

Representation - Draft Modification Report UNC 0822 Reform of Gas Demand Side Response Arrangements

Responses invited by: 5pm on 22 September 2022

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Arjan Geveke
Organisation:	Energy Intensive Users Group
Date of Representation:	22 September 2022
Support or oppose implementation?	Support
Relevant Objective:	<p>a) Positive/Negative/None * <i>delete as appropriate</i></p> <p>b) Positive/Negative/None * <i>delete as appropriate</i></p>
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

The proposal would give a stronger incentive to energy intensive industries to reduce gas consumption at certain times to minimise the risk of the National Emergency Coordinator calling a gas emergency with the potential to interrupt gas supplies.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

The EIUG would argue for a longer lead-time than the issuing of a Margin Notice to give more time to energy intensive industries to adjust their production processes. The proposals to extend it from a GBN to Margin Notice will help, but NGG could get more DSR volume if the lead-time were longer. The EIUG understand that this goes beyond NGG's role as residual balancer and will therefore take this issue up with Ofgem. Without security of energy supply there will not be a market and the closer NGG is to a security of gas supply is the less likely normal market assumptions and behaviour apply anyway.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

Industrial DSR provides need to make an assessment between the value of DSR against the impact of production turndown on their customers, investment in and operating back-up and/or capacity to modulate combined-heat and power, in the context of the prevailing gas prices.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

No reason why the legal text would not deliver the intent of the solution.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

Based on NG ESO discussions on electricity DSR, the report and rules should specify what standard for gas meters to use to determine volume delivered via the solution.

Please provide below any additional analysis or information to support your representation

The EIUG argues to allow aggregation of gas DSR offers to meet the minimum of 100,000kWh, based on appropriate metering arrangements. This would likely increase the volume of DSR.

The EIUG thinks that the £5m in the DSR methodology without further oversight by the Authority is too low as it is inconsistent with the Government's approach the capacity market where the payment to provide capacity are magnitudes higher. Both aim to address security of energy supply.

The EIUG also encourage the impact of turn-up into the design of the DSR into account. As it takes certain energy intensive industries time to turn-down their gas consumption, equally it takes time to turn-up their consumption as well to arrive back on their consumption level before NGG calls on DSR. Time to turn-up will have an impact on gas consumption in D+1 and in particular if NGG calls another DSR the next day.