

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:	EDDIE PROFFITT
Organisation:	Major Energy Users Council (MEUC)
Date of Representation:	21/09/22
Support or oppose implementation?	Support/ * <i>delete as appropriate</i>
Relevant Objective:	a) Positive/Negative/None * <i>delete as appropriate</i> b) Positive/Negative/None * <i>delete as appropriate</i>
Relevant Charging Methodology Objective:	Not Applicable

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

Support. The existing DSR product has been active for the last 6 years without a single bid. This is thought by consumer groups to be linked to the lack of an availability fee. This modification corrects the omission and will provide an additional tool to the system balancer during a winter that is anticipated as being challenging.

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

Urgently required to prevent a potential non-voluntary interruption of supply to large users

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

Insert Text Here

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

Insert Text Here

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.*

Insert Text Here

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

The 2 million therms/annum (60GWh) limit sounds very high, the origin interruptible contract set the volume at 200,000 therms. Also, the daily minimum bid of 100,000 therms (3 GWh) should be reconsidered.

The cost limit of £5million pounds is far to low and could quickly be swallowed by active bidders. For comparison the cost of interruptible contracts when they ended in 2010 was £40 million, which in today's prices would be £57 million.

In electricity, we are paying £525 million this year as an option fee for the capacity market. This will increase over the next few years to be £1.31 billion by 2025/26.

To be able to refer to Ofgem for approval once the £5 million is exhausted it will require them to be on the end of a phone every time an auction is held.

The National Grid plan expects the consumer to provide the reduction in demand within the gas day. This means if the need for response is declared at the start of the gas day 5am and the shipper places an offer within an hour, which is accepted. The shipper and consumer have a lead time of 3 hours to respond, so we are now down to 20 hours for the consumer to deliver the 100,000 therms reduction increasing their rate per hour.

This could be corrected by the bids from the shipper/consumer being a reduction covering a 24-hour period and not the current gas day.