

**UNC Demand Side Response Minutes**  
**Tuesday 11 November 2014**  
**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)	RWE
Claire Thorneywork	(CT)	National Grid NTS
Eddie Proffitt	(EP)	MEUC
Gareth Davies	(GD)	Statoil UK Ltd
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
Ritchard Hewitt	(RH)	National Grid NTS
Sarah Arnold	(SA)	National Grid NTS
Stephen Jarvis	(SJ)	Ofgem

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsr/111114>

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

With no comments received, the minutes of the last meeting were approved.

**1.2. Actions**

**1001:** All parties to provide views on driving contract standardisation within the Methodology to National Grid.

**Update:** See item 2.4. **Complete**

**1002:** Views to be provided to National Grid on the visibility of DSR offers up to the point of GDW.

**Update:** See item 2.1. **Complete**

**1003:** All parties to consider locational OCM bids and provide views to National Grid.

**Update:** See item 2.1. **Complete**

**1004:** National Grid to provide an explanation of SMPS provisions for NG accepting residual actions.

**Update:** CT provided an explanation document on the [System Management Principles Statement 2013 ref Residual Balancing Role](#). She clarified that bids /offers will be considered based on achieving the best outcome for all parties and whether it would be economic and efficient in accordance with its Licence obligations.

National Grid NTS believed that the minimum sized Market Balancing Action likely in itself to have a discernible impact on the total system imbalance position is approximately 3 GWh. Therefore, Market Balancing Actions intended to have a more immediate and tangible impact on the total system imbalance are likely to be in excess of 3 GWh. Such Market Balancing Actions might consist of multiple trades including 'minimum volume' bids/offers of 100,000 kWh. **Complete.**

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

National Grid NTS provided the [Workgroup 5 Presentation](#).

### **2.1. DSR Product Design**

CT provided an outline of the DSR product, providing an illustration/explanation of the Daily and Multi-day Process flows, the key product features, and a summary of the new functionality required within the OCM locational market platform.

CT clarified that the multi-day bids would be capped at 7 days and how the "off until back on" process would work for daily and multi-day products. SJ suggested a notice is issued to remind parties that bids have been placed that will roll over.

SJ highlighted some concerns raised with the use of the locational market particularly for actions that are not related to locational market issues. RH explained that it could be viewed that the locational market is being under utilised therefore would provide an efficient platform for managing DSR and constraint purposes.

The Workgroup discussed the visibility of bids. JC understood that bids would be invisible. RH confirmed that DSR bids would not be visible. He also explained that every action in the location market would be managed through the cash-out process, unless they are carved out following a constraint action. The Workgroup also discussed what becomes visible at GDW and it was confirmed that all offers yet to be taken would be only be visible when a GDW is declared.

SJ enquired about locational products and provided a reference to the European Network Code. RH explained that a locational market bid only becomes a locational action when National Grid NTS assign a locational action code to signify where the platform is being used for non-locational balance action activity. SJ expressed concerned that this is a complex point, which needs to be clearly understood by all parties. RH explained that DSR bids would be flagged at the time they are submitted and will only be available as a non-locational market activity, by the system operator.

GJ expected there would be a distinct set of business rules for processes using the OCM locational market platform.

SJ enquired about the use of DSR flagged offers, which may assist a constraint issue, and enquired if a DSR flag would prevent National Grid NTS utilising a DSR offer for any other reason, such as a constraint. CT explained DSR offers could legitimately be used (in price order). However it was questioned if this would be managed via the cash-out process. RH explained that non-DSR offers would be used first, to resolve a constraint before considering any other options. JC enquired how National Grid NTS would dis-entangle the two scenarios. RH explained there is a flag for actions taken.

GD enquired if the platform had to change as opposed to keeping the process separate. PB anticipated that the DSR functionality would duplicate the current product then use the locational market functionality. The historical use of the "many to many market" was considered and the possibility of accepting offers utilising existing functionality. It was challenged that if the OCM "many to many

market” is not being used to its full capacity why duplicate the system. It was explained it would be cheaper to tweak than duplicate the system.

SJ enquired about how the location would show-up and if any commercially sensitive data would be visible. It was clarified that only the locational tag (the unique reference number to that site) would be visible, the actual location would not be visible. It was therefore felt by the meeting to not be readily possible to attribute data to exit points or VLDMCs. RH also pointed out that it would not be possible to differentiate the proportion of Shipper cost price or the consumer’s volume price. Nevertheless the Workgroup agreed to consider the visibility of commercial data further.

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

RF suggested if there was any concern some of the reference number could be asterisked out.

EP enquired about submitting a declining offer price (where the price is higher on the first day to reflect significant costs in turning off plant) and how this would be managed. It was first anticipated that the multi-day product would be used for such a bid however it was clarified that the product had not been designed for this eventuality. GJ suggested that a declining offer price could be placed by the party using the daily product, but that this would be subject to their Supplier Agreement terms. Alternatively parties could average their price over a number of days and submit a multi-day bid. CT confirmed that when an offer is being considered the whole offer is taken into account before acceptance.

LJ suggested National Grid provide some scenarios of how bids can be submitted.

**Action 1102: National Grid NTS to provide scenarios of how bids can be submitted, and for these to be added to the DSR story.**

**2.2. DSR trial**

SA provided an overview of the DSR trial timeline and the pre-trial go-live requirements.

**2.3. Review Draft Methodology and Business Rules**

CT provided an illustration of the DSR Methodology and Mechanism Timescales and a copy of the [draft Business Rules](#).

It was anticipated that a draft consultation paper on the initial methodology would be provided for a Workgroup consultation (not a UNC consultation) for further consideration on 10 December 2014.

The Workgroup considered whether the DSR methodology would achieve the new Licence requirement.

The Workgroup reviewed the Licence condition (<https://www.ofgem.gov.uk/ofgem-publications/85998/140212gasscrdsrlc.pdf>) and discussed consulting purely on the principles set out in the Licence and the relevant objectives.

National Grid NTS agreed to reconsider the consultation and consult initially on the key elements to ensure the consultation covers what is required in the Licence.

The Workgroup considered the elements that needn’t be consulted upon at this stage of the process. It was agreed that separating the Licence requirements from the “nice to haves” would enable the key elements to be consulted upon whilst development continues in other areas.

The Workgroup considered what would best inform parties in completing their consultation responses.

It was agreed that National Grid would produce a consultation document for review and finalisation on 10 December with three main components:

1. Product description – i.e. the methodology
2. Arrangements Description – ie, the background (story)
3. Contract outline i.e. example Supplier/Customer contract arrangements

The first day of the consultation was anticipated to be 19 December 2014 with a close out date set for 23 January 2015. The 02 February meeting would then consider if any new issues have been raised or need to be considered before National Grid NTS completed its report.

#### 2.4. Initial DSR Survey Feedback

LM provided initial feedback from the DSR survey, which closed on Friday 07 November. The survey received 30 responses, 80% of these responses indicated a yes or maybe to participation, with 66.7% of the responses, wanting to be involved in the trial.

LM provided a number of slides providing a breakdown to the key questions and responses ([First Draft Survey Responses](#)). A number of respondents had provided contact details and these were to be contacted to elicit more detailed information, which will be provided at the December meeting.

### 3. Any Other Business

None raised.

### 4. Next Steps

The main agenda items for the next meeting will be:

- Consultation documentation
- Customer Survey

**Action Table**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1001	13/10/14	1.2	All parties to provide views on driving contract standardisation within the Methodology to National Grid.	All	Complete
1002	13/10/14	2.1	Views to be provided to National Grid on the visibility of DSR offers up to the point of GDW.	All	Complete
1003	13/10/14	2.1	All parties to consider locational OCM bids and provide views to National Grid.	All	Complete
1004	13/10/14	2.2	National Grid to provide an explanation of SMPS provisions for NG accepting residual actions	National Grid NTS (CT)	Complete
1101	11/11/14	2.1	Parties to consider and provide a view on the visibility of commercial	CIA (AN)	Pending

			sensitivity of data		
<b>1102</b>	11/11/14	2.1	National Grid NTS provide scenarios of how bids can be submitted, and for these to be added to the DSR story.	National Grid NTS (RH/CT)	<b>Pending</b>

## 5. Any Other Business

Any further views/issues/concerns please contact:

Claire.l.thorneywork@nationalgrid.com Tel: 01926 656383: or  
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 10 December 2014	31 Homer Road, Solihull, B91 3LT	Consultation Documentation Customer Survey
10:30 Monday 02 February 2014	31 Homer Road, Solihull, B91 3LT	Review the Output of formal Consultation Responses Consider methodology revisions