

SEFE Energy Representation Draft Modification Report

Modification 0UNC 0852: Shipper notification in relation to option exercise for Customer Demand Side Response

1. **Consultation close out date:** 22nd February 2024
2. **Respond to:** enquiries@gasgovernance.co.uk
3. **Organisation:**
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4. **Representative:**
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5. **Date of Representation:** 21st February 2024 (updated version)
6. **Do you support or oppose Implementation:**
We **Support** implementation of the Modification
7. **Please summarise (in 1 paragraph) the key reason(s) for your position:**
SEFE raised Modification 0852 as a result of concerns from both Consumers Representatives and Shippers that the proposed arrangements in relation to Consumer Direct DSR are atypical and could lead to instances where the Shipper is not notified that a Consumer DSR event has been triggered. We note that similar concerns from Distribution Networks were addressed by the introduction of a specific clause (see below)

8.7.6 Where National Gas Transmission exercises a DSR Option, if the Supply Meter Point is a LDZ Supply Meter Point it **will notify** the relevant DN Operator of the exercise.

Whilst the following clause (see below) was included specifically to exclude Shippers from being notified:

7.9.6 Where National Gas Transmission exercises a Consumer DSR Option it will not inform the Registered User of the Supply Meter Point of the exercise;

Whilst concerns have been raised about the potential for material impact to arise, we also note that for 2023/24 DSR Offers were only submitted for 12 Supply Points and that no evidence to support this assertion of a material impact has been provided. We acknowledge that the Consumer should advise their Supplier but note that in some cases the Supplier may be a different entity to the Shipper. Therefore we believe that the additional notification, noting the modification is agnostic to its method, proposed in this modification is immaterial, proportionate, and efficient considering the atypical nature of the arrangements and the deminimis nature of the work involved.

8. Are there any new or additional Issues for the Modification Report:

No

9. Self-Governance Statement Do you agree with the status?

Not Applicable (sadly)

10. Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

As the proper we continue to **believe that this modification is positive in respect of Relevant Objective (d)** as the inclusion of notification to Shippers in the event that Consumers direct Demand Side Response is triggered will provide an additional level of security for Suppliers, Shippers, and Consumers. This is particularly relevant as direct contracting between National Gas and Consumers is atypical.

11. Impacts & Costs:

What analysis, development and on-going costs would you face if this modification was implemented?

We **have not** identified any significant costs associated with the implementation of this modification.

12. Implementation:

What lead times would you wish to see prior to this modification being implemented, and why?

As soon as reasonably practicable

13. Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

We have reviewed the Legal Text and **we are satisfied** that it will meet the intent of the modification

TPD Section D

7.9.6 Where National Gas Transmission exercises a Consumer DSR Option it will inform the Registered User of the Supply Meter Point of the exercise.

14. Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or you wish to emphasise.

Yes

Whilst we do not agree with National Gas on this particular aspect of the Demand Side Response arrangements, we would like to record our thanks to National Gas and all those involved for the considerable work undertaken at short notice by all parties in facilitating the availability of DSR products.

We believe that this modification has identified a deficiency in the existing Governance arrangements. The test of Self Governance is that it is a non-material change and we believe this was met by the self-evident deminimis nature of the proposed obligations. Whilst this was challenged, critically no actual evidence was provided to support the assertion i.e. that this obligation would create circumstances that would have a material impact. However on the basis of this belief, and against the views of the majority of the Modification Panel, the Authority has withdrawn the Self Governance status which forces this Modification to Authority direction. We believe any such unilateral change to the status of a Modification by the Authority should always be evidence based.

If this Modification is deemed as Self Governance as it is believed that contacting Shippers increases the workload on the control room materially then we cannot see how Modification 0866S - Amendments to Demand Side Response (DSR) Arrangements is considered self-governance when it increases the scope of Consumer DSR to Class 2 Customers. If utilised this would of course increase the number of notifications required to be made to Consumers and Transporters which if the control rooms operation is so resource constrained must have a material impact.

Modification Panel Members have requested that the following questions are addressed:

Q1: If appropriate for your business, please explain what arrangements are already in place for large consumers to report any emerging issues (such as unplanned shutdowns) to shippers. Following this, please explain what barriers are in place to prevent similar arrangements being used for Demand Side Response communications.

Answer: Consumer DSR are arrangements directly between the Consumer and National Gas. Whilst we may expect Consumers to notify their Supplier in the event that DSR is exercised bilaterally between the Consumer and National Grid we note the risk that due to the atypical nature of these arrangements this may not be achieved. We also note that the Supplier and the Shipper may be different entities adding to the risk that a relevant party may not be informed. Our proposal provides an immaterial solution to address these risks that arises from the atypical nature of these arrangements.

Q2: Panel have also asked you to please provide your views and reasons on the appropriate governance for this Modification - Self-governance or Authority Direction.

Answer: As noted above no evidence has been provided to support the claim that this modification has a material impact therefore, we believe, along with the majority of the Panel, that the Modification should be subject to the Self Governance process.

Q3: Please provide additional evidence in respect of the materiality of this Modification, i.e. Shippers, Suppliers and Customers as to why National Gas Transmission should be required to provide this service over and above normal BAU activities that apply to a Customer's normal contractual interaction with its Supplier and/or Shipper, and from National Gas as to why providing this service may have a material impact on the operations of the Control Room.

Answer: As previously noted, we do not see how the inclusion of an obligation to notify Shippers is material as the volumes are deminimis and the method of notification is at National Grids discretion e.g. phone, email notification which could be automated. The timing of this activity is prior to an incident being declared and therefore would not be occurring at a time of maximum demand on the control rooms resources. We also note that as part of the existing arrangements resourcing is available to notify Consumers and Networks. The principal relationships under the Uniform Network Code are between Shippers and Transporters whilst the retail relationship is between a Consumers and their Suppliers. Consumer direct DSR, whilst a welcome addition, is an atypical arrangement with Consumers contracting directly with National Grid. Excluding the Shipper from direct notification could have material consequential impact as it is important to note that were the Shipper and Supplier are different entities the Consumer would have no relationship with the Shipper.