

0504 -Development of a Demand Side Response Methodology



Workgroup 6

Agenda

- DSR Methodology and Consultation Document
- Survey feedback
- Next Steps

DSR Methodology Consultation Process



Workgroup 6

DSR Methodology Consultation

Appendices

Supporting Documents

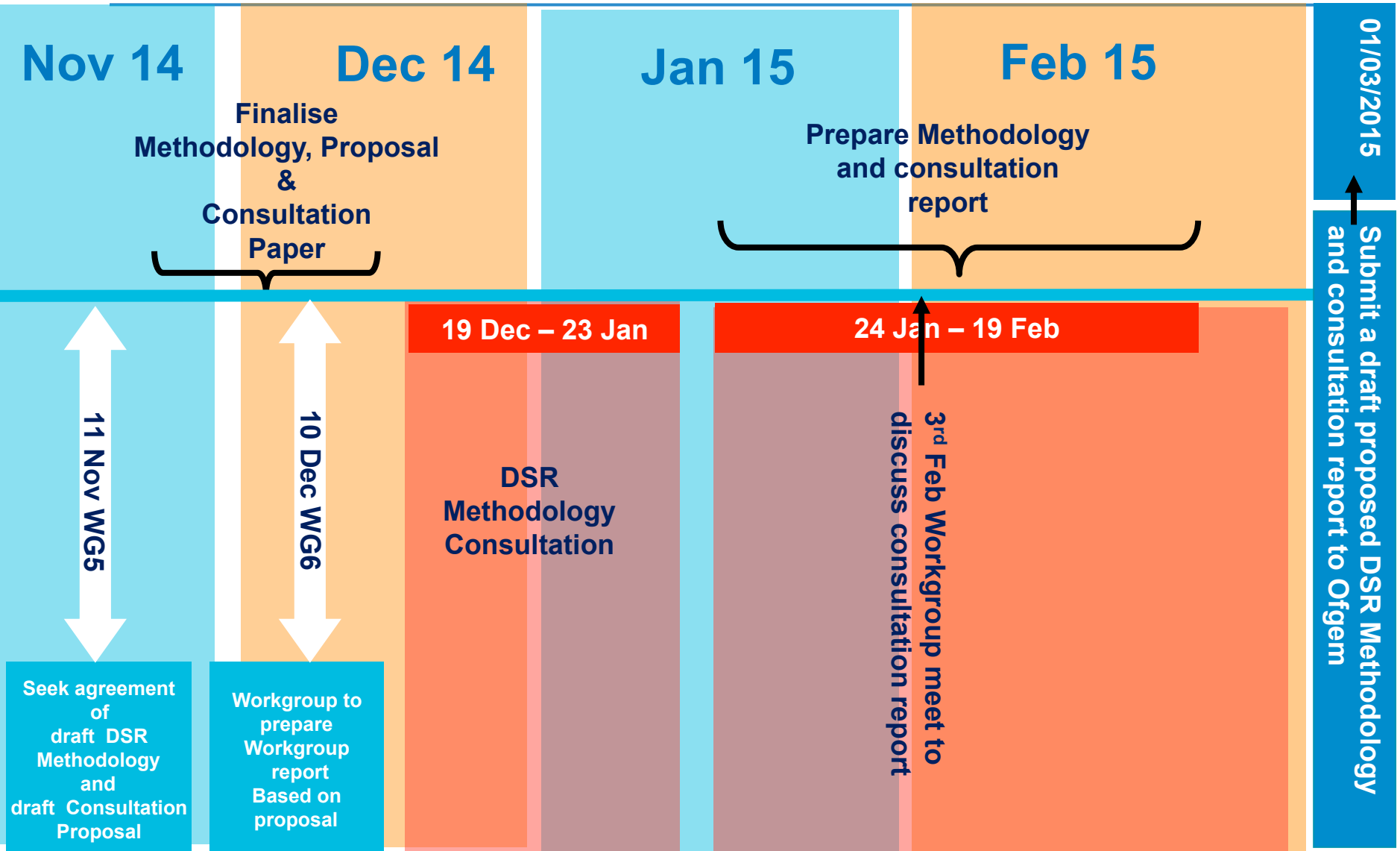
A1	DSR Methodology
A2	DSR Consultation Questions
A3	Survey and Volumetrics Analysis
A4	NG Transporter Licence condition SC8I - Development and implementation of a Demand Side Response methodology for use after a Gas Deficit Warning
A5	Shipper/Supplier and User DSR Agreement - Heads of Terms
A5	DSR End to End Summary and process flow
A6	Examples DSR Offer Options which meet End User Response needs
A7	Timescales for the development of the DSR Methodology

DSR Methodology Consultation process

- The DSR Methodology will be published and run through the Joint Office
- All responses and communications should be channelled through the Joint Office
- Should you wish to discuss any issues or queries regarding the consultation or the DSR Methodology please contact :

Claire.I.thorneywork@nationalgrid.com Tel: 01926 656383: or
Darren.lond@nationalgrid.com Tel: 01926 653493
Laura.Mason@nationalgrid.com Tel: 01926 656397

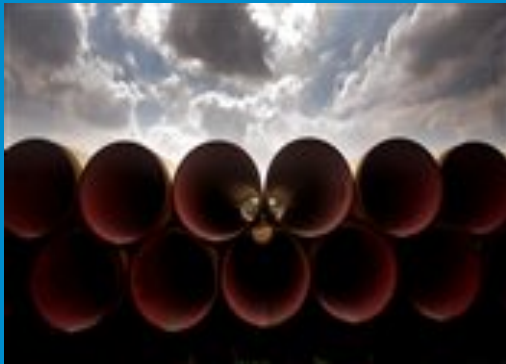
DSR Methodology Consultation Timescales



Next Steps

Task	Action	Delivery date
DSR Consultation	Consultation Opens	19 Dec 14
	Consultation Closes	23 Jan 15
	Initial Consultation Responses issued to Workgroup	27 Jan 14
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DSR Methodology Consultation Report	Submitted to Ofgem	1 March 2015
DSR Trial	Internal preparation of options development and customer engagement plan	Nov 14 to Feb 15

DSR Product - Offer Options

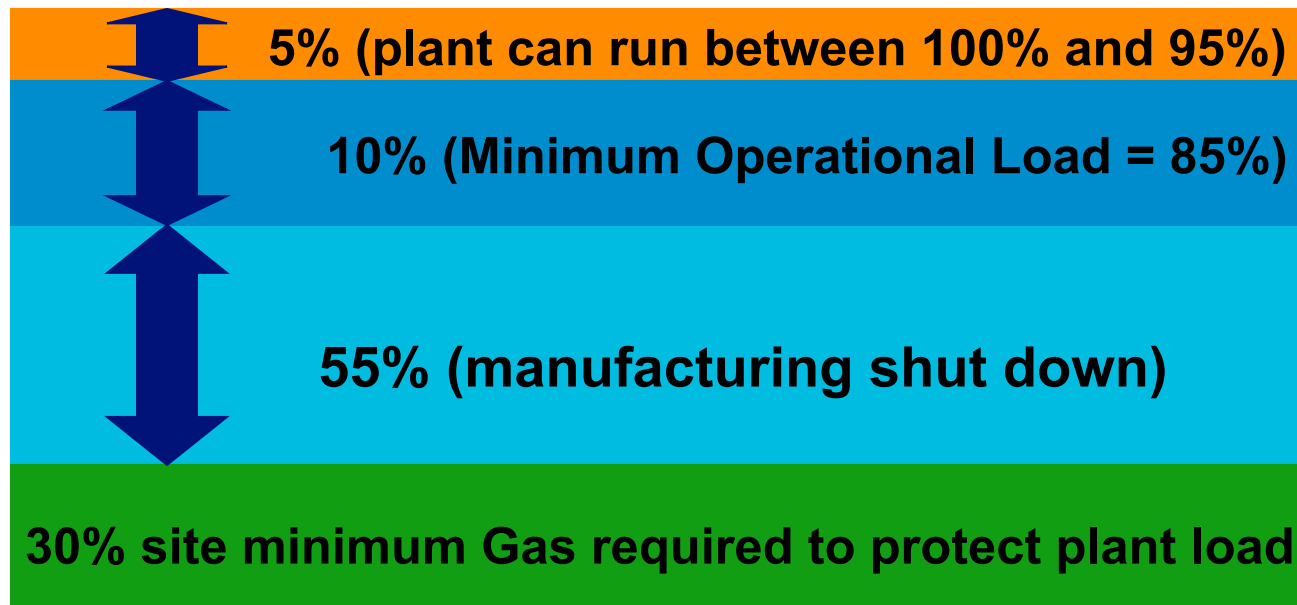


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Features of the DSR Mechanism – nationalgrid

Offer Volume

- Offers to be for a volume of energy
- End User may offer several tranches of volume
- For instance:




@ 6 Hours notice

With high risk of tripping off costed in to offer

3 day Start up costs ~ £0.5M

DSR Product Options for an eligible sites available DSR

Sites Available DSR tranches for a day	Recommended Product option						
30% of demand flexible flat load same volume available every day	Daily Product – Flat load - posted each day for the same volume and may be posted in ‘strips’ of 7 days or posted on a daily basis.						
20% of Demand flexible demand able to use on a peaky profile ? e.g Weekdays only	Daily Product – Peaky load - Offer can be posted on a daily basis or posted in a 7 day ‘strip’ of offers with varying volumes offered depending on the offtake profile through the 7 days.						
40% of Demand Plant will be off for 7 days to re-commission	Multiday Product - committed for posted durations. Max duration of contract 7 days (may be posted a via automatic rolling offer, or posted as a one off closer to the relevant 7 day contract) Required to reduce by the same volume for each day of the contract.						
Final 10% of Demand Critical load No available for DSR							

Both Daily and Multiday DSR Offers may be posted with the posting automatically replicating.

Demand Side Response Survey Results

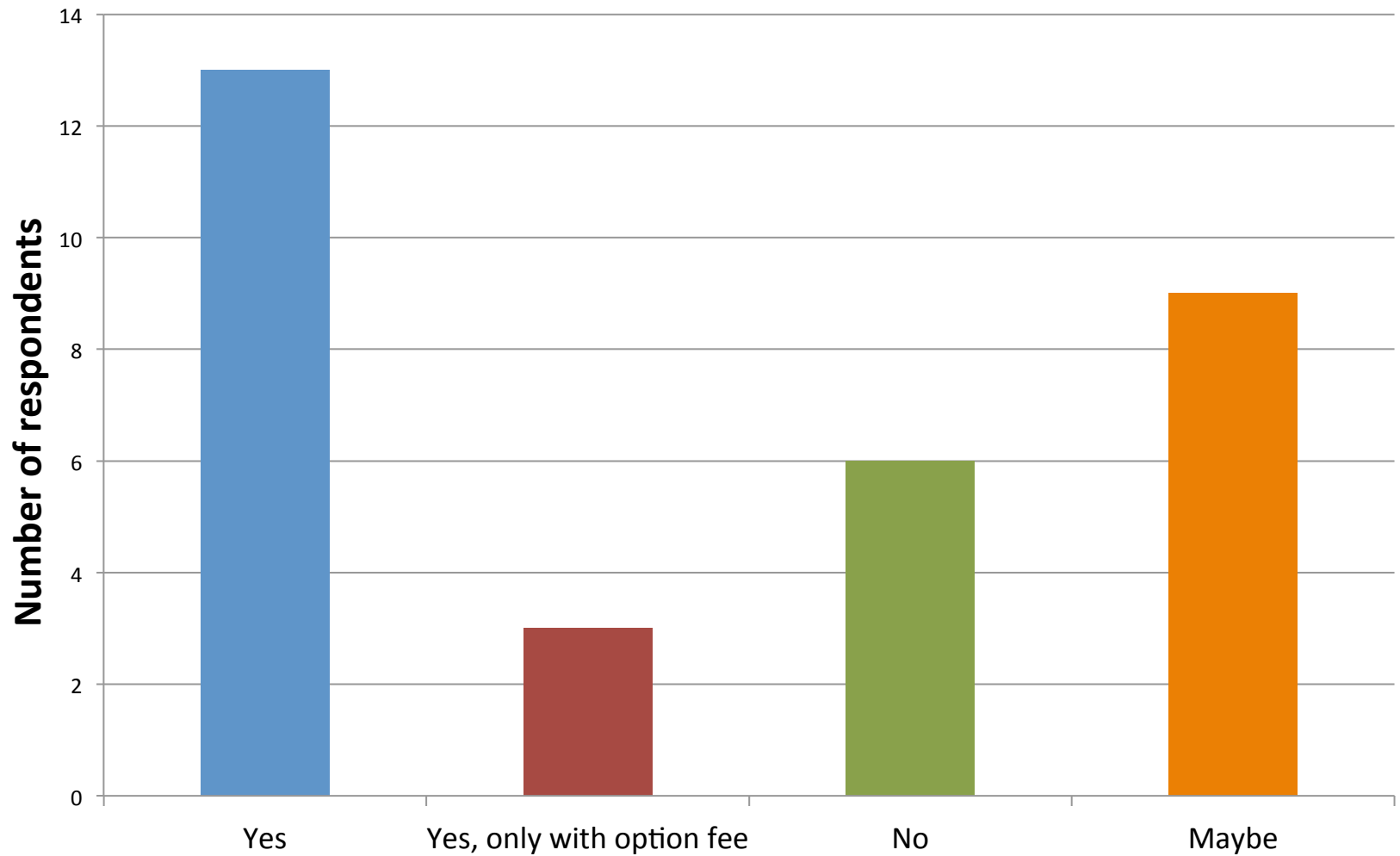


DSR WG6

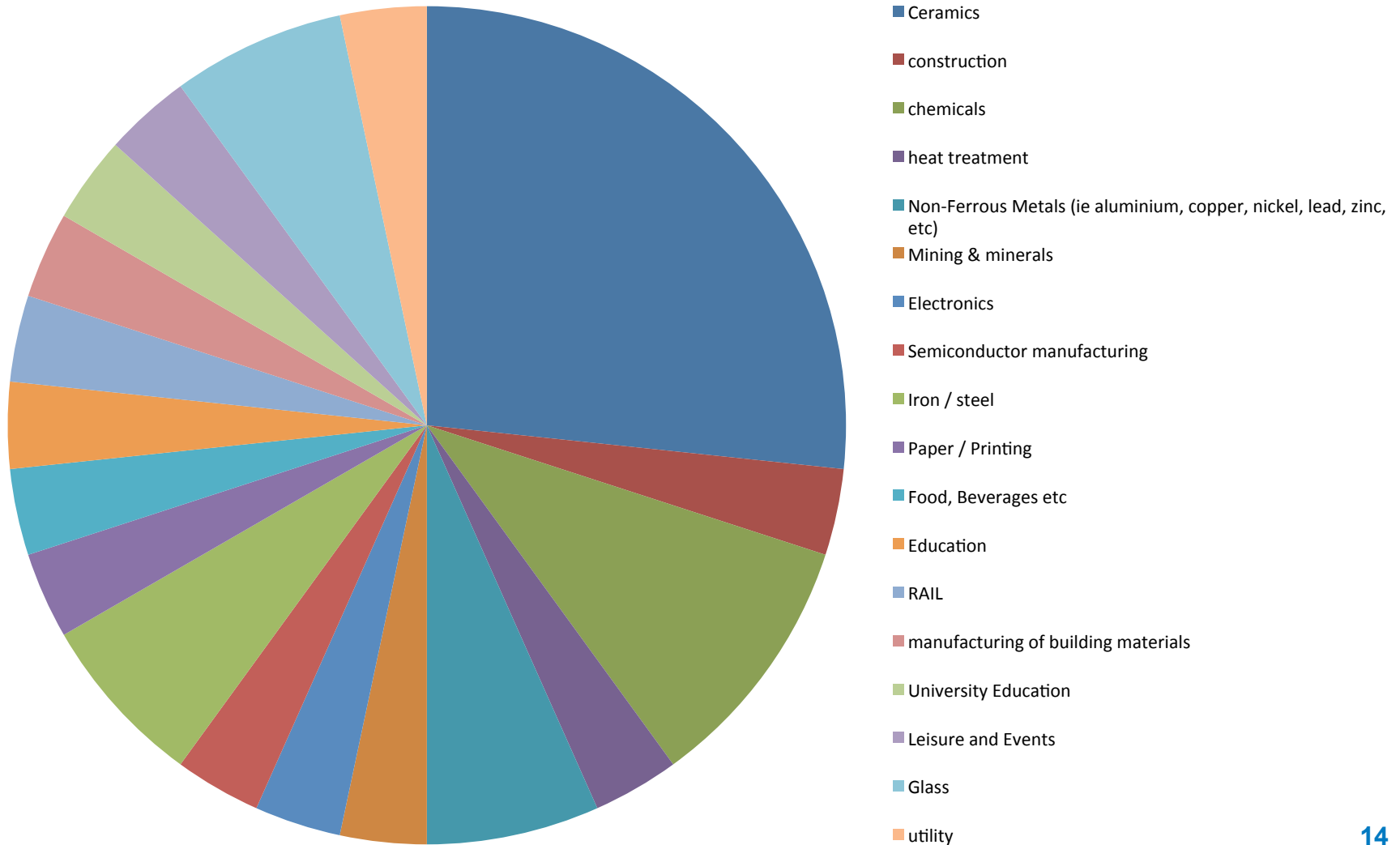
High Level Stats

- Total of 31 responses received
- 6 of these have attended one or more of the DSR development discussions held so far
- 26 respondents had heard of the DSR mechanism prior to the survey
- 22 respondents left their contact details and 14 were available for follow up phone calls / emails.

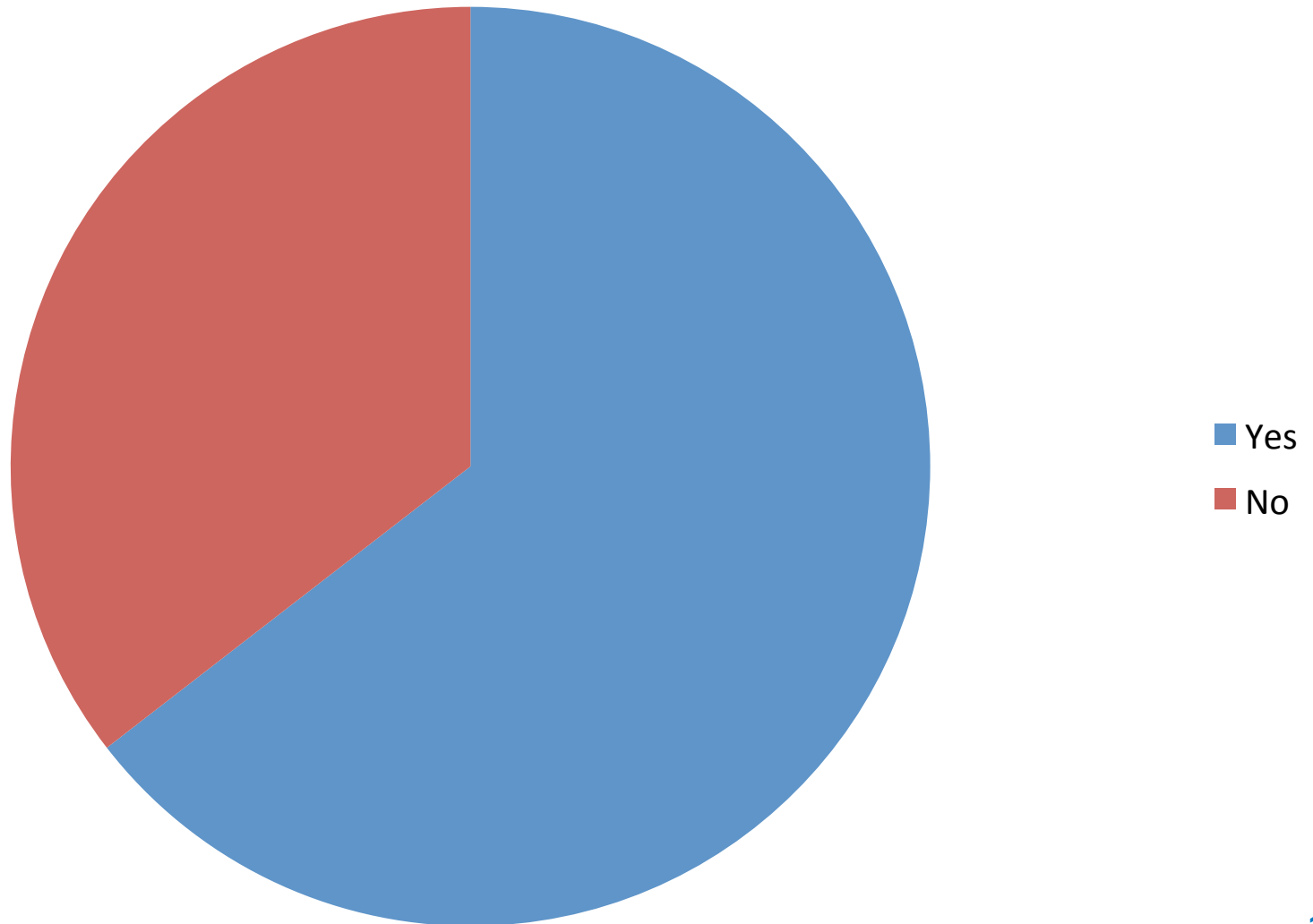
Would you be interested in participating in a DSR Mechanism?



What sector are you in?



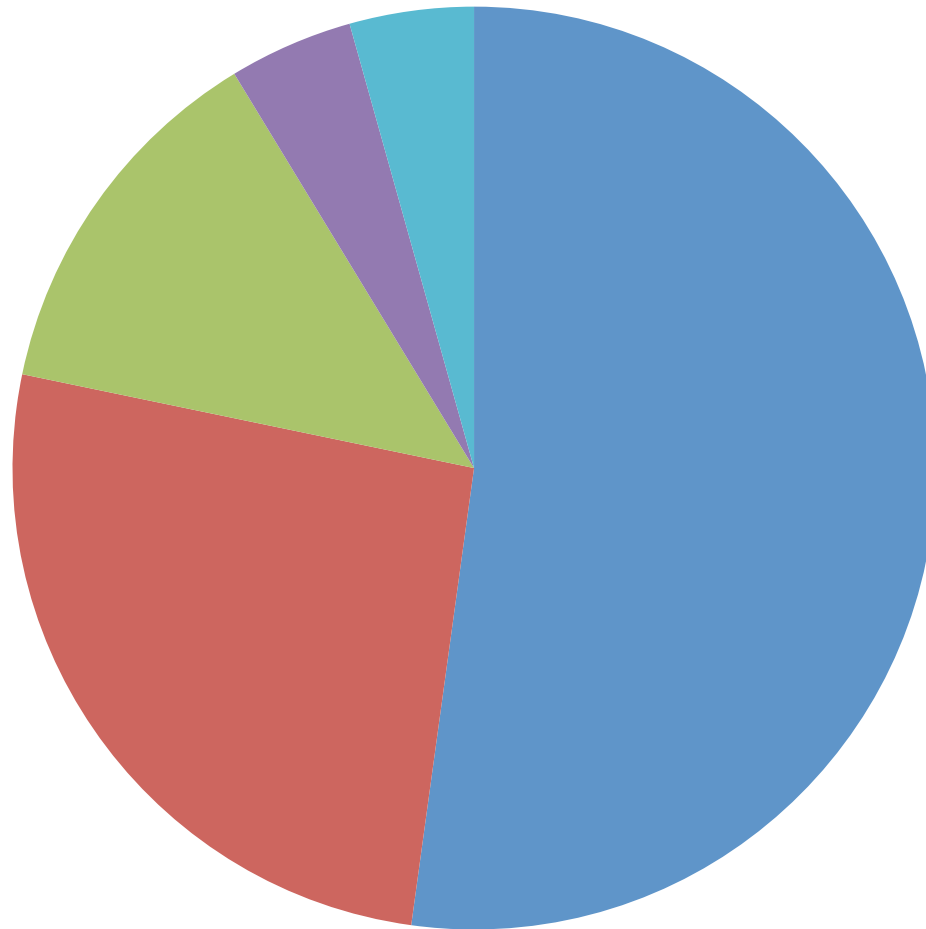
Would you be willing to participate in an Expression of interest Trial?



Assumptions

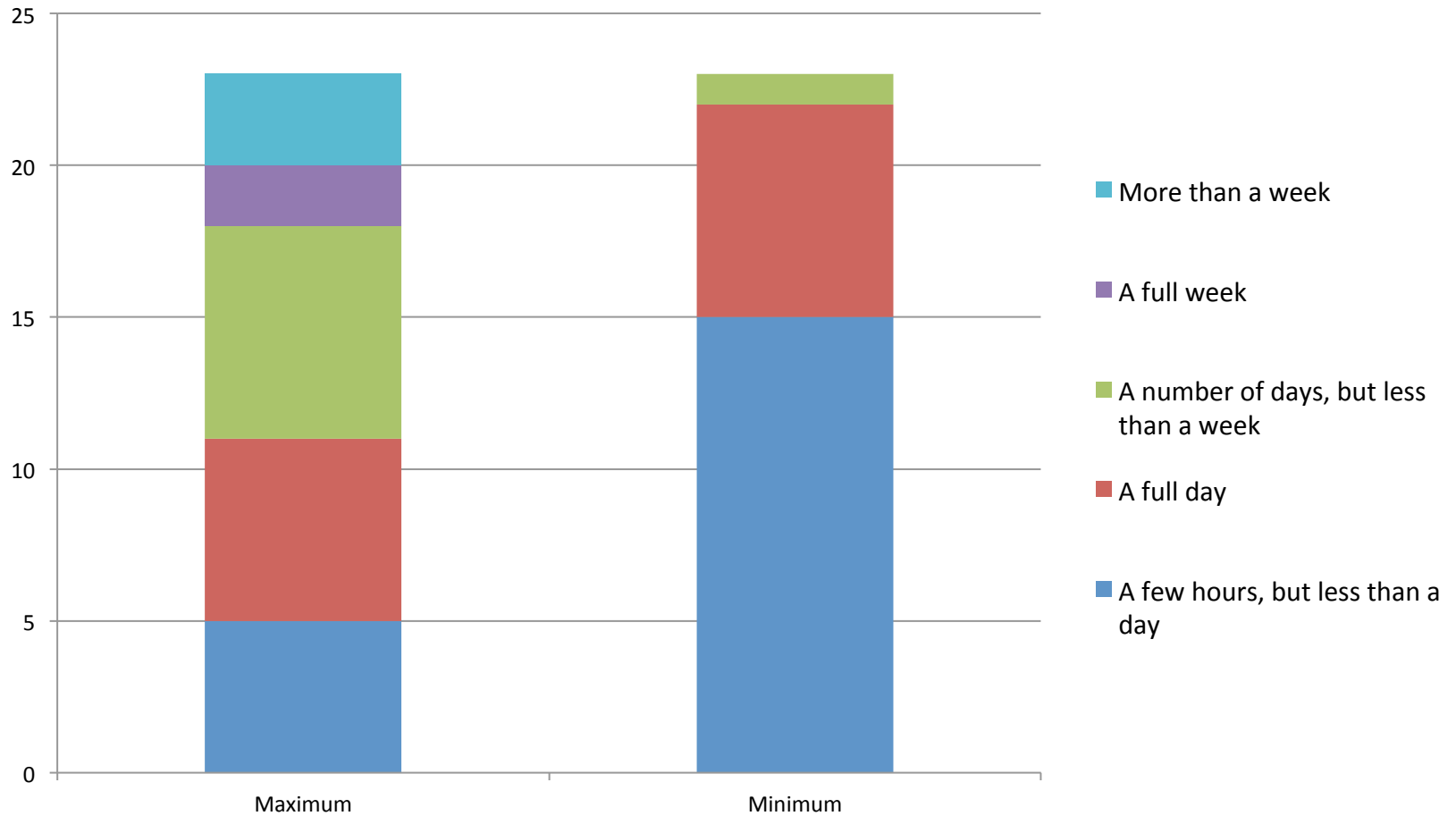
- Respondents who answered “no” to participating in the DSR Mechanism are not included within the data analysis beyond this slide. This is to ensure that the data shows an accurate picture with regards to the potential volumes and length of time which DSR Offers may be made available for.
- Therefore, the data is based on 25 responses, which represents approximately 6 % of the target market.

What is your average daily gas demand?

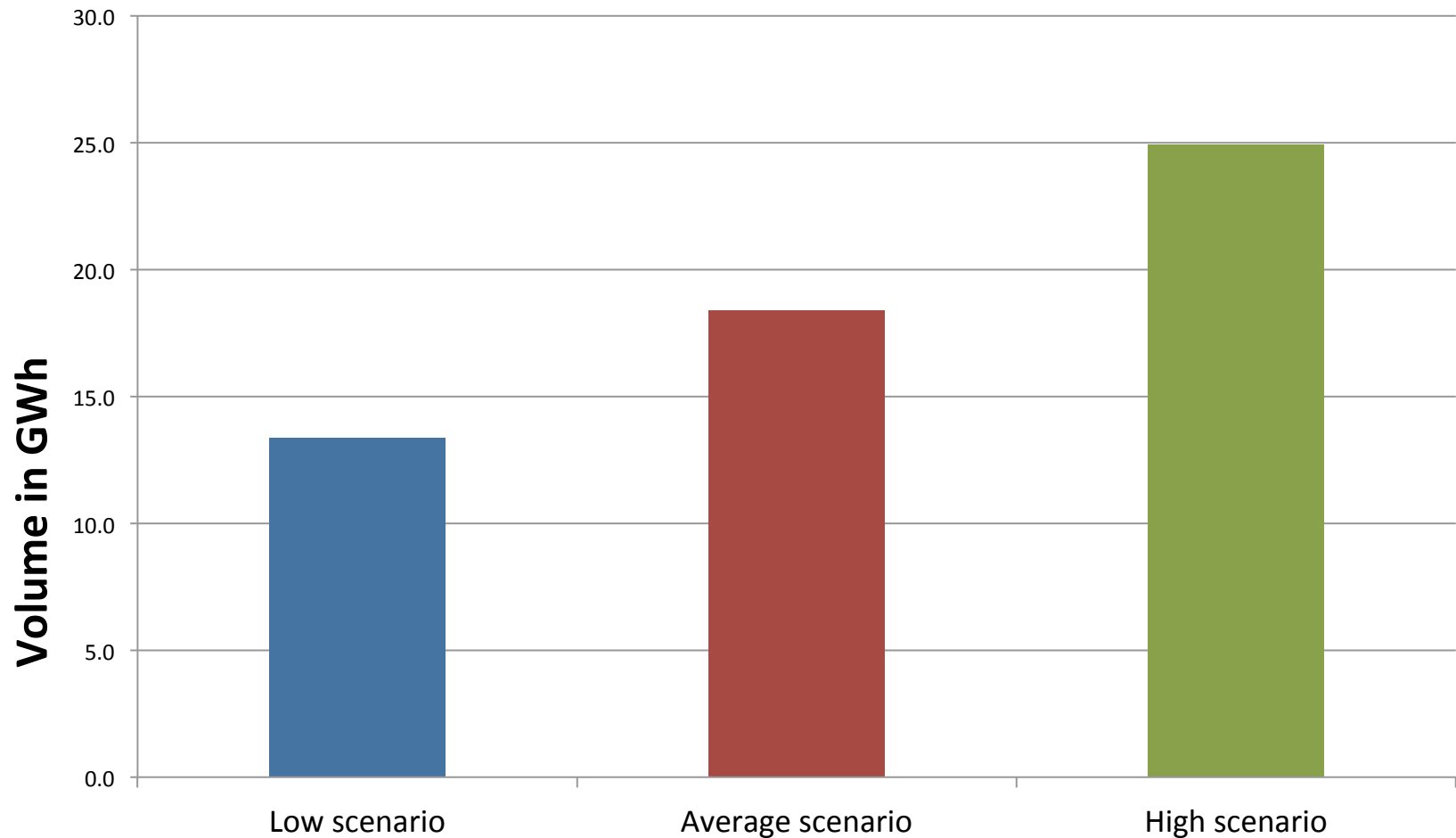


■ 0 - 0.99 GWh ■ 1 - 2.99 GWh ■ 3 - 5.99 GWh ■ 10+ GWh ■ Dont Know

Maximum and Minimum length of time DSR volume available



Three scenarios to show the potential volume availability from the 25 participating responses



Summary

- Out of the 31 responses received 25 answered either yes or maybe to participating in DSR. This is approximately 80%. If we extrapolate this to cover the whole market (approximately 450 eligible sites) this could mean that potentially 360 sites would be willing to participate in DSR.

Any further questions?

Locational Market and DSR Offer



Workgroup 6

Aims

- During the last workgroup the following questions were posed:
 - Are all Multiday offers facilitated within the OCM?
 - What information is apparent on the Locational Market, are there confidentiality issues?

Multiday Offers

- Each Multi day option (2 day, 4 day, 7 day etc) has its own distinct market and is visible to all market participants should they wish to view it

Market View - OCM [Trader]																
File View Actions Index Definitions Format Settings Window Help																
Market	Segment	Instrument	Instrument Begin	Sum	Bid Vol	Bid	Ask	Ask Vol	Sum		Price Unit	Unit	Market Phase	Last	Price Change	Turnove
OCM LOCATIONAL	OCM LOCATIONAL DAY	OCM LOCATIONAL TUE 25-NOV-14	25/11/2014 06:00:00	96,000	96,000*	35.45	35.45	96,000	141,000	+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL DAY	OCM LOCATIONAL WED 26-NOV-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL FIVE DAY	OCM LOC 25-NOV-14 - 29-NOV-14	25/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL FIVE DAY	OCM LOC 26-NOV-14 - 30-NOV-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL FOUR DAY	OCM LOC 25-NOV-14 - 28-NOV-14	25/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL FOUR DAY	OCM LOC 26-NOV-14 - 29-NOV-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL SEVEN DAY	OCM LOC 25-NOV-14 - 01-DEC-14	25/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL SEVEN DAY	OCM LOC 26-NOV-14 - 02-DEC-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL SIX DAY	OCM LOC 25-NOV-14 - 30-NOV-14	25/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL SIX DAY	OCM LOC 26-NOV-14 - 01-DEC-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL THREE DAY	OCM LOC 25-NOV-14 - 27-NOV-14	25/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL THREE DAY	OCM LOC 26-NOV-14 - 28-NOV-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL TWO DAY	OCM LOC 25-NOV-14 - 26-NOV-14	25/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM LOCATIONAL	OCM LOCATIONAL TWO DAY	OCM LOC 26-NOV-14 - 27-NOV-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			

Locational Market – what is visible?

- On the “Market View” screen no location is visible

The screenshot shows a window titled "Market View - OCM (Trader)" with a menu bar (File, View, Actions, Index Definitions, Format, Settings, Window, Help) and a table of market data. The table has columns for Market, Segment, Instrument, Instrument Begin, Sum, Bid Vol, Bid, Ask, Ask Vol, Sum, Price Unit, Unit, Market Phase, Last, Price Change, and Turnover. The first row is highlighted in green.

Market	Segment	Instrument	Instrument Begin	Sum	Bid Vol	Bid	Ask	Ask Vol	Sum	Price Unit	Unit	Market Phase	Last	Price Change	Turnover
OCM LOCATIONAL	OCM LOCATIONAL DAY	OCM LOCATIONAL TUE 25-NOV-14	25/11/2014 06:00:00	96,000	96,000*	35.45	35.45	96,000	141,000	+	Pence	Therms/Day	Continuous		
OCM LOCATIONAL	OCM LOCATIONAL DAY	OCM LOCATIONAL WED 26-NOV-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous		
OCM LOCATIONAL	OCM LOCATIONAL FRI DAY	OCM LOCATIONAL FRI 28-NOV-14	28/11/2014 06:00:00												

- However on the “Market Depth” screen more information is available:
 - For DSR, all sites are likely to have a location of either;
 - ‘DMC’ or ‘VLDMC’
 - Meter Number is shown, but is generally ATVLDMC0001 or ATRTS0001 for demand side – so relatively anonymous

Locational Market screenshot

Market View - OCM [Trader]

File View Actions Index Definitions Format Settings Window Help

Market	Segment	Instrument	Instrument Begin	Sum	Bid Vol	Bid	Ask	Ask Vol	Sum		Price Unit	Unit	Market Phase	Last	Price Change	Turnover
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OCM LOCATIONAL	OCM LOCATIONAL TWO DAY	OCM LOC 26-NOV-14 - 27-NOV-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM PHYSICAL	OCM PHYSICAL DAY	OCM PHYSICAL TUE 25-NOV-14	25/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
OCM PHYSICAL	OCM PHYSICAL DAY	OCM PHYSICAL WED 26-NOV-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			
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OCM TITLE	OCM TITLE DAY	OCM TITLE WED 26-NOV-14	26/11/2014 06:00:00							+	Pence	Therms/Day	Continuous			

Instrument	Lead Time	Meter	Location	Sum	Volume	Bid	Ask	Volume	Sum	Location	Meter	Lead Time
OCM LOCATIONAL TUE 25-NOV-14	3	123456	VLDMC	96,000	96,000*	35.45	35.45	96,000	96,000	VLDMC	123456	4
							36.00	45,000	141,000	VLDMC	987654	3
					96,000	35.45	35.63	141,000				

OCM LOCATIONAL DAY - OCM LOCATIONAL TUE 25-NOV-14
 25 November 2014 06:00:00
 Closes at 26/11/2014 03:35:00 BST
 Time to close: 11 hours 18 minutes 38 seconds

Conclusion

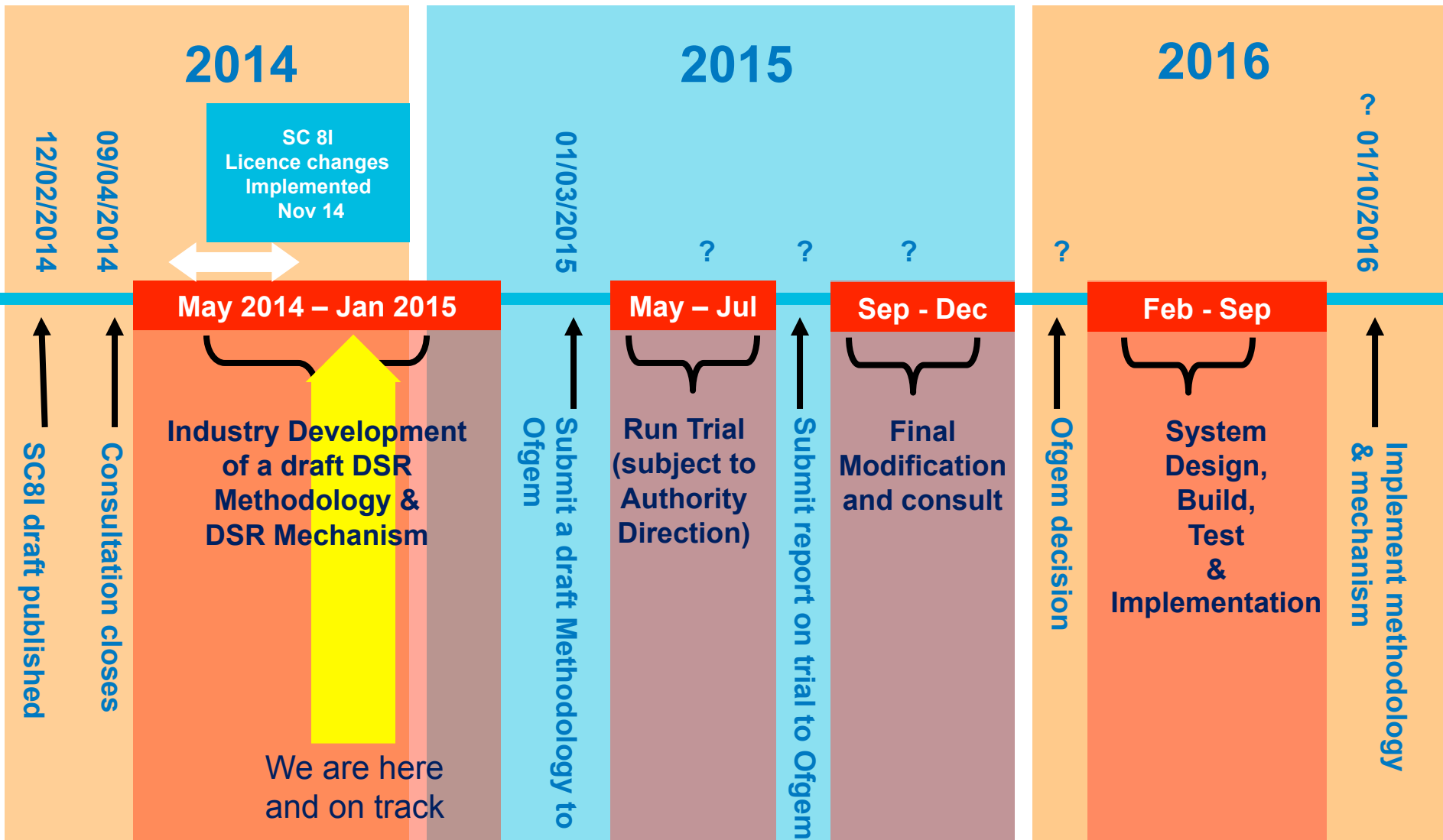
- The locational market in the context of DSR should maintain a suitable level of anonymity
- Any other comments / questions / observations?

0504 -Development of a Demand Side Response Methodology – Next Steps



Workgroup 6

DSR Methodology and Mechanism Timescales



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