

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:	Christiane Sykes
Organisation:	Shell Energy Europe Limited (SEEL)
Date of Representation:	22 September 2022
Support or oppose implementation?	Support
Relevant Objective:	a) Positive b) Positive
Relevant Charging Methodology Objective:	Not Applicable

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

SEEL recognises that the Demand Side Response (DSR) tool in its current form may not be effective in incentivising DSR Market Offers so enhancing the tool could provide valuable demand reduction preventing or lessening the impact of a Gas Deficit Emergency.

Providing additional incentives for large consumers of gas to offer voluntary DSR to NGG at times when expected available supply is insufficient to meet forecast demand may lower the risk of entering into a Network Gas Supply Emergency (NGSE) by keeping the market functioning for as long as possible, where a Margins Notice and/or GBN is issued by National Grid Gas NTS.

SEEL further supports the value cap on the cost of Option payments as a means to manage exposure to costs for Users that would contribute to its funding, whilst securing a quantity of DSR based on feedback from industrial consumers.

Where National Grid Gas NTS wishes to accept option offers for an aggregate value of >£5m with Ofgem right to veto, this process should transparent and be able to demonstrate limited impact on the market overall.

SEEL trusts that National Grid Gas NTS will publish the aggregate tendered volumes for DSR at the end of the process, as is done for Operating Margins as a further measure to ensure transparency and good governance.

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

SEEL supports implementation as soon as possible to ensure there is sufficient time for National Grid NTS to run an invitation to offer process and for DSR contracts to be put in place between consumers, shippers and suppliers to support DSR offers.

Moreover, consumers will need time to put in place mitigating measures to manage a potential loss of production or to be able to switch to using a back-up fuel.

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

Insert Text Here