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

Shipper & Gas Consumers DSR Service Agreement

**Suggest Heads of Terms for consideration in the DSR Service Agreement**

**The Words in “Bold” below are defined within the DSR Methodology.**

* 1. The DSR Service Agreement will contain the contractual arrangements for the Shipper & Gas Consumers:
		+ 1. **For the reduction in gas quantity offtaken at relevant Site** – Shipper/Supplier to Gas Consumers contractual arrangement. In exchange for the payment of a service fee the Shipper (following instruction by the relevant Gas Consumer, in some cases may be directed through the Supplier) will agree to post a **DSR Offer**, on behalf of the Gas Consumer, to reduce offtake from the NTS. In return the Gas Consumer commits to delivering on the agreed offtake reduction if called to do so by the relevant Shipper. 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) - [Locational] platform by National Grid NTS.
	2. The Gas Consumer (in some cases through its Supplier) will work together with their Shipper to post the relevant **DSR Offer**(s) onto the OCM [Locational] platform. **DSR Offers** may be placed, updated or withdrawn, on the [Locational] platform at any time up to the declaration of a GDE Stage 2.
	3. Any DSR Service Agreement should be consistent with the provisions set out in the **DSR Methodology**, relevant UNC provisions and the OCM Market Rules.
	4. **The DSR Service Agreement – Heads of Terms**
		1. Prior to participating in the **DSR Mechanism** on behalf of the **Eligible DMC**, the relevant Shipper and Gas Consumer (in some case through the Supplier) may consider entering into a DSR Service Agreement which may set out standardised Heads of Terms which define;
			1. arrangements for (Shipper) toGas Consumer
			2. i
			3. cf
			4. l
			5. the **DSR Service**;
			6. Service fees;
			7. Liabilities; and
			8. **DSR Offer Notice** arrangements.
	5. **DSR Offer Notice**
		1. In respect of each specific **DSR Offer**, the relevant Shipper and relevant Gas Consumer (in some cases through the Supplier) may prepare and agree a **DSR Offer Notice** which will specify:
			1. Price p/kWh;
			2. Volume (kWh);
			3. Required lead time between **DSR Offer** acceptance and commencement of the offtake rate reduction at the **Eligible DMC** (which will include any Shipper to Gas Consumers notification time);
			4. Timing of **DSR Offer** availability within the gas Day (Evergreen, reducing volume or specified period ;
			5. Tick down rate within gas Day;
			6. Location (Supply Point ref number );
			7. Gas Consumer contact details;
			8. For **‘multiday’** **DSR Offer,** specify the number of gas Days included in the Offer;
			9. 7 day Profiling of **Daily Offer** volume and/or price details e.g. week to account for reduction in demand at weekends;
			10. Indicate whether the 7 day profile of daily offers will be continuously reposted automatically.
		2. This information may be used by the Registered User (Shipper) at an **Eligible DMC** to place the **DSR Offer(s)** onto the OCM.
	6. Where a **DSR Offer** is accepted by National Grid NTS on the OCM – [Locational] platform;
		1. The Shipper will notify the Gas Consumer (in some cases through the Supplier) of the requirement to reduce their notified End Of Day (EOD) offtake by a volume at least equal to the accepted **DSR Offer**.

Demand Side Response

Example of DSR Service Agreement – Heads of Terms

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| --- | --- | --- |
|  | DSR Service | Description of the service agreed |
| Responsibilities |
|  | DSR Offer Notice Arrangements | Preparing each **DSR Offer Notice** - specify volume, duration etc. |
| Service Fees – [VoLL price + Gas price + Admin Fee] |
| Exercise Lead-times |
|  | Operational arrangements | Communication and Response Timescales |
| Submitting/Amending/Revising **DSR Offers** |
| Site Maintenance Notifications |
| Notification of accepted **DSR Offer** and response to exercise |
| Contact information etc. |
|  | Liabilities | Failing to reduce offtake |
| Errors submitting **DSR Offers** |
|  | Payment Settlement Arrangements | Payment timings |