

**UNC Workgroup 0844 Minutes**  
**Enabling Direct Contractual Arrangements with Consumers for**  
**Demand Side Response**  
**Thursday 04 May 2023**  
**via Microsoft Teams**

<b>Attendees</b>		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Adam Bates	(AB)	SEFE Energy Ltd
Alex Neild	(AN)	Storengy
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Gas Transmission
Antony Miller	(AM)	South Hook Gas
Benjamin Cull	(BC)	Department for Energy Security and Net Zero
Carlos Aguirre	(CA)	Pavilion Energy
Chris Wright	(CWr)	ExxonMobil Gas Marketing Europe Limited
Christiane Sykes	(CS)	Shell
David Mitchell	(DM)	Scotia Gas Networks
Eddie Proffitt	(EP)	Major Energy Users Council
Ellie Rogers	(ER)	Xoserve
Hannah Reddy	(HR)	Correla on behalf of Xoserve
James Lomax	(JL)	Cornwall Insight
Jeff Chandler	(JCh)	SSE
Jennifer Randel	(JR)	National Gas Transmission
Julie Cox	(JCx)	Energy UK
Kathryn Adeseye	(KA)	Xoserve
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJ)	RWE
Lucy Manning	(LM)	BP
Mariachiara Zennaro	(MZ)	Centrica
Marion Joste	(MJ)	ENI
Maryam Khan	(MK)	Ofgem
Megan Bray	(MB)	National Gas Transmission
Nick Wye	(NW)	Waters Wye Associates
Oliver Weston	(OW)	Ofgem
Ofordi Nabokei-Hazekamp	(ONH)	National Gas Transmission
Ore Ogundipe	(OO)	Interconnector
Phil Hobbins	(PH)	National Gas Transmission
Phil Lucas	(PL)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Ritchard Hewitt	(RH)	Hewitt Home and Energy Solutions

Shiv Singh	(SS)	Cadent
Steve Mulinganie	(SM)	SEFE Energy Ltd
<p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>The Workgroup Report is due to be presented at the UNC Modification Panel by 15 June 2023.</i></p> <p><i>Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <a href="https://www.gasgovernance.co.uk/0844/040523">https://www.gasgovernance.co.uk/0844/040523</a></i></p>		

## 1.0 Outline of Modification

The Proposer, Phil Hobbins (PH) introduced the Modification, explaining that it seeks to expand the scope of the Demand Side Response (DSR) arrangements to enable the establishment of direct contractual arrangements between National Gas Transmission (NGT) and qualifying individual Consumers for the voluntary reduction of their gas demand. It was envisaged this would also apply to IGT sites.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0844>

Please also refer to the presentation published at <https://www.gasgovernance.co.uk/0844/040523> for further details on the Workgroup topics discussed.

The Modification was proposed as Authority Direction with a Workgroup Assessment concluding in June 2023. The timeline has been set up to enable implementation for Winter 2023/4.

PH outlined the contracting process including the need for standard conditions for contracts, the associated invoicing processes, and whether credit should be in place to cover the arrangements and contract breaches.

The Workgroup considered the following elements:

- Compliance
- Merit Order
- Balancing Code
- GDN and Shipper communications
- Desire for the product
- Protected Industries

See items 2.1.1 and 2.1.2 for the Panel Questions discussed.

Rebecca Hailes (RHa) enquired about the scenario for liability payments for failure to reduce demand if the option is exercised and the proposal that the CDSP role will be to invoice and chase for any late payment. Credit checks were not envisaged as required as the process will usually be for consumers receiving payment not making a payment.

Rebecca Hailes (RHa) enquired if the Energy Balancing Credit Rules would need to be considered. PH believed as National Gas Transmission (NGT) is making payments to Users for releasing gas volumes, the DSR products would not have an impact on the Energy Balancing Credit Risk Management processes as this relates to the payment of User Energy Balancing Charges. RHa suggested that NGT should clarify with the Energy Balancing Credit Committee (EBCC) if there would be any direct or consequential impacts (UNC TPD Section X – Energy Balancing Credit Management) to avoid any new issues being raised during the consultation process for liability payments.

**New Action 0501:** NGT (PH) to explore if there are any potential credit balancing concerns or impacts to the Energy Balancing Credit Risk process rules and controls for Modification 0844 and 0845

## 2.0 Initial Discussion

### 2.1. Issues and Questions from Panel

**2.1.1. Consideration of whether direct contracting is possible**

At the UNC Panel Members considered if it was possible to have direct contracting with the current licence arrangements and compliant with the Gas Act.

PH provided some extracts from the Gas Act. Having sought Legal advice from Dentons it had been concluded that the Gas Act does not prevent NGT from contracting directly with consumers for DSR.

The Workgroup considered the need to make changes to the Transporters Licence Special Licence Condition 9.22. It was suggested that clarity should be added to specify that arrangements for Direct Contracting can only be used for DSR in specific circumstances when amending the Licence.

**2.1.2. Consideration of communications arrangements required with DNOs**

PH provided the options for Shipper and GDNs notifications.

For the acceptance of DSR Options, the suggestion was to publish information to the industry rather than issuing individual communications.

For exercising DSR the suggestion was that the consumer that has a DSR Option accepted should inform their Registered User in the event. However, some Workgroup participants challenged this preferring NGT to provide the communications for reliability.

**2.2. Initial Representations**

None received.

**2.3. Terms of Reference**

As matters have been referred from Panel specific Terms of Reference will be published alongside the Modification at [www.gasgovernance.co.uk/0844](http://www.gasgovernance.co.uk/0844)

**3.0 Next Steps**

Expected next steps:

- Amended Modification to reflect Workgroup discussions with Business Rules
- ROM Request from the CDSP (for invoicing aspects)
- Legal Text production

**4.0 Any Other Business**

None.

**5.0 Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Tuesday 16 May 2023	Agreed later publication deadline of noon Friday 12 May 2023	Microsoft Teams	Detail planned agenda items: <ul style="list-style-type: none"> <li>• Amended Modification</li> <li>• Consideration of Business Rules</li> </ul>
10:00 Thursday 01 June 2023	5 pm Tuesday 22 May 2023	Microsoft Teams	Detail planned agenda items: <ul style="list-style-type: none"> <li>• ROM</li> <li>• Review of Relevant Objectives</li> </ul>

			<ul style="list-style-type: none"> <li>• Consideration of Wider Industry Impacts</li> <li>• Consideration of Legal Text</li> </ul>
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0844 Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0501	04/05/23	1.0	NGT (PH) to explore if there are any potential credit balancing concerns or impacts to the Energy Balancing Credit Risk process rules and controls for Modification 0844 and 0845	June 2023	National Gas (PH)	<b>Pending</b>