The DSR Product may be submitted onto the OCM - DSR Platform as a DSR Offer, prior to the declaration of a Gas Deficit Warning (GDW);
- 3.2.5. The DSR Product may be offered in separate tranches of volume, which may be priced individually, according to the Value of Lost Load (VoLL) associated to each separate tranche;
- 3.2.6. Each tranche will be submitted as a single DSR Offer;
- 3.2.7. There may be more than one DSR Offer at a specific DMC;
- 3.2.8. Each Offer must be greater than 100,000 kWhs;
- 3.2.9. All available DSR Offers will have both their volume and price frozen once a GDW is declared;
- 3.2.10. After the GDW is declared the DSR Offer cannot be revised or removed;
- 3.2.11. Where the DSR Offer is submitted onto the OCM-DSR Platform, National Grid NTS may accept the Offer, on a daily basis, for the period between the GDW being declared and the former of the GDW being revoked or the end of Gas Deficit Emergency (GDE) Stage 1, The DSR Period.
- 3.2.12. The submitted DSR Offers will be available to be accepted by National Grid NTS on each day, and may be accepted by National Grid on any day in the DSR Period, this could be for 1 or more days.

Section 4. Eligibility

- 4.1. Only sites that comply with the eligibility rules specified in this DSR Methodology may enter the DSR mechanism. In turn the DSR Methodology must satisfy the criteria and obligations set out in the GT Licence obligation SC8I.
- 4.2. An Eligible site is a 'DMC' customer as defined in Section A 4.5 of the Uniform Network Code. Eligible sites will be:
 - a A Supply Point with a demand =>2million therms per Annum (2M tpa);
 - b Able to offer a minimum DSR Offer volume of 100,000 kWhs in any one DSR Offer Notice.
- 4.3. A Shipper may only submit a DSR Offer onto the OCM – DSR Platform for a relevant DMC where:
 - a it is a registered User; and
 - b it has entered into a DSR Service Contract, with the relevant End Consumer, prior to the relevant GDW being declared.

Section 5. DSR Participants

- 5.1. There are four/five counter- parties participating in the DSR arrangement.
 - 5.1.1. End User with eligible sites
 - 5.1.2. Shipper & Supplier
 - 5.1.3. OCM Market Operator
 - 5.1.4. National Grid NTS
- 5.2. **End Consumers**
 - 5.2.1. The End Consumer, with an eligible site, may choose to offer DSR and with its registered Shipper contractually agree terms associated with placing DSR Offer
- 5.3. **The Shipper**
 - 5.3.1. The Shipper, must be the Registered User for the eligible site, is the party eligible to participate on the OCM-DSR Platform on behalf of the relevant End Consumer with the eligible site.
- 5.4. **OCM Market Operator**
 - 5.4.1. The OCM Market Operator will provide the DSR platform within the OCM
 - 5.4.2. The OCM Market Operator will facilitate offer and acceptance of DSR trades in accordance with the OCM Market Rules contract, The UNC Section Annex D1 and the DSR Methodology.
- 5.5. **National Grid NTS**
 - 5.5.1. National Grid NTS will be the sole party that may accept DSR Offers within the DSR mechanism.
 - 5.5.2. National Grid NTS will only accept DSR Offers for National Balancing Purposes.
 - 5.5.3. DSR Offers for the relevant Gas Day may be accepted by National Grid NTS at any time following the publication by National Grid NTS of a GDW; and the DSR Offer will be available on each day throughout the period between the declaration of a GDW and the end of GDE Stage 1.
 - 5.5.4. The acceptance of a DSR Offers by National Grid does not affect, or set aside, the Network Emergency Coordinator's (NEC) or National Grid's rights or obligations when undertaking its duties under the provisions set out in 'The Gas Safety (Management) Regulations 1996 - NEC Safety Case'.

Section 6. DSR Contractual Relationships

- 6.1. The Shipper/Supplier and End User will ensure that the following DSR provisions are set out in their DSR Service Contract Agreement:
 - 6.1.1. Agreement that the registered Shipper may post DSR offers on behalf of the End Consumer onto the OCM - DSR platform;
 - 6.1.2. Information and communication arrangements links and timings of communications;
 - 6.1.3. Settlement arrangements; and
 - 6.1.4. Liabilities for non-compliance arrangements.

- 6.2. Supplier Licence Condition 19D of the Gas Supply Licence and Shipper licence Condition 15A set out the obligation for passing on involuntary DSR payment to End Consumers as soon as reasonably practicable. [these Licence conditions will need to include passing on voluntary DSR payment that relate to the DSR mechanism] or should be reflected in the DSR service contract.
- 6.3. Where a DSR Offer is accepted by National Grid NTS;
- 6.3.1. The DSR Offer acceptance will be a contractual arrangement between the Shipper and National Grid NTS through the existing OCM Market Rules and UNC contractual arrangements.
- 6.3.2. The Shipper/Supplier will ensure that a ‘back to back’ contractual arrangement is secured between the Shipper/Supplier and the End Consumer for the End Consumer to deliver at least the reduction in offtake agreed in the DSR Offer Notice (including any allowances for ‘Tick down’).
- 6.4. **The DSR Service Contract**
- 6.4.1. To participate in the DSR Mechanism the Shipper/Supplier and End Consumer must have already entered into a DSR Service Contract.
- 6.4.2. The DSR Service Contract must be agreed prior to posting on Offer on the OCM – DSR Platform.
- 6.4.3. The DSR Service Contract Agreement will set out standardised contractual ‘Heads of Terms’ relating to;
- a the DSR service; and
 - b Service fees; and
 - c Information, communication and response timescales and obligations including notification of accepted DSR Offer and response to exercise; and
 - d Payment and Settlement arrangements; and
 - e Liabilities; and
 - f the DSR Offer Notice arrangements
- 6.4.4. [In exchange for the payment of a Service fee the Shipper (through instruction with relevant End Consumer) will agree to place DSR Offers within the ‘Terms’ specified in the DSR Service Contract provisions.]
- 6.4.5. The Service may only be utilised within the ‘Terms’ specified in the DSR Service Contract which will reflect provisions set out in this DSR Methodology; and will be consistent with relevant UNC Code provisions and the OCM market Rules.
- 6.4.6. Upon instruction from the End Consumer, the Registered Shipper may withdraw or revise the DSR Offer where indicated in the ‘Terms’ that the service is unavailable (maintenance etc.). [This must be notified, within [X hour/days], prior to the declaration of a GDW.]

6.4.7. The DSR Service must describe the communication links between the parties, where these communications fail to meet the communications criteria each party reserves the right to terminate the DSR Service Contract agreement.

6.5. **DSR Offer Notice**

6.5.1. In respect of each specific DSR Offer, the Shipper/Supplier and End Consumer will prepare and agree a DSR Offer Notice which will specify:

- a Price p/kWh
- b Volume (kWh)
- c Required lead time for exercising (which will include any Shipper to End Consumers notification time too)
- d Timing of DSR Offer availability within the day (Evergreen, reducing volume over 24hrs, only available within working hours)
- e Tick down rate within day (i.e. 1/6 , 1/12, hour)(where the applied rate means that the DSR Offer volume is less than the minimum bid volume the DSR Offer will no longer be valid)
- f Location (meter ID)
- g End Consumer Contact details
- h [Site details]
- i [number of Days] **if multi-day**
- j [Posting Daily DSR Offer volumes by profiling Offer volume and/or price over a duration of days e.g. week to account for reduction in demand at weekends.]
- k other

This information will be used by the Registered Shipper to place the DSR Offer(s) onto the OCM.

Section 7. The DSR Offer Price

- 7.1. The DSR Offer price will be a p/kWh per day conforming to OCM Market Rules.
- 7.2. The derivation of the DSR Offer price will be agreed as part of the DSR Service Contract Agreement and may include; [the Customer determined price for Value of Lost Load (VoLL) p/kWhs, the gas price supplied by the Shipper (p/kWhs) and any allowance for the Shipper levied Service fee]
- 7.3. Where levied by the Registered Shipper as part of the DSR Service Contract Agreement then the DSR Service Fee will form part of the DSR Offer price.
- 7.4. Accepted DSR Offers will be treated as Market Balancing Actions (MBA) and as such all accepted DSR Offer prices will feed into the System Average Price (SAP) and System Marginal buy Price (SMPb) calculation for the relevant gas day in accordance with existing arrangements for other MBAs.

- 7.5. Payment for the accepted DSR Offer will be paid to the Shipper by National Grid NTS within the same timescales prescribed for all other MBAs.
- 7.6. The Shipper will agree to pay the End Consumer the contractually agreed DSR payment for an accepted DSR Offer, less the contractually agreed costs associated with the gas procured by the Shipper and subsequently sold to NG NTS. [Providing the End Consumer can demonstrate that it has acted in accordance with the terms of the curtailment requirements defined within the DSR Methodology and the DSR Service Contract Agreement.]

The derivation of the DSR Offer Price and Service Fee will be influenced by which product is taken forward e.g. Multi-day, Daily or Duration products.

Section 8. Posting DSR Offers

- 8.1. The minimum DSR Offer volume that may be placed on the OCM- DSR Platform, in respect of any DSR Offer, is 100,000 kWhs.
- 8.2. In respect of a DSR Offer submitted through the day on a 'Tick Down' option, once the DSR Offer reduces below the minimum quantity the Offer will be withdrawn from the market for the relevant Gas Day, this is due to the Offer falling below the minimum bid criteria and will not be valid.
- 8.3. [DSR Offer(s) will be for a specified offtake reduction volume (kWhs) at an eligible site and in the form specified by the DSR Methodology. [Each DSR Offer(s) will relate to one individual volume of reduced offtake (a tranche); for each eligible site the total volume of offtake reduction of all DSR Offers shall not exceed the prevailing notified offtake quantity, as set out in the prevailing Gas Flow Nomination, submitted by a relevant Shipper, for the relevant site, for the relevant Gas day].
- 8.4. A DSR Offer may be posted on to the DSR platform of the OCM at any point in time up to the declaration of a GDW at which point all available DSR Offers will be frozen; and DSR Offer price and volume may not be amended or withdrawn, whilst the GDW is in place and upto the end of the DSR Period.
- 8.5. In accordance with the specifications set out in paragraph 6.5 – 'DSR Offer Notice'; In respect of each DSR Offer that is posted onto the OCM – DSR Platform, the End User will determine and agree the offer details in the relevant DSR Offer Notice.
- 8.6. Where instructed by the End Consumer, the Shipper shall submit the DSR Offer on to the OCM-DSR Platform on behalf of its End Consumer for the Eligible Supply Point.
- 8.7. Each DSR Offer will be submitted in accordance with the relevant DSR Offer Notice agreed with the End User, and will comply with the DSR Methodology and the OCM market rules.

Section 9. DSR Offer Acceptance arrangements process

- 9.1. Where a GDW has been declared National Grid NTS may accept DSR offers on the OCM – DSR Platform for each day upto the time that the GDW is revoked, or a GDE Stage 2 has been declared.
- 9.2. Upon declaration of a GDE Stage 2 National Grid will not be required to accept any further DSR Offers.
- 9.3. All available DSR Offers will be displayed in a price order of Offers consistent as per all other OCM markets.
- 9.4. National Grid will accept lowest priced offers first in stack order, making an assessment across the OCM Title, Physical, Locational, and DSR Market.
- 9.5. Where National Grid accepts a DSR Offer the Shipper will be notified through existing OCM notification processes.
- 9.6. [Where the DSR Offer is accepted, a Shipper notified reduction in offtake at the relevant site (a Tranche) is required within the timescales and lead-times prescribed on the DSR Offer on OCM – DSR Platform and in accordance with the notification and lead-time agreed in DSR Offer Notice].

Section 10. Exercising the accepted DSR Offers process

- 10.1. **[Daily Product]**
- 10.2. Where National Grid accepts the DSR Offer;
 - 10.2.1. The Shipper will notify the End Consumer of the requirement to reduce their gas offtake for the Gas Day by the volume specified; at the specified site; within the timescales; and arrangements prescribed in the relevant DSR Offer Notice.
 - 10.2.2. As with all Physical Market Offers accepted on the OCM, the Shipper will notify National Grid NTS of the intent to reduce offtake at the relevant DMC by submitting a re nomination at the relevant DMC supply meter point, as prescribe in UNC Section FXXX –Physical Re-nomination Incentive (PRI) Charge.
- 10.3. [Treatment of accepted Offers when entering into a GDE Stage 2
 - 10.3.1. Where National Grid has accepted a DSR Offer for a Day on which National Grid subsequently declares a GDE Stage 2:
 - a the accepted DSR Offer will be exercised for each day following the day the offer was accepted until countermanding instructions are issued by National Grid NTS i.e. instruction from National Grid NTS during the restoration stage of the GDE.

- b Payment at the DSR Offer value for the accepted DSR volume will continued to be made up to the point that the relevant site has been instructed to Firm Load Shed, by the relevant transporter, and the prevailing DSR payment arrangement will apply in accordance with SCR SoS legal text 11.a & 11.b]
 - c In respect of 11.a & 11.b the Gas SCR SoS legal text section 6.4 – ‘DSR Payments’ prescribes a DSR payment, for each day of curtailment, of 30 Day Average SAP (price set from the Day prior to entering Stage 2) multiplied by the Volume that was Firm Load Shed.
- 10.4. As the DSR is exercised through an OCM trade, once the DSR service has been exercised, the affected End Consumer will be entitled to receive the relevant DSR payment until the end of the relevant gas day on which the DSR Offer was accepted, irrespective of any countermand instruction from National Grid that the GDW for the gas day has been repealed.

Section 11. Payment and Settlement Arrangements

- 11.1. All accepted DSR Offers will be regarded as Market Balancing Actions (MBA) taken by National Grid NTS. Settlement of such Offers will be undertaken in accordance with normal Energy Balancing settlement arrangements for MBAs. These payments will be settled with the relevant Shipper; and the Shipper will be obligated to settle payment with the relevant End Consumer within [X days] of receipt payment from NG NTS.
- 11.2. The Shipper will agree to pay the End Consumer the contractually agreed DSR payment for an accepted DSR Offer, less the contractually agreed costs associated with the gas procured by the Shipper and subsequently sold to NG NTS. [Providing the End Consumer can demonstrate that it has acted in accordance with the terms of the curtailment requirements defined within the DSR Methodology and the DSR Service Contract Agreement.]
- 11.3. [Where National Grid accepts a DSR Offer for a day on which it later declares a GDE Stage 2; the offer acceptance shall continue to be exercised throughout GDE Stage 2+. Payments associated with accepted DSR offer volumes will be settled as follows:
- a For each relevant Day, following declaration of entry into GDE stage 2, all settlement of accepted DSR Offer volumes will NOT be executed within the settlement timescales prescribed for the relevant Energy Balancing invoices. These DSR Offer payments will be settled in accordance with the Gas SCR SoS legal text section 6.4 – ‘DSR Payments’, and will be settled with the same timescales and under the funding arrangements provided for DSR Payments relating to Firm Load Shedding (FLS) (Involuntary DSR)].
 - b [Accepted DSR Offers will receive DSR Payment, at the offer price multiplied by the volume accepted in the DSR Mechanism, for each Day the site is curtailed, up to the day on which the site is subject to Firm Load Shed. A Firm Load Shed site will receive DSR Payments, for the total volume of interrupted load (including

both voluntary and involuntary DSR) in accordance with the DSR settlement arrangements prescribed in [the Gas SCR SoS legal text section 6.4 – ‘DSR Payments’.]

Section 12. Liability Arrangements

- 12.1. [When submitting the DSR Offer onto the OCM – DSR Platform the Shipper warrants that the DSR Offer accurately reflects the details agreed in the DSR Offer Notice. [The Shipper will be solely responsible and liable for any error or omission in the DSR Offer, when registering onto the OCM DSR Platform; these liabilities will manifest themselves as cash-out cost and Physical Re-nomination Incentive (PRI) charges.]

- 12.2. [Where the amount of gas offtaken for a relevant Gas Day at the relevant DMC is not less than or equal to the re-nomination submitted by the Shipper, in response to the acceptance of a DSR Offer, then the Shipper is potentially exposed to a cash-out shortfall quantity, and the End Consumer has therefore not met its trade requirements. In this instance the Shipper will be entitled to claim liabilities for the cost it has incurred from the End Consumer. These cost and liability arrangements will be agreed as part of the DSR Service Contract Agreement.]