

**UNC Demand Side Response Minutes**  
**Wednesday 02 February 2015**  
**31 Homer Road, Solihull B91 3LT**

**Attendees**

Les Jenkins (Chair)	(LJ)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Audrey Nugent	(AN)	Chemical Industries Association
Charles Ruffell	(CR)	RWEST
Claire Thorneywork	(CT)	National Grid NTS
Darren Lond	(DL)	National Grid NTS
Debbie Brace	(DB)	National Grid NTS
Eddie Proffitt	(EP)	MEUC
Gareth Davies*	(GD)	Statoil
Graham Jack*	(GJ)	Centrica
Julie Cox	(JC)	Energy UK
Laura Mason	(LM)	National Grid NTS
Peter Bolitho	(PB)	Waters Wye
Richard Fairholme	(RF)	E.ON
Stephen Jarvis*	(SJ)	Ofgem

\* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsr/020215>

**1. Review of Minutes and Actions****1.1. Minutes**

The minutes of the previous meeting were approved.

**1.2. Actions**

**1101:** Parties to consider and provide a view on the visibility of commercial sensitivity of data.

**Update:** The Workgroup believed that this action had been discussed in detail at the December meeting and having received responses to the DSR Methodology Consultation this action had now been superseded. **Closed.**

**1201:** *Placing of advance bids* - Ofgem to provide a view on the monitoring of appropriate activity and the roles of parties to achieve this.

**Update:** SJ confirmed that Ofgem would be willing to monitor activity and provide information to National Grid NTS on a regular basis. PB suggested any information provided to National Grid NTS should be delayed by at least a month as the information would be commercially less sensitive. He suggested it would not be appropriate for National Grid to have access to real time data. SJ agreed to consider the views expressed by the Workgroup. **Closed.**

## 2. **Modification 0504 - Development of a Demand Side Response Methodology for use after a Gas Deficit Warning**

National Grid NTS provided the [Workgroup 7 - Development of a DSR Methodology Presentation](#) and a [Summary of DSR Methodology and Framework Consultation Responses](#).

### 2.1. **Consultation Responses**

CT thanked all parties for participating in the survey confirming 12 non-confidential responses and 3 confidential responses had been received.

CT provided a summary of the non-confidential responses and a supporting presentation highlighting the general agreements and key issues raised. One of the main concerns raised was around the liabilities. CT clarified there may have to be some arrangements that curtailed some of the changes being made around the post GDW window.

The Workgroup considered the comments received in relation to the minimum OCM offer quantity (100,000kWh/day) and that this may be too high. The use of aggregators was discussed however with the complexities this may have, a commercial contract may have to be considered as an alternative solution to bids below the minimum size. EP explained that there have been some changes in UNC over the last 12 months around the interpretation of meter points and sites. He highlighted that if a site was over 100,000kWh/day a site could bid if however the minimum quantity was set at meter point level this could take out a number of sites that could have participated at a site level. CT explained that there is scope for this to be looked at in more detail. She suggested a commercial arrangement could be entered to manage such scenarios. CT confirmed that this has been logged as something that needs to be considered.

The Workgroup considered the comments provided by National Grid Distribution, that there is a concern that the relevant Distribution Network Operators (DNOs) would have no visibility of an accepted Demand Side Response (DSR) Offer, and that it would be beneficial to the relevant Distribution Control Centre to understand what Offers have been accepted so that they may profile their planned gas usage for the day in a more accurate manner. CT confirmed that discussions have been undertaken with the DNOs to discuss their concerns and understood that the process would be the same as a site coming off; ie. this would be managed through forecasting. She confirmed some level of information exchange with the DNOs would need to be considered around how they manage forecasting and their need to be aware of some of the locational actions.

The Workgroup also considered the comments articulated around the contract arrangements. In particular that it would be inappropriate to prescribe or influence contractual terms between shippers/suppliers and gas consumers. The DSR Framework and Methodology should instead focus on possible arrangements between National Grid and shippers that might be enforceable via modifications to the Uniform Network Code (UNC). EP suggested that a supplier, who wants to supply the Industrial and Commercial sector, might wish to see a licence change to enforce that a service is made available. PB suggested different commercial arrangements might wish to be considered for different groups.

LJ highlighted that quite a few views had been expressed about the contractual arrangements. CT explained that in terms of context and the report back to Ofgem, the licence condition required that; a proposed framework be put into place, the proposed framework be consulted upon, and National Grid to consider the contractual arrangements.

SJ confirmed that National Grid is due to submit the methodology by 01 March 2015 and, assuming approval of a trial by Ofgem, a trial will take place. He

suggested the Workgroup might need to consider what a trial might involve. He suggested the trial doesn't need to judge the methodology however it would be very useful to understand where the trial may be heading and what the trial may look like. He asked for some initial views to keep the momentum going.

LM provided some slides on the development of a DSR trial and associated scenarios. PB believed the closure of power stations was a prominent scenario. LM provided a list of the trial objectives and design considerations.

EP suggested anybody bidding should be prepared to interrupt and that the trial may wish to be a live trial to provide a true indication of parties seriously considering whether to be part of the system or not. DL welcomed the reality of a live trial however he was unsure if this would provide a suitable measure of likely participation as the industry have indicated that they only want to be curtailed in the event the system really needed it and a trial isn't such a situation and therefore it needs to not go as far as turning people off. JC believed it would be important for participants to demonstrate their ability to actively interrupt and for the trial not to be simply a paper exercise. The Workgroup agreed it was an important measure to understand the ability to turn gas on and off. However CR highlighted without contracts in place it would be difficult to enforce parties to enact live management of scenarios.

EP challenged the purpose of the trial and the perceived benefits of a paper exercise. CT explained that until a system has been built to manage turn downs and turning back on, it would be difficult to measure more than the mechanics and communication process. PB believed a paper exercise would have no real commercial reality and challenged the worth of a paper trial.

CT asked the workgroup what the purpose of the trial would be. She questioned if the trial needs to be a test of actual ability to turn down and how the process involves consumers, or is it to allow parties to gain an understanding and visibility of the process. LJ suggested National Grid may wish to consider arranging a workshop format and it may be of more value for participants to attend a bid day to watch how the process would work and reactions to the initial stages. The use of a simulation exercise was welcomed and believed to be a worthwhile consideration. EP believed an activity workshop would be better than a paper based trial.

CT asked for Ofgem's view on a workshop trial and whether Ofgem would get what they need from an interactive test event. SJ believed there would be a lot merit in gauging interest in this manner. He believed it could help some consumers come on board, and others to determine if the product would be right for them. He explained that the initial idea was to have a paper based trial based on the methodology however alternative options were worth exploring.

The Workgroup considered the timing of such an event and how close this would be arranged to the actual launch. PB challenged if this would be a text exercise or in reality a launch event. It was considered that, if the exercise was arranged well in advance, it would be a true trial but, once the process is locked down, it is more of a launch event. PB expressed a preference for the trial to be sooner rather than later and for it to be a learning exercise. AN believed there would certainly be an appetite for an event day. RF also welcomed an event day as a learning event perhaps in the morning with an active simulation in the afternoon. It was anticipated the trial would take place June/July. EP suggested the day could be co-ordinated with an EUIG event to encourage participation.

CT was keen to explore the idea of a trial event, although she did not wish to fetter Ofgem's discretion. CT welcomed Ofgem's early response on the trial to allow National Grid to prepare.

### 3. Any Other Business

CT Thanked all parties for the time they had dedicated to the development of the methodology and expressed their support was very much appreciated.

### 4. Next Steps

The Workgroup considered the Next Steps and the programme of works required. CT summarised the obligations; the need to report to Ofgem by 01 March and if the draft DSR Methodology is approved by the Authority, National Grid NTS will then run a low cost trial of the relevant arrangements before a modification is consulted upon.

PB expressed a preference to keep as much detail in the UNC as far as possible. LJ explained the used of UNC Related Documents and asked NTS to consider providing a view on how the changes should be made to the UNC at the first Workgroup Meeting scheduled for September 2015.

Programme of Works		
Task	Action	Delivery Date
DSR Methodology Consultation Report	Submission to Ofgem	01 March 2015
DSR Trial	Product Trial	June/July 2015
	Product Trial Report	July/August 2015
UNC Modification 0504	Amended Modification	August 2015
	Workgroup Meetings	September – December 2015
	Workgroup Report	December 2015
	Consultation	January/February 2016
	Ofgem Decision	March 2016
	Implementation	01 October 2016

### 5. Any Other Business

Any further concerns please contact:

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Darren.lond@nationalgrid.com 01926 653493

### 6. Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Wednesday 09 September 2015	31 Homer Road, Solihull, B91 3LT	Consider National Grid's Product Trial Report and required UNC Changes  Amended Modification 0504 - Development of a Demand Side Response Methodology for use after a Gas Deficit Warning

10:30 Wednesday 07 October 2015	31 Homer Road, Solihull, B91 3LT	Legal Text Review
10:30 Wednesday 04 November 2015	31 Homer Road, Solihull, B91 3LT	Finalise Workgroup Report
10:30 Tuesday 01 December 2015	31 Homer Road, Solihull, B91 3LT	Provisional date to Finalise Workgroup Report

#### Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	11/11/14	2.1	Parties to consider and provide a view on the visibility of commercial sensitivity of data	CIA (AN)	Closed
1201	10/12/14	2.3	<i>Placing of advance bids</i> - Ofgem to provide a view on the monitoring of appropriate activity and the roles of parties to achieve this.	Ofgem (SJ)	Closed