








UNC Final Modification Report	At what stage is this document in the process?
<h1>UNC 0845:</h1> <h2>Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product</h2>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 01 Modification </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>This Modification, raised as an output from Request 0835R, seeks to:</p> <ul style="list-style-type: none"> • Extend eligibility to participate in gas DSR to Class 2 Consumers; • Amend the determination of the quantity of demand reduction under a DSR Option; • Enable DSR Option Offers to specify restrictions to the days on which the DSR Option could be exercised and incorporate this into the NGT assessment process for DSR Options; • Clarify the obligations of a User if a DSR Option is exercised; • Provide greater optionality for Users and Consumers in the DSR Options tender process; and • Enable National Gas Transmission (NGT) to procure DSR Options that may be exercised with a 5-day lead-time. 	
<p>Next Steps:</p> <p>The Modification Panel recommends implementation.</p>	
<p>Impacted Parties:</p> <p>High: Large industrial and commercial consumers, Shippers, Suppliers, NGT Transmission (NGT), Distribution Network Operators, On-the-Day Commodity Market (OCM) Market Operator, CDSP</p> <p>Low: IGTs</p>	
<p>Impacted Codes:</p> <p>Independent Gas Transporter Code</p>	

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Timetable			
Modification timetable:			
Pre-Modification Discussed	06 April 2023		
Date Modification Raised	12 April 2023		
New Modification to be considered by Panel	20 April 2023		
First Workgroup Meeting	04 May 2023		
Workgroup Report to be presented to Panel	15 June 2023		
Draft Modification Report issued for consultation	16 June 2023		
Consultation Close-out for representations	13 July 2023		
Final Modification Report available for Panel (at short notice)	18 July 2023		
Modification Panel recommendation	20 July 2023		
Final Modification Report issued to Ofgem	21 July 2023		

1 Summary

What

The Gas Demand Side Response (DSR) arrangements provide a mechanism for large consumers of gas to offer, via their User, to reduce their demand during times of system stress in return for a payment that they define.

The DSR arrangements as reformed by Modification 0822¹ now provide for distinct “*option*” and “*exercise*” stages with separate payments made for each. Ahead of each forthcoming Winter Period, NGT issues an invitation to all Users seeking commitments, in advance, to offer DSR quantities on behalf of Consumers for the next three Winter Periods. When a Margins Notice (MN) or Gas Balancing Notification (GBN) has been issued, NGT may exercise any accepted DSR Options (and any DSR Market Offers that are not linked to a DSR Option) via an (On-day Commodity Market) OCM trade which triggers a requirement for the User to reduce the relevant Output Nomination and the Consumer to reduce its offtake of gas.

NGT sought non-binding expressions of interest in D-5 DSR Options via its DSR Option Invitation that was published on 18 November 2022. During this process, NGT received one expression of interest which was not considered to deliver a material volume and as a result, NGT decided not to proceed with raising an urgent modification at that time to deliver the market reforms required to permit a D-5 DSR product.

Why

Following the implementation of urgent Modifications 0822 and 0833, NGT raised Request 0835R ‘Review of Gas Demand Side Response Arrangements’ in part to review the new processes that were implemented by these Modifications as well as to consider broader reforms to the DSR regime. NGT has also engaged separately with large industrial consumers with regards to further changes that could be made to enable the growth of the gas DSR market. Based on stakeholder feedback from these meetings, as part of a package of reforms arising from Request 0835R, NGT considers it beneficial to extend the eligibility criteria to include Class 2 Consumers and make process enhancements to the way in which the DSR options are structured.

In its decision letter for Modification 0822, Ofgem encouraged NGT to consider how consumer access to gas DSR could be broadened for this winter and beyond. NGT considers it desirable to seek to maximise the quantity of gas DSR that would be made available because it serves as a pre-emergency tool to mitigate against the risk or severity of a Gas Deficit Emergency (GDE). Feedback provided by industrial consumers to NGT during the development of Modification 0822 revealed that a longer notice period could increase the level of participation; some industrial consumers specifically indicated that they would require a notice period of greater than one day to enable them to participate in the DSR scheme. Additional feedback gained through the UNC0835R Workgroup has confirmed that some stakeholders remain supportive of a D-5 DSR product.

Given this, NGT is of the view that being able to consider the supply / demand balance position for a Gas Day at an earlier stage (in the context of offers to voluntarily reduce demand) and making arrangements under which voluntary demand curtailment may be directed at this stage, may increase the volumes of gas that are able to be curtailed. NGT also recognises that a forecast imbalance 5 days in advance is subject to greater uncertainty than D-1 and within day forecasts.

¹ <https://www.gasgovernance.co.uk/0822>

How

It is proposed to modify the UNC (and separately the Gas DSR methodology statement) to:

- Extend the eligibility criteria for Consumer participation (whether via a DSR Option Invitation or otherwise) from class 1 Consumers to also include class 2 Consumers, thus enabling participation by any daily metered (DM) Consumer via their Registered User;
- Amend the determination of the quantity of demand reduction for the purposes of assessment of DSR Options and on which the Option Fee is based to be the differential between a Consumer's historical average daily demand and a tendered minimum quantity that shall not be exceeded if DSR is called;
- Amend the determination of the quantity of demand reduction that has been delivered if a within-day or D-1 DSR Option is exercised to be based on the differential between the User's prevailing Output Nomination and the User's tendered minimum quantity (for the avoidance of doubt, the determination of any DSR quantity that may be offered on the day that is not linked to a DSR option shall remain unchanged);
- Enable Users to specify restrictions to the days on which a DSR option could be exercised;
- Clarify the obligations on Users if DSR is exercised;
- Deliver greater optionality for Users and consumers in the DSR Options tender process;
- Enable NGT to assess DSR Option Offers on a broader range of criteria while retaining price as the primary component;
- Expand NGT's DSR Option Invitation to include D-5 DSR Options for future Winter Periods (01 November to 30 April), whereby NGT will invite Users to offer demand reduction with a 5-day lead time that meet the eligibility criteria for DSR participation. If specified criteria are met at D-5 (i.e. a forecast supply shortfall of a defined magnitude), NGT may exercise such D-5 DSR Options to reduce demand for Gas Day D. If the option is exercised, NGT would commit to this at D-5 (unlike the within day and D-1 arrangements where the User has the obligation to post a DSR Market Offer which NGT may choose not to accept) with the actual DSR trade executed on D-1 when the OCM opens for D-1 trading and the relevant Consumer(s) would be required not to exceed the minimum offtake quantity which was submitted by its Registered User as part of the D-5 DSR Option Offer for the time during which the demand reduction requirement is effective.

2 Governance

Justification for Authority Direction

The reforms to the gas DSR regime proposed by this Modification are designed to expand the DSR market and thereby further enhance the effectiveness of DSR as a pre-emergency tool. This Modification is expected to have a material effect on existing or future gas Consumers and matters relating to security of supply. On this basis, there is sufficient justification to require Authority Direction.

At present, only 'class 1' Consumers are eligible to participate in gas DSR, of which in total there are 563 connected to GDN networks. Expansion to include 'class 2' Consumers would expand eligibility to a further 701 Consumers, provided they are able to offer at least the 100,000 kWh/day minimum quantity of DSR.

The Russian invasion of Ukraine and subsequent reduction in gas supplies to the EU has created material risks to global gas markets and the EU and GB gas markets are linked both via physical assets and market arrangements. NGT therefore considers that it is prudent to further enhance DSR arrangements as described in this Modification as a mitigation against these risks; they could also provide mitigation against the unlikely event

of a GDE being declared which would have a significant commercial impact on GB gas market participants and more widely in GB.

Requested Next Steps

This Modification should be considered a material change and not subject to Self-Governance.

3 Why Change?

Background

The Gas DSR arrangements were introduced into the UNC in 2016 by Modification 0504 '*Demand Side Response Methodology Implementation*'. This provided a mechanism for large consumers of gas to offer to reduce their demand in return for a payment which they defined during times of system stress when a Gas Balancing Notification (GBN) is in operation. The User discharges that function with NGT by posting a DSR Market Offer onto the OCM DSR Locational Market on behalf of a consumer which NGT may accept. Such voluntary demand reductions are intended to reduce the likelihood, severity and duration of a gas supply emergency and provide a 'route to market' for large consumers to receive greater financial compensation by voluntarily curtailing their demand than if they were involuntarily curtailed in a stage 2 of a GDE.

Modification 0822 introduced obligations on NGT to run an annual tender process (the DSR Options Invitation) whereby Users could, on behalf of eligible Consumers, offer and hold DSR Options whereby Users receive payment in return for agreeing to offer DSR on behalf of the relevant Consumer if a Margins Notice or Gas Balancing Notification is issued. As this was an urgent Modification, NGT has reviewed its application in light of experience with the industry as part of Request 0835R and, separately, with a group of large industrial consumers and their associations including the chemicals, glass, steel and ceramics sectors. From these discussions, NGT has concluded that further reforms to this process would be beneficial, as well as its expansion for Users to participate on behalf of all daily metered (DM) sites, whether they are class 1 or class 2.

In its decision letter for Modification 0822, Ofgem encouraged NGT to consider how consumers' access to DSR may be broadened to further contribute towards the effectiveness of the DSR tool. Extending the lead-time for exercise of a DSR Option is a means of achieving that objective.

Further Engagement

At present, if a DSR Option is exercised by NGT accepting a DSR Market Offer, the quantity by which the relevant Consumer is required to reduce its demand is equal to the lesser of the accepted Option Quantity and the User's prevailing Output Nomination². Where the latter applies, this would result in the consumer being obliged to reduce its demand to zero, which some Consumers have highlighted constitutes a risk to their need to maintain a minimum level of demand to maintain certain processes. Feedback received indicates that an ability for Users/Consumers to specify a minimum quantity would be a more attractive proposition for some Consumers.

Consumers have also indicated that because the number of times on which a DSR Option could be exercised in a Winter Period is uncapped, this could expose them to excessive disruption in their production processes and therefore an ability to indicate the maximum number of instances that they would be prepared to incur demand curtailment would remove this as a barrier to their participation.

A review of the obligations on Users when a within-day or D-1 DSR Option is exercised has revealed a need for further clarity in terms of the timescales within which a User is obligated to post a DSR Market Offer, depending

² For within-day DSR options, this is scaled based on the tendered lead-time and the number of hours remaining in the gas day.

on the type of option held and the trigger for opening the DSR locational market. At present, UNC TPD D7.6.2 provides that where a DSR Option is in force, the relevant User is required to post a DSR Market Offer onto the OCM³ on each Day in the Winter Period which falls within a Voluntary DSR Period, on the first Day within 60 minutes from the time at which the Margins Notice or GBN was issued and on each subsequent Day, by 06:00 on the Day. However, this fails to capture all the potential permutations. For example, where the User holds a within day DSR Option and the DSR Locational Market has been opened by a Margins Notice at D-1, a within-day offer cannot be placed until gas day D starts, meaning the User could not comply with the 60-minute rule. Equally, if a D-1 DSR Option is held and the trigger for opening the market is a Margins Notice, for subsequent Days a new Margins Notice would need to be issued to prolong the DSR event, therefore the User's obligation should remain as being within 60 minutes of that next Margins Notice being issued.

Engagement with large industrial Consumers and their associations during the development of Modification 0822 and throughout the UNC0835R Workgroup indicated that one of the reasons that DSR contracts have not historically been struck is that the lead-time for exercise of a DSR Market Offer is challenging for some Consumers to react to. To enable voluntary demand curtailment to be exercised ahead of D-1, a definition of the trigger for activating such arrangements is required. Any such consideration must be balanced against the potential consequences of intervention in the market by NGT outside of prompt timescales when supply and demand data is less certain, impacts on its role as residual balancer and its obligations to discharge this function economically and efficiently.

Consequences of Non-implementation

If this change is not made, NGT's engagement with relevant stakeholders indicates that Consumers that could potentially offer voluntary reductions in their gas demand are less likely to do so or be prevented completely, for example if they are not within Class 1 or need longer than one day to schedule demand reduction. This would mean that one of the tools available to NGT to mitigate a material imbalance between national demand and supply that could progress to a GDE may not provide as much demand reduction as it potentially could.

4 Code Specific Matters

Reference Documents

Modification [0504](#) "*Demand Side Response Methodology Implementation*"

Modification [0822](#) "*Reform of Gas Demand Side Response Arrangements*"

Modification [0833](#) "*Enabling DSR Market Offers to be made by Non-Trading System Transactions*"

NGT [Gas Demand Side Response Methodology](#)

[Decision](#) on the proposed modifications to the DSR Methodology of NGT's Gas Transporter Licence and Decision further to NGT's request for Derogation from Special Condition 9.22.3(c) of its Gas Transporter Licence.

[Procedure for Network Gas Supply Emergency](#) ('E1')

Special Condition 9.22 in the NTS Licence that sets out Gas DSR requirements and principles is reproduced in Appendix 1.

³ Where the User does not have access to them OCM, this may be conducted via an 'over-the-counter' process

Knowledge/Skills

An awareness of the current DSR rules in UNC (as revised by Modification 0822) and where they feature in the emergency arrangements would be helpful. In the UNC, these are contained in TPD sections D5 and D7.

5 Solution

It is proposed that the UNC is modified to amend the DSR arrangements in 7 areas:

1. Eligibility Criteria

Extend the eligibility criteria for Users to offer DSR that would be physically delivered by Consumers (whether or not pursuant a DSR Option) from the current Class 1 group only (requiring a minimum Annual Quantity of 2 million therms) to also include Class 2 Consumers, which are also daily metered.

2. Basis of DSR Option Offer and determination of the quantity of demand reduction

At present, a User may respond to the DSR Invitation to Offer by submitting one or more energy quantities of DSR. It is proposed to amend this such that the User would submit one daily quantity 'minimum offtake quantity' that the Consumer would not exceed during the period for which DSR was effective if the DSR Option were to be exercised.

The quantity of demand reduction that would apply for the purposes of assessment and that would determine the Option Fee shall be the difference between the average daily demand of the relevant Consumer over the previous Winter Period (excluding any days on which demand in respect of that Consumer was reduced either by DSR exercise or a NGSE) and the minimum offtake quantity.

If a within-day or D-1 DSR Option is exercised, the quantity of demand reduction that shall be used to calculate the exercise fee shall be based on the difference between the User's prevailing Output Nomination in respect of that Consumer and its tendered minimum offtake quantity. For a D-5 DSR Option, such quantity shall be equal to the difference between the average daily demand of the relevant Consumer over the previous Winter Period (excluding any days on which demand was reduced either by DSR exercise or a NGSE) and the minimum offtake quantity that the User submits via the DSR Option Invitation.

Further business rules are provided below to explain how this will work in respect of within-day, D-1 and D-5 DSR Options.

3. Restrictions to Exercise

The terms of the DSR Option Invitation shall enable Users to restrict the days within a Winter Period that a DSR Option may be exercised on. A User may specify:

- a. A maximum number of days on which NGT may exercise a DSR Option during a Winter Period;
- b. A minimum number of days that must elapse between Voluntary DSR Periods before exercise could again be triggered.

4. User Obligations – DSR Options

Amend the obligations on a User holding a DSR Option to post DSR Market Offers if the DSR Locational Market is opened.

At present, on the first day of a Voluntary DSR Period, UNC requires the User to post a DSR Market Offer within 60 minutes from the start of that period and if such period extends to subsequent days, by 0600 on any subsequent day.

Where a D-1 DSR Option is held and the trigger for opening the market is a Margins Notice, for subsequent Days a new Margins Notice would need to be issued to prolong the DSR event, which would likely not be issued before 0600, therefore the User obligation in this case shall be within 60 minutes of a Margins Notice being issued, on the first day and any subsequent days.

A Margins Notice, once issued, remains in force for the Day to which it applies, whereas a GBN remains in place, potentially across several Days, unless it is withdrawn. Therefore, where a User holds a D-1 DSR Option and the trigger for opening the DSR locational market is a GBN, the obligation on the User shall be to post a DSR Market Offer on subsequent days within 60 minutes of the market opening for D-1 trading, therefore by 0900 for the following day. The obligations that shall apply for different combinations of DSR Option and notification trigger are summarised in the table below:

Option held	Notification trigger	Shipper obligation - first day	Shipper obligation - subsequent days
Within-day	Margins Notice on D-1	post offer on D by 06:00 on D	post offer on D by 06:00 on D
	GBN D-1	post offer on D by 06:00 on D	post offer on D by 06:00 on D
	GBN within day	post offer for current day within 60 mins of GBN issue	post offer for current day by 06:00 if GBN not withdrawn
D-1	Margins Notice on D-1	post offer on day MN issued for tomorrow within 60 mins of MN issue	post offer on day MN issued for tomorrow within 60 mins of MN issue
	GBN D-1	post offer on day GBN issued for tomorrow within 60 mins of GBN issue	post offer by 09:00* for tomorrow if GBN not withdrawn
	GBN within day	post offer for tomorrow within 60 mins of GBN issue	post offer by 09:00* for tomorrow if GBN not withdrawn

Further, UNC TPD D7.6.6 requires that NGT may not accept a DSR Market Offer that is posted pursuant to a D-1 DSR Option later than 17:00 on D-1. To provide clarity for Users, it is proposed to introduce an additional rule that a User shall not be obliged to post such offer if the Margins Notice is issued after 16:00 on D-1.

5. Product Optionality

Whereas at present, a User may offer either a D-1 or a within-day DSR Option in respect of a Consumer, it is proposed to introduce greater optionality by enabling Users to offer DSR Options for more than one DSR product in respect of the same Consumer, from which NGT may select one.

6. Assessment Process

At present, UNC TPD D7.5 requires NGT to accept DSR Option Offers in aggregate price order (option plus exercise), prioritising within-day DSR options over D-1 DSR options, based on the total amount of Option Fees that NGT determines should be incurred for a given Winter Period.

It is proposed to amend these assessment rules such that within-day DSR Options are prioritised over D-1 DSR Options, which in turn are prioritised over D-5 DSR Options and to enable NGT to also consider in its assessment of offers:

- Any restrictions to the number of days that DSR may be exercised on in a Winter Period that are specified by a User,
- Which DSR Option Offer to accept in the case where a User submits an offer for more than one DSR product in respect of the same Consumer for the same Winter Period.

7. Introduction of a D-5 DSR Product

It is proposed that the UNC is modified to extend the arrangements that have been implemented by UNC0822 which introduced within-day and D-1 DSR Options to also include D-5 DSR Options. NGT would have the ability to enter into such arrangements and exercise such options at D-5 in respect of day D if it forecasts a supply deficit on day D of 14 mcmd or greater. The rationale for this threshold is that 13.7 mcm is the target forecast error for NGT's D-2 to D-5 reputational demand forecasting incentive and as such can be considered as a

reasonable level of uncertainty. If this condition was met, NGT would then decide whether to exercise D-5 DSR Options.

The business rules for UNC0822 shall apply as far as possible in respect of D-5 Options, subject to amendments in the following key areas:

- The annual DSR Option Invitation shall include D-5 DSR Options;
- The timescales by which Users post their DSR Market Offers and NGT accepts them pursuant to accepted D-5 DSR Options;
- A new trigger for D-5 exercise pursuant to D-5 DSR Options shall be executed.

Business Rules

Demand Reduction Quantity

Assessment

1. For within day, D-1 and D-5 DSR Options, Users shall be invited to offer a daily minimum offtake quantity that shall apply if the DSR Option is exercised.
2. The DSR quantity for the purposes of NGT's assessment shall be equal to the average daily demand for the relevant Consumer in the previous Winter Period (with any Days on which the Consumer's demand was reduced either by DSR exercise or a Network Gas Supply Emergency omitted from such calculation) minus the minimum offtake quantity tendered by the User.
3. NGT shall validate that the demand reduction quantity is greater than or equal to 100,000 kWh/d. Any multi-year offers that are accepted by NGT shall be conditional on this assessment in respect of future years as described in BR 4 below.
4. Where NGT accepts an DSR Option Offer:
 - a. In respect of the next Winter Period, NGT shall notify the User of the average daily demand of the relevant Consumer from the previous Winter Period, and hence the DSR quantity that it has offered, at the time at which such offer is accepted;
 - b. In respect of a Winter Period in Y+1 and/or Y+2, NGT shall notify the User of the average daily demand of the relevant Consumer for the preceding Winter Period, and hence the DSR reduced quantity it has offered, not later than 30 June in the preceding Gas Year to which the DSR Option applies. (For example, if in response to the 2023 invitation, NGT accepts an offer for Winter Periods 2023/24 and 2024/25, NGT would inform the User of the average daily demand for Winter Period 2023/24 and hence what the DSR reduced quantity is for Winter Period 2024/25 not later than 30 June 2024). Where the demand reduction quantity is less than 100,000 kWh/d, the DSR option shall lapse.
5. If the relevant Consumer commenced its offtake of gas:
 - a. During the previous Winter Period, its average daily demand and DSR reduced quantity shall be determined from the date of first gas offtake;
 - b. After the previous Winter Period had ended, the User shall not be eligible to submit an offer and any offer that is submitted shall be rejected.
6. In the case of a Shared Supply Meter Point, one only of the sharing Registered Users may submit a DSR Option Offer.

Exercise

7. For the purposes of exercise, the DSR quantity shall be determined as follows:

a. In respect of a within-day DSR Option,

$$PN - (OQ + LT + TFR)$$

where

PN = the prevailing Output Nomination in respect of the Consumer at the time at which DSR was called

OQ = the quantity of gas that has already been offtaken by the Consumer at the time at which the Voluntary DSR Period started;

LT = a quantity of gas that may be offtaken by the Consumer during the lead-time between the start of the Voluntary DSR Period and the time at which the User's DSR Market Offer is effective, which shall be equal to the average hourly demand of the relevant Consumer during the OQ period multiplied by the number of hours of lead-time; and

TFR = a quantity of gas equal to the tendered minimum end of quantity divided by 24 multiplied by the number of hours remaining in the Day from the hour at which the User's DSR Market Offer becomes effective.

b. In respect of a D-1 DSR Option, the User's prevailing Output Nomination for day D at the time at which DSR was called in respect of the relevant Consumer minus the minimum offtake quantity tendered by the User.

c. In respect of a D-5 DSR Option, the quantity determined by BR2.

8. In relation to BR7a and 7b, if there is no Output Nomination in place in respect of the relevant Consumer at the time when DSR was called or if such Output Nomination is below the tendered minimum offtake quantity then the User shall not receive an exercise fee.

9. Where a D-5 DSR Option is exercised, not later than the start of the gas day D-1, the User shall make an Output Nomination equal to the average daily demand for the relevant Consumer in the previous Winter Period (with any Days on which the Consumer's demand was reduced due to either DSR exercise or a Network Gas Supply Emergency omitted from such calculation).

10. Following NGT's acceptance of a D-5 DSR Market Offer, the User shall submit a Renomination in respect of the relevant Consumer that is equal to the minimum tendered quantity.

11. In the case of a Shared Supply Meter Point, the User shall have complied with the exercise instruction if the aggregate of the allocations for that User and other sharing Registered User(s) does not exceed the DSR reduced quantity.

D-5 Product

Product Definition

1. A D-5 DSR Option shall be a 'balancing service' as contemplated by the EU Balancing Code, whereby a User may offer, and NGT may accept, a commitment in advance on behalf of a Consumer to reduce gas demand with 5 Days' notice.

2. For a DSR Option exercised at D-5, the start time for demand reduction shall be 0500 on gas day D with the reduction in place until the end of gas day D. For example, if a D-5 DSR Option is exercised on gas day 16th February, the demand reduction day (D) would be the gas day 21st February.

Procurement Process

3. The DSR Option Invitation rules set out in UNC TPD D7 shall be extended to include D-5 DSR Options within the same procurement process, whereby invitations are issued annually not later than 31 August.
4. A User may submit DSR Option Offers for a D-5, D-1 and within day DSR product from which NGT may accept one.
5. Each D-5 DSR Option offer that Users may make shall be required to contain:
 - a. The Winter Period each offer is made in respect of;
 - b. An end-of-day energy quantity that the consumer will not exceed in the event of the product being exercised;
 - c. The identity of the consumer and its supply meter point reference that will deliver the demand curtailment, if exercised by NGT;
 - d. A price ('option price'), specified in p/kWh/day, that the User requires to be paid in return for its commitment to making the relevant quantity available for gas DSR purposes;
 - e. A price ('exercise price') which the User requires to be paid if its associated DSR Market Offer is accepted by NGT which may be specified either:
 - i. in p/kWh or
 - ii. indexed to the System Average Price (SAP) applicable on D-1, where D is the Day on which notification of exercise of the D-5 DSR Option is given by NGT to the relevant User (and may otherwise be understood as D-6 where D is the Day on which the demand reduction is to be effective).
6. A User may specify
 - a. A maximum number of days on which NGT may exercise a DSR Option during a Winter Period;
 - b. A minimum number of days that must elapse after a period of DSR before exercise could again be triggered.

Assessment of Offers

7. When selecting DSR Option Offers, NGT may prioritise acceptance of within day DSR Options first, followed by D-1 Options and then D-5 Options.
8. The aggregate value of D-5 DSR Options accepted by NGT in respect of a Winter Period shall be determined in accordance with the Option Selection Guidance set out in NGT's DSR Methodology.
9. There shall be no limit on the aggregate energy quantity of D-5 DSR Option offers that NGT may accept pursuant to its invitation to offer.
10. Where a User offers an exercise price that is indexed in accordance with BR5(e)(ii), NGT shall determine such price for the purposes of its assessment as being the forward price for the relevant winter as published in the Argus European Natural Gas Report on the day the invitation to offer closes.
11. Upon acceptance of a DSR offer by NGT, the DSR option is automatically entered into and comes into force.

Accepted D-5 DSR Options

12. Where D-5 DSR Options are in force, NGT shall, for each Day in the relevant Winter Period, assess expected available supply against forecast demand on D-5.

13. Where NGT projects an end of day national supply deficit at D-5 of 14 mcmd or greater in respect of Day D, NGT may exercise D-5 DSR Options as described in these business rules.

14. Where the condition in BR13 is satisfied and NGT has decided to exercise D-5 DSR Options, NGT shall issue an Active Notification Communication to all Users that it is doing so.

15. NGT shall then review all accepted D-5 DSR Options and notify the relevant Users not later than 17:00 on D-5 which D-5 DSR Options it is exercising. NGT shall publish the total quantity of the D-5 DSR Options that it has exercised not later than the end of the Day D-5.

16. The User shall then be obliged to make an Output Nomination in respect of the relevant Consumer for day D equal to the Consumer's average daily offtake for the previous Winter Period (excluding any days on which the consumer's demand was reduced due to DSR being exercised or pursuant to an NGSE) or as the case may be the projected average daily demand under BR4(b) not later than the start of gas day D-1.

17. Such Users are expected to notify the relevant Consumer as soon as is reasonably practicable thereafter and shall then be obliged to post DSR Market Offers in respect of Day D by not later than 10:00 on D-1, which:

i) in the case of a DSR Market Offer posted on the OCM, NGT shall accept not later than 12:00 on D-1; and

ii) in the case where a User that does not have OCM access submits a DSR Market Offer as a Non-Trading System Transaction, NGT shall accept such offer not later than 14:00 on D-1.

18. The quantity (Trade Nomination Quantity) associated to the DSR Market Offer to be posted by each relevant User shall be not less than the Consumer's average daily offtake for the previous Winter Period (excluding any days on which the consumer's demand was reduced due to DSR being exercised or pursuant to an NGSE) (or as the case may be, the projected daily demand under BR4(b)) minus the minimum offtake quantity specified by the User in the DSR Options invitation.

19. The price at which the DSR Market Offer shall be posted shall be equal to the User's accepted exercise price in the DSR Option Invitation.

20. Following NGT's acceptance of the DSR Market Offer, the relevant User shall submit a corresponding Renomination.

21. Where NGT has issued a notification pursuant to BR14, the User may not increase its Output Nomination for the relevant Consumer in respect of day D from the time at which the notification of exercise by NGT is received by the User. For the avoidance of doubt, once a D-5 DSR Option has been exercised, it shall not be revoked.

22. NGT will review the position on the following Day for the 'new' D-5 and if the condition in BR13 is satisfied then NGT may give a further notification to the User that the Consumer is required to maintain its demand reduction in respect of the 'new' Day D. In this case the relevant User is required to nominate, post a further DSR Market Offer and renominate according to the above process.

23. Users that do not have D-5 DSR Options in force shall not be eligible to make DSR Market Offers on D-1 unless a Voluntary DSR Period also applies in respect of that Day which is triggered by a Margins Notice and/or Gas Balancing Notification. The provisions of TPD D5.1.2(d) and (e) which govern the opening of the DSR Locational Market and NGT acceptance of DSR Market Offers only after issue of a Margins Notice or Gas Balancing Notification shall not apply to DSR Market Offers made pursuant to D-5 DSR Options.

Further Business Rules

The following business rules which were established as part of Modification 0822 shall also apply to D-5 DSR Options and are included here for completeness.

24. Where a User fails to post a DSR Market Offer in accordance with the above business rules, it shall become liable for a charge equal to:

$$OP \times 1.1 \times (NP / CP)$$

where:

OP = the total value of the User's Option Fee for that Winter Period,

NP = the total number of that User's non-compliant DSR Market Offers and failure to post DSR Market Offers within that Winter Period

CP = the total number of Days on which the User was obliged to post a DSR Market Offer within that Winter Period.

For example, if the DSR market was opened on 4 separate days across a Winter Period and the User failed to post or posted a DSR Market Offer that was in breach of its obligations pursuant to its accepted option offer on one of those days but posted compliant DSR Market Offers on the other three days then the User's penalty would be equal to 110% of its Option Fee multiplied by 0.25.

25. NGT shall review the performance of each relevant User for the purposes of making its determinations pursuant to BR24 as soon as is reasonably practicable after the end of the relevant Winter Period and shall instruct the CDSP to issue any relevant invoice thereafter.

26. NGT shall provide appropriate supporting information to each User to whom an invoice is issued pursuant to BR24 and the User may dispute such invoice by providing its own supporting information to NGT. If such a dispute occurs, NGT and the relevant User shall work together in good faith to agree a resolution.

27. Where a User ceases to be the Registered User for a Consumer in respect of which a D-5 DSR Option offer has been accepted pursuant to the DSR Option Invitation:

- a. That User shall, as soon as reasonably practicable, notify NGT of the change of Registered User;
- b. That User's obligations to provide DSR Market Offers in respect of that consumer shall cease with effect from the date of transfer of Registered User;
- c. NGT shall instruct the CDSP to cease making payment of any further Option Fee Instalments to that User in respect of that Consumer;
- d. The new Registered User may inform NGT that it wishes to adopt the same DSR Option obligations in place of the retiring User, in which case NGT shall instruct the CDSP to pay the relevant subsequent Option Fee Instalments to the new Registered User.

28. Where a D-5 DSR Option applies in respect of a Supply Point which becomes Isolated,

- a. The Registered User shall so notify NGT as soon as reasonably practicable following the date of Isolation;
- b. NGT shall instruct the CDSP to cease making payment of any further Option Fee Instalments to that User based on the accepted DSR Options in place at that time; and
- c. The User's obligations to provide DSR Market Offers in respect of such DSR Options on behalf of that Consumer shall cease.

29. Where BR 28 applies and the Supply Point is subsequently Re-established, the provisions of BR 28 shall continue to apply, notwithstanding that the Registered User may submit D-5 DSR Option offers in respect of that Supply Point in response to future DSR Option Invitations issued by NGT.

30. Where a User is terminated, NGT shall instruct the CDSP to cease making payment of any further Option Fee Instalments to that User and all D-5 DSR Options in relation to that User shall automatically lapse.

31. A User may not cancel any D-5 DSR option within the Winter Period to which that option relates or in the time between NGT's acceptance of that D-5 DSR option and the next Winter Period.

32. Commercial terms detailing the basis on which D-5 Option Fees shall be passed through to the consumer by the shipper/supplier are outside the scope of the UNC and shall be detailed in arrangements agreed between the shipper/supplier and consumer.

Payment and Funding Arrangements

33. A User's Option Fee for a Winter Period shall be determined as $(Q \times P) \times N$, where

Q = the difference between the average daily demand for the relevant Consumer from the previous Winter Period (excluding any days on which demand for the relevant Consumer was reduced due to either DSR exercise or a Network Gas Supply Emergency) and the tendered minimum offtake quantity

P = the option price in p/kWh/day submitted by the User

N = Number of days within the Winter Period

34. D-5 Option Fees shall be funded from, and payments under BR 24 made to, balancing neutrality. NGT shall instruct the CDSP to make payment of D-5 DSR Option Fees to the relevant Users in monthly instalments for the duration of the relevant Winter Period, calculated as follows:

Total Option Fee divided by the number of days within the Winter Period on which the obligations apply, multiplied by the number of days in the month for which payment is being made.

35. D-5 DSR Option Fees shall be paid to relevant Users in respect of each relevant month on the Invoice Due Date for Energy Balancing Invoices for that month (being 12 calendar days following the 23rd day following the end of that month).

36. Where BR 27 (a) to (c) applies, the Option Fee for the relevant month shall be calculated pro-rata up to the date on which the retiring User ceased to be the Registered User.

37. Where BR 27 (d) applies, the Option Fee for that month shall be calculated pro-rata from the date on which the new User became the Registered User.

38. Where BR 28 applies, the Option Fee for the relevant month shall be calculated pro-rata up to the date of Isolation.

39. The accepted D-5 DSR Option prices and associated quantities that are used to determine the Option Fees shall not contribute to imbalance cashout price determination for any Day.

40. The aggregate amount of D-5 Option Fees for each relevant month within the Winter Period shall be processed through the balancing neutrality mechanism as a debit on each User's Energy Balancing Invoice for that month. Each User's share of this amount shall be determined by the percentage of its system throughput (determined by its allocated inputs and outputs (UDQIs and UDQOs)) versus total system throughput for that month.

41. All accepted D-5 DSR Market Offers, shall not be treated as Eligible Balancing Actions and thus the associated quantities and prices shall not contribute to the formation of cashout prices for the relevant Day.

Reporting

42. Within 5 business days from the date on which NGT notifies participating Users of the acceptance or rejection of their DSR option offers, NGT shall notify all Users of the following outcomes from the DSR Option Invitation:

- a. Total volumes offered
- b. Total volumes accepted
- c. Number of participating Users
- d. Number of participating Consumers
- e. Weighted average option price for all accepted DSR option offers
- f. Total cost of accepted DSR option offers
- g. Lowest option price accepted
- h. Highest option price accepted
- i. Lowest exercise price accepted, where offered as a p/kWh rate
- j. Highest exercise price accepted, where offered as a p/kWh rate
- k. Lowest exercise price accepted, where offered as an index
- l. Highest exercise price accepted, where offered as an index

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None.

Consumer Impacts

This Modification will remove some of the barriers identified by large Consumers of gas to their participation in the gas DSR arrangements, thereby facilitating an increase the quantities of DSR that Consumers are willing to offer to NGT via the DSR Option arrangements. If such offers are forthcoming and accepted then Consumers will have greater confidence that voluntary demand curtailment will be available to NGT during the Winter Period if required, thus mitigating the risk of a national gas supply shortage escalating to a GDE which could have detrimental impacts on a wider group of Consumers. The avoidance of involuntary curtailment of gas demand that would occur under the procedure for firm load shedding in a stage 2 GDE enhances electricity security of supply.

The introduction of a D-5 DSR Product will provide incentives for large consumers of gas, who require more advance notice of curtailment, to offer voluntary DSR to NGT at times when expected available supply is insufficient to meet forecast demand and would enable such consumers to recover their required value of turning down their gas offtake rather than at the Emergency Curtailment Trade Price (currently 30 day average SAP) that would otherwise apply in the case of firm load shedding.

What is the current consumer experience and what would the new consumer experience be?

The introduction (via Modification 0822) of a financial incentive designed to cover the costs among Consumers, Users and Suppliers of setting up the capability to deliver voluntary DSR and extending the circumstances under

which Consumers could be called upon to respond to provide this response was designed to enhance the incentives for large industrial Consumers to participate in voluntary DSR. Take-up for Winter 2022/23 has been modest however, with Consumers citing a difficulty to adequately assess liability and risk as the foremost barrier and others unable to participate due to insufficient leadtimes.

By giving Consumers (via their User) greater flexibility to specify a maximum number of occasions on which an instruction to reduce their demand could be called, reforming the product to be based on a minimum flow requirement instead of a reduction quantity that would not be known until prompt timescales and introducing a D-5 product would help to address such concerns and could result in greater levels of DSR participation. The new consumer experience would continue to be funded by all other Users based on their physical throughput via balancing neutrality and thus ultimately by all consumers, effectively as an insurance premium against the risk of a GDE.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
<p>Improved safety and reliability</p> <p>Where insufficient physical supply to meet demand is forecast, the lack of ability to take sufficient demand off the system voluntarily could mean that the situation escalates towards a GDE, and the associated increased risks to network safety and reliability which result from falling pressures.</p> <p>This Modification is designed to encourage additional voluntary curtailment such that this pre-emergency tool would be available to NGT in preventing such an escalation and mitigate such risks materialising, which could potentially impact all consumer groups.</p>	Positive
<p>Lower bills than would otherwise be the case</p> <p>Should a GDE occur, the impacts on consumer bills are unquantifiable in advance but are likely to be significant as wholesale gas prices would rise in response to the insufficient supply situation that would trigger such an event. The insurance premium to enable further voluntary curtailment that this Modification would enable would provide a mitigation against such an impact. However, if, with hindsight, voluntary demand curtailment would not have been required based on the actual supply / demand position observed on the Gas Day during a Winter Period then the demand reduction triggered at D-5 would still be funded by Users through balancing neutrality which may then be passed on to consumers. It is also possible that exercise of D-5 DSR Options by NGT itself creates upward pressure on wholesale prices which could potentially feed through to customer bills.</p>	Positive
<p>Reduced environmental damage</p> <p>We do not envisage any quantifiable impact on the environment as a result of this Modification. There is potential for additional consumers to offer DSR that may deliver it via fuel-switching to a more polluting source than natural gas but this is unknown at this stage.</p>	Unknown / negligible

<p>Improved quality of service</p> <p>Declaration of a GDE resulting in compulsory firm load shedding would result in a significant impact on quality of service that for those parties that may be unable to continue their gas offtake. This Modification helps to mitigate such a scenario arising.</p>	<p>Positive</p>
<p>Benefits for society as a whole</p> <p>The potential impact on heating capability, gas fired electricity generation, interruption to industrial production and knock-on impacts into wider supply chains that a GDE is capable of causing could result in a major economic and societal impact for the country. Putting in place a comparatively modest financial incentive relative to the potential scale of these impacts as proposed by this Modification would provide additional mitigation against such risks arising. The avoidance of involuntary curtailment of gas demand that would occur under the procedure for firm load shedding in a stage 2 GDE enhances electricity security of supply.</p>	<p>Positive</p>

Cross-Code Impacts

The extension of eligibility requirements and introduction of a D-5 DSR product proposed by this Modification should also apply to Consumers connected to IGT networks, therefore an equivalent modification may be required to the IGT Code.

Workgroup Participants agreed that iGT Participants should be eligible for participate and therefore a Modification to the iGT UNC would be required to facilitate this.

EU Code Impacts

Regulation 8(3) of the EU Balancing Code (as transposed into UK law) requires that TSOs' balancing services must be procured via a tender process which this Modification would be compliant with.

The rationale for excluding the volumes and costs of exercise of a D-5 DSR product from the calculation of imbalance cashout prices is because exercise would be committed to outside of cashout timescales and the prompt market would not be available when exercise is triggered, therefore the price at which a D-5 product is exercised is unlikely to reflect supply/demand fundamentals on gas day D. Article 22(5) of the EU Balancing Code provides for National Regulatory Authority discretion as to whether the prices at which gas is traded locationally should be included within cashout price determination.

A Workgroup Participant identified that compliance with Article 9(1)c requires that balancing services exercised at D-5 is only permitted where short-term standardised products will not or are not likely to provide the response necessary to keep the transmission network within its operational limits.”.

The Proposer responded that the text states that Balancing Services may be used where short term standardised products will not be likely to provide the response necessary and therefore a D-5 product would be deployed ahead of use of short term standardised products where the TSO believes that criteria would be met as evidenced by the material difference between forecast supply and forecast demand at D-5 plus additional operational considerations that would inform such decisions.

Workgroup Participants noted that this point is also relevant to Modification Proposal 0844.

Central Systems Impacts

No impacts on central systems are envisaged to implement this Modification.

Invoicing activities associated with DSR Options (including any D-5 Options) would continue to be managed via the CDSP 'request to bill' process and existing system functionality and processes implemented as part of Modification 0822 used to recalculate energy balancing invoices to apportion the costs of DSR Options among all other Users based on their system throughput.

NGT will require additional data to be provided from the CDSP to determine the average daily demand of Consumers whose Registered Users participate in the DSR Option Invitation for the purposes of determining the quantity of DSR that is offered.

Performance Assurance Considerations

Workgroup Participants did not raise any concern.

Initial Representations

None Received

Panel Questions

1. Consideration of communication arrangements required with DNOs.

As noted during discussions for Modification Proposal 0844 the Proposer pointed out that the draft legal text has a specific obligation on NGT to notify DNOs and this concern has thus been addressed in the amended Proposal.

2. Does the Modification introduce any risks to end consumers?

The Proposer confirmed that as the DSR market grows, the aggregate level of option payments may increase and those options may not be exercised. This cost is ultimately borne by Consumers, however, this is like any insurance and it will be a matter for the NGT and Ofgem in consultation with the industry to determine what level of protection is appropriate.

Risk to Consumers with achieving the demand reduction.

Workgroup Participants noted that the Proposal had been amended during its passage through the Workgroup and now included a "reduce to" instead of "reduce by" criteria. It was noted that NGT will need to put more effort in to working out exactly how much demand reduction a Shipper will provide. This amended proposal reduces the risk for the consumer because minimum offtake flows, for example, to maintain essential plant, can be accommodated. NGT will assess the difference between the expected flow (based on previous year average) or the nomination in order to determine the effect of calling the DSR.

The Proposer explained that for D-5 exercise NGT would need to use historical average as the baseline for assessing the quantity that would be shed through exercise of the option. The Shipper would then be obligated to make a nomination equal to the historical average. For a within day option, NGT would apply a 1/24th rate of tendered minimum quantity over the remaining hours. Shipper gives a within-day lead time.

A Workgroup Participant identified that there is a potential risk of consumers that are subject to within day options 'front-loading' their offtake in a 'reduce to' regime. Discussions concluded that this is a small risk.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
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a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	Positive
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Relevant Objective (a) “*efficient and economic operation of the pipe-line system*” is furthered by this Modification, which is designed to encourage further voluntary curtailment and thus mitigate the risk of a supply shortage escalating to declaration of a GDE. Should a GDE be declared and progress to Stage 2 then compulsory firm load shedding would result in disruption and inefficiency in the operation and use of the network as some parties that would wish to be taking gas would be prevented from doing so.

Specifically in respect of the introduction of a D-5 DSR product, this should be balanced against the possibility that an NGT decision to call demand off the system at D-5 turns out to be unnecessary as the market responds to the D-5 forecast position and more accurate supply/demand information is available closer to the day. Furthermore, exercise of D-5 DSR Options itself may lead to higher wholesale prices than would otherwise be the case.

NGT considers that on balance it could in some circumstances be beneficial to take precautionary action ahead of time to mitigate the larger risk of a GDE if consumers are willing to curtail their demand for a consumer defined compensation.

Relevant Objective (b) “*co-ordinated, efficient and economic operation of (i) the combined pipeline system and/or (ii) the pipeline system of one more other relevant gas transporters*” is also furthered by this Modification, also due to its mitigation of a GDE being declared. If such an event occurred, in addition to firm load shedding on the NTS, Gas Distribution Networks may be given instructions to implement the shedding of firm loads within their networks resulting in disruption and inefficiency at LDZ level too.

Workgroup Assessment of Relevant Objectives

Workgroup Participants did not contradict the arguments made by the Proposer in furtherance of the Relevant Objectives.

Some Workgroup Participants agreed that actions taken at D-5 would be based on greater uncertainty in the available information and thus may come with an inherent risk of 'regret' spend.

8 Implementation

Implementation is sought by early August 2023 to allow time for the amendments to be included within the DSR Options Invitation that NGT is obliged to issue by 31 August 2023. The following implementation dates are therefore suggested:

If a decision is received by 04 August 2023, the implementation date should be 07 August 2023.

If a decision is received after 04 August 2023 but by 07 August 2023, the implementation date should be 08 August 2023.

If a decision is received later than 07 August 2023, implementation should be on the next business day thereafter.

A change to NGT's Gas DSR Methodology statement will be required to include DMA (class 2) supply points within scope of eligibility to participate as well as DMC sites (class 1). Consultation on these changes is proposed to be being conducted concurrently with this Modification.

It will also be necessary to amend Special Condition 9.22.3(b) of the NTS Licence for the same reason and to enable NGT to accept DSR Market Offers that are posted pursuant to D-5 DSR Options. It is proposed that this process would be initiated following a positive decision on this Modification with NGT operating under derogation in the interim.

9 Legal Text

Legal Text has been provided by National Gas Transmission and is published alongside this report.

Workgroup Assessment

The Workgroup has considered the Legal Text in an aggregate form with that for Proposal 0844 and has understood how the text will be structured for each proposal to be 'stand-alone'.

Workgroup Participants considered the text in consolidated and stand-alone form on 5 June following amendments by NGT and Workgroup Participants concluded that the points raised had been addressed and no further points were raised.

Text Commentary

The legal text is published alongside this report at <https://www.gasgovernance.co.uk/0845>

Text

The legal text is published alongside this report at <https://www.gasgovernance.co.uk/0845>

10 Consultations

Representations were invited from interested parties on 15 June 2023. All representations are encompassed within the Appended Representations section, including any initial representations.

The following table provides a high-level summary of the representations. Of the seven representations received 4 supported implementation, 2 offered qualified support, and 1 provided comments.

Representations were received from the following parties:		
Organisation	Response	Relevant Objectives
Energy Intensive Users Group	Support	a) positive b) positive
Energy UK	Qualified Support	a) positive b) positive
National Gas Transmission	Support	a) positive b) positive
Scotland Gas Networks Ltd & Southern Gas Networks Ltd	Comments	a) positive b) positive
SEFE Energy	Support	a) positive b) positive
SSE	Qualified Support	a) positive b) positive
TotalEnergies Gas & Power	Support	a) positive b) positive

Please note that late submitted representations may not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

Discussion

The Panel Chair summarised that Modification 0845 would;

- Extend eligibility to participate in gas DSR to Class 2 Consumers;
- Amend the determination of the quantity of demand reduction under a DSR Option;
- Enable DSR Option Offers to specify restrictions to the days on which the DSR Option could be exercised and incorporate this into the NGT assessment process for DSR Options;
- Clarify the obligations of a User if a DSR Option is exercised;
- Provide greater optionality for Users and Consumers in the DSR Options tender process; and
- Enable National Gas Transmission (NGT) to procure DSR Options that may be exercised with a 5-day lead-time.

Panel Members considered the representations submitted during the Consultation noting that, of the seven representations received, four supported implementation, two offered qualified support and one provided comments. Panel Members noted that implementation was not opposed by any of the respondents although some reservations were expressed.

Panel Members noted that NGT submitted revised legal text that addresses a drafting error identified after the workgroup development had concluded.

Panel Members agreed with respondents and the Proposer that this Modification would extend the scope of the DSR arrangements which may helpfully encourage more parties, including Class 2 consumers and larger sites that may require longer notice periods to offer voluntary demand reductions and thereby may assist in the avoidance of a Gas Deficit Emergency.

Shipper notification

Panel Members noted the point raised by SEFE during the Workgroup stage and in representation (also made in respect of Modification 0844) that a notification should be provided to the Shipper when a consumer DSR offer is exercised. All Panel Members agreed that this Modification 0845 should not be delayed, and that any subsequent Proposal to amend the arrangements for Shipper notification should be assessed on its merits.

Trigger level/ Balancing Code obligations

Panel Members noted the points made in the Workgroup and in representations related to the criteria under which DSR might be exercised at D-5. The 'trigger level' set by NGT at 14mcm was agreed to be a pragmatic choice in that it is similar to the NGT forecasting incentive level although Panel Members recognised that there may be considerable uncertainty in both the supply and demand forecasts so far ahead of the day. Some Panel Members acknowledged that a degree of discretion would be necessary but that it would be helpful for NGT to provide evidence of its compliance with the obligations under EU Balancing Code Article 9(1)c in the event that DSR is exercised at D-5. This might be achieved through operational reporting and could be formalised in parallel with the other changes to NGT's Gas DSR Methodology statement which will be required to include DMA (class 2) supply points within scope of eligibility to participate.

The Proposer commented that the obligations will be complied with and NGT believes the process it has set out is compliant with the EU Balancing Code.

Licence change

Panel Members noted the comment made by NGT that it would seek an amendment to Special Condition 9.22.3(b) of the NTS Licence to enable NGT to accept DSR Market Offers that are posted pursuant to D-5 DSR Options. Derogations may be required until a licence change is finalised. A derogation is already in operation for Modification 0822.

Consideration of the Relevant Objectives

Panel Members considered Relevant Objective *a) Efficient and economic operation of the pipe-line system*, agreeing that implementation would have a positive impact because these arrangements may mitigate the risk of a supply shortage escalating to declaration of a GDE. Should a GDE be declared and progress to Stage 2 then compulsory firm load shedding would result in disruption and inefficiency in the operation and use of the network as some parties that would wish to be taking gas would be prevented from doing so. Panel Members noted that all responses had agreed with the positive assessment.

Panel Members considered Relevant Objective *b) Coordinated, efficient and economic operation of*

(i) the combined pipe-line system, and/ or

(ii) the pipe-line system of one or more other relevant gas transporters, agreeing that implementation would have a positive impact because the intended effect is mitigation of a GDE being declared. If such an event occurred, in addition to firm load shedding on the NTS, Gas Distribution Networks may be given instructions to implement the shedding of firm loads within their networks resulting in disruption and inefficiency at LDZ level. Panel Members noted that all responses had agreed with the positive assessment.

Purchase and utilisation of balancing service under Balancing Code

Panel Members noted the point made by SSE in representation relating to Relevant Objective g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. The Proposer had stated the Modification has no impact in respect of this Relevant Objective but SSE asks whether the purchase and use of a balancing service (in this case DSR), is compliant with the EU Balancing Code Art 8(1) in relation to the purchase of balancing services and Art 9 (1c) with respect to utilisation. Panel Members heard that similar discussions had taken place in the Workgroup and that the EU Balancing Code provides for National Regulatory Authority (NRA) discretion in the application of certain parts of the Code. Panel Members agreed that it may be helpful if the decision letter from Ofgem (as NRA) could include an explanation as to how these conditions are met.

Determinations

Panel Members voted unanimously that no new issues were identified as part of consultation.

Panel Members voted unanimously that there are cross-code impacts associated with this Modification.

Panel Members voted unanimously to recommend the implementation of Modification 0845.

12 Recommendations

Panel Recommendation

Panel Members recommended that Modification 0845 should be implemented.

13 Appendix 1: DSR Condition in the NTS Licence

Note: Ofgem has granted a derogation in relation to paragraph 9.22.3(c) to enable NGT to accept DSR offers where a Margins Notice is in force as well as a Gas Balancing Notification.

Special Condition 9.22 Implementing and maintaining the Demand Side Response Methodology for use after a Gas Balancing Notification

Introduction

9.22.1 This condition sets out the licensee's obligations to:

- a) have in place and maintain the Demand Side Response Methodology for assessing and accepting Demand Side Response Offers;
- b) where directed by the Authority, run a trial of the Demand Side Response Methodology with any revisions proposed under paragraph 9.22.6(b); and
- c) following such a trial, send to the Authority a report on the outcome of the trial and a version of the Demand Side Response Methodology amended to address issues identified by the licensee during the trial and, if appropriate, containing any further proposed revisions to the Demand Side Response Methodology following conclusion of the trial.

Part A: The Demand Side Response Methodology

9.22.2 The licensee must have in place and maintain a Demand Side Response Methodology approved by the Authority.

9.22.3 The licensee must ensure that the Demand Side Response Methodology:

- a) ensures that any party making a Demand Side Response Offer is a party to the Uniform Network Code;
- b) sets out the criteria for determining that particular DMC Supply Point Components are DMC Supply Point Components in respect of which a party may not make Demand Side Response Offers;
- c) allows the licensee to accept Demand Side Response Offers only where a Gas Balancing Notification is in place or within stage 1 of a Gas Deficit Emergency;
- d) demonstrates compatibility with existing market arrangements by setting out the manner in which any Demand Side Response Offers accepted by the licensee are to be treated as Eligible Balancing Actions and included in the System Clearing Contract, System Marginal Buy Price and System Marginal Sell Price;
- e) promotes, and further facilitates, parties making Demand Side Response Offers to the licensee through open and transparent market-based arrangements;
- f) does not unduly preclude the emergence of commercial interruption arrangements;
- g) minimises distortions and unintended consequences on existing market arrangements and the principle of parties balancing their own positions in the wholesale gas market; and
- h) ensures that Demand Side Response is procured in a manner consistent with the licensee's duties under the Act and, in particular, the licensee's obligation to operate the pipeline system to which this licence relates in an efficient, economic and co-ordinated manner.

Part B: Revising the Demand Side Response Methodology

- 9.22.4 The licensee must, at least once in every period of two Regulatory Years, review, and if appropriate revise, the Demand Side Response Methodology in consultation with interested parties.
- 9.22.5 The consultation must allow a period of not less than 28 days in which interested parties can make representations to the licensee.
- 9.22.6 During the period of 7 days beginning with the date of completion of the consultation, the licensee must send to the Authority:
- a) a report on the outcome of the review;
 - b) a statement of any proposed revisions to the Demand Side Response Methodology that the licensee (having regard to the outcome of the review) reasonably considers would better achieve the Demand Side Response Methodology principles; and
 - c) any written representations (including proposals for revising the statement that have not been accepted by the licensee) that were received from interested parties during the consultation process and have not been withdrawn.
- 9.22.7 The Authority, within 28 days of receiving a report under paragraph 9.22.6(a) and a statement under paragraph 9.22.6(b), will:
- a) approve any proposed revisions;
 - b) direct the licensee to conduct a trial of the revised Demand Side Response Methodology to assess the effectiveness of the methodology and any revisions proposed by the licensee under paragraph 9.22.6(b); or
 - c) reject any proposed revisions.
- 9.22.8 In considering whether to approve the licensee's proposed revisions to the Demand Side Response Methodology, the Authority will have regard to whether they are consistent with the objectives in paragraph 9.22.3.

Part C: Trial and implementation

- 9.22.9 Where the Authority directs the licensee to conduct a trial of the Demand Side Response Methodology comprising the proposed revisions as outlined in paragraph 9.22.7(b), the licensee must during the period of 28 days beginning with the last day of the trial submit to the Authority a report on the outcome of the trial, including any further proposed revisions (having regard to the outcome of the trial) to the Demand Side Response Methodology.
- 9.22.10 Following completion of the trial and during the period of 28 days beginning with the date of receipt of the submissions under paragraph 9.22.9, the Authority will:
- a) approve any proposed revisions and direct the licensee to:
 - i. develop appropriate modifications to the Uniform Network Code and other processes and systems to enable it to implement the revisions to the Demand Side Response Methodology;
 - ii. implement the revisions to the Demand Side Response Methodology as soon as is reasonably practicable and once the modifications, processes and systems under paragraph 9.22.10(a)(i) are complete; and
 - iii. publish the final revised Demand Side Response Methodology on its website and in such other manner as the Authority may direct; or

b) reject any proposed revisions to the Demand Side Response Methodology.

9.22.11 Where the Authority does not provide a direction under 9.22.7 or 9.22.10, the licensee must not implement the proposed revisions.

Part D: Exception to compliance with condition

9.22.12 The licensee may apply to the Authority for a derogation relieving the licensee of any of its obligations under this condition.

9.22.13 The Authority may, having consulted with the licensee and interested parties, direct that the licensee must temporarily or permanently cease operation of the Demand Side Response Methodology.

14 Appendix 2: Appended Representations

Representation – Energy Intensive Users Group

Representation – Energy UK

Representation – National Gas Transmission

Representation – Scotland Gas Networks Ltd & Southern Gas Networks Ltd

Representation – SEFE Energy

Representation – SSE

Representation – TotalEnergies Gas & Power

Representation - Draft Modification Report UNC 0845

Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

Responses invited by: **5pm on 13 July 2023**

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:	13 July 2023
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)

The EIUG supports the enhancements proposed to the gas DSR arrangements, including a D-5 product. The proposals allow more large gas uses to bid in DSR volumes, provide more certainty and clarity to large gas users and a longer lead time to adjust to their manufacturing process. These proposals are likely to lead to a great volume of gas to bid in to the gas DSR product.

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

The EIUG agrees with the timetable that National Grid Gas is following.

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

The EIUG does not expect any significant cost to large gas users compared to the current gas DSR arrangements.

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

Yes

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.*

N/A

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

-

Representation - Draft Modification Report UNC 0845

Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

Responses invited by: 5pm on 13 July 2023

To: enquiries@gasgovernance.co.uk

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

Representative:	Julie Cox
Organisation:	Energy UK
Date of Representation:	13 July 2023
Support or oppose implementation?	Qualified 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)

Energy UK offers qualified support for this proposal as it seeks to enable wider participation of I&C consumers in offering DSR to help to avoid or reduce a supply / demand imbalance at times of extreme system stress. This in turn may avoid the need to declare a gas deficit supply emergency or reduce its severity, which may limit the need for firm load shedding. This proposal specifically enables participation of parties that require a longer notice period in order to reduce gas offtake.

We agree there may be positive impact on relevant objectives a and b, noting greater uncertainty when calling DSR options at D-5 than dayahead. However, we are less clear about objective g. In particular whether the purchase and use of a balancing service (in this case DSR) is compliant with the EU balancing code Art 8(1) in relation to the purchase of balancing services and Art 9 1(c) with respect to utilisation.

8 (1). The transmission system operator is entitled to procure balancing services for those situations in which short term standardised products will not or are not likely to provide the response necessary to keep the transmission network within its operational limits or in the absence of liquidity of trade in short term standardised products.

9.(1)c only use balancing services where short term standardised products will not or

are not likely to provide, upon assessment of the transmission system operator concerned, the response necessary to keep the transmission network within its operational limits.

NGT and Ofgem must satisfy themselves that the threshold included in the modification and legal text of a 14mcm shortfall at D-5 is sufficient to warrant exercise of options at that point in time, such that short term standardised products will not be available closer to real time.

Article 8(5) is also relevant as this was not explicitly considered by Ofgem in its decision letter for UNC mod 0822.

8(5). Unless a decision by the national regulatory authority allows for a longer duration of a balancing service, the duration of a balancing service shall not exceed one year and the starting date shall occur within a twelve month period from the related binding commitment of the contracting parties

Ofgem may have implicitly allowed for longer duration balancing services by approval of UNC mod 0822. In respect of this proposal it would be helpful if that could be more clearly articulated in the decision letter, referencing the relevant Article.

Finally Article 8(6) is relevant, but the review process is not outlined in the proposal or elsewhere so compliance cannot be ascertained by industry. We consider that the review should take place ahead of any tender rather than as part of an assessment once bids have been submitted. Ofgem should satisfy itself that any processes undertaken by NGT in advance of the annual tender conclude that balancing services are still desirable, with acceptance subject to NGT economic assessment. An Ofgem statement to this effect would give industry confidence in such review processes. We are particularly mindful here that option fees are payable irrespective of whether or not exercise is likely and that at some point in the future such contracts may no longer be deemed necessary or efficient.

8(6). The transmission system operator shall review the use of its balancing services annually in order to assess whether available short term standardised products would better meet the transmission system operator's operational requirements and whether the use of balancing services could be reduced for the next year.

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

Energy UK agrees with the timeline in the modification report.

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

N/A

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

Not fully reviewed.

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.*

Nothing further to add

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

Nothing further to add

Representation - Draft Modification Report UNC 0845

Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

Responses invited by: **5pm on 13 July 2023**

To: enquiries@gasgovernance.co.uk

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

Representative:	Phil Hobbins
Organisation:	National Gas Transmission (NGT)
Date of Representation:	4 th July 2023
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)

As Proposer, NGT supports implementation of this Modification, which is designed to increase the scope for large gas consumers to offer demand reduction to NGT at times when total system demand is forecast to outstrip total supplies in order to minimise the risk of entering and / or reduce the duration of a Gas Deficit Emergency.

The Modification constitutes a package of measures designed to expand the gas DSR market based on feedback from customers and stakeholders as well as improve existing arrangements introduced by Modification 0822. NGT notes that no Workgroup participants disagreed with NGT's assessment that relevant objectives (a) and (b) would be better facilitated by this Modification.

The key advantages that this Modification would deliver are:

- Expansion of access to DSR to Class 2 Consumers via their Registered User;
- Removal of the risk highlighted by some consumers of having to cease their gas offtake completely and be unable to keep certain critical processes running. This will be achieved by requiring tendering parties to submit a minimum quantity that they would reduce to if DSR were called instead of a quantity of demand reduction from a prevailing nomination;

- Remove a potential barrier to participation by enabling parties to specify limitations on how frequently they could be called upon to provide DSR; and
- Introduce a new D-5 DSR product which enables parties that need a longer lead-time to reduce their gas offtake to participate in the gas DSR market.

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

As stated in the Modification, NGT proposes that the implementation date should be the next business day following the Authority's decision. The Authority's decision is sought in early August 2023 to enable NGT to prepare the necessary documents and processes for its annual DSR options tender which is to be issued not later than 31 August 2023.

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

NGT would need to expand its existing procurement process (including assessment) for DSR options to enable the introduction of a D-5 DSR product and deliver the greater flexibility that this Modification proposes.

NGT would also need to create/amend its operational procedures for exercising DSR options to include a D-5 product. Additional effort from existing teams will be required to complete these activities and therefore no specific implementation costs are envisaged for NGT, although this assessment may change if the scale of participation were to increase materially.

The CDSP has confirmed that its role in supporting NGT with its DSR options assessment process (to support a 'reduce to' instead of a 'reduce by' regime) is not expected to entail an implementation cost but that this will nonetheless require additional effort from existing teams within the CDSP.

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

Yes. Updated combined legal text for Modifications 0844 and 0845 was published on 30 June 2023 but this was needed to address an omission associated with Modification 0844.

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.*

N/A

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

N/A

Representation - Draft Modification Report UNC 0845

Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

Responses invited by: **5pm on 13 July 2023**To: enquiries@gasgovernance.co.uk*Please note submission of your representation confirms your consent for publication/circulation.*

Representative:	David Mitchell
Organisation:	Scotland Gas Networks Ltd & Southern Gas Networks Ltd
Date of Representation:	12 th July 2023
Support or oppose implementation?	Comments
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)

SGN would like to provide comments in respect of this modification proposal. SGN believes that this modification could introduce some useful mechanisms to support the gas network system in times of system stress. Extending the Demand Side Response Arrangements to Class 2 users and allowing them to continue using gas for critical processes seems to be a positive initiative instead of curtailing their supply of gas completely, this may encourage more consumers to take part in the process. We can also see the benefits of the D-5 product when there is a forecast of a supply deficit as the current D-1 product had been cited as a barrier for consumers participating in the process due to the short lead time.

From an SGN perspective our main concern is that we must receive timely notifications when a DSR is triggered on a consumers site as this will help us manage our network planning activities. In addition to this concern, we do have reservations regarding the support that consumers may have when using this process which could act as a barrier to its effectiveness.

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

SGN supports the proposed implementation timescale that have been set out in the draft modification, we believe that it would be advantageous to implement this modification in advance of the winter period 2023/24.

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

SGN does not anticipate any cost as a result of this modification being implemented.

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

We are satisfied with the legal text.

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.*

None Identified.

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

We do not have any further analysis or information to provide.

SEFE Energy Representation Draft Modification Report

Modification 0845: Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

1. **Consultation close out date:** 13th July 2023
2. **Respond to:** enquiries@gasgovernance.co.uk
3. **Organisation:**
SEFE Energy
5th Floor
8 First Street
Manchester
M15 4RP
4. **Representative:**
Steve Mulinganie
Regulation Manager
stevemulinganie@sefe-energy.com
0799 097 2568
5. **Date of Representation:** 13th July 2023
6. **Do you support or oppose Implementation:**
We **Support** implementation of this Modification
7. **Please summarise (in 1 paragraph) the key reason(s) for your position:**
We support the implementation of a D-5 product enabling the potential for greater participation in Demand Side Response.
8. **Are there any new or additional Issues for the Modification Report:**
No
9. **Self-Governance Statement Do you agree with the status?**
Not Applicable
10. **Relevant Objectives:**
How would implementation of this modification impact the relevant objectives?
We **agree** with the proposer that this modification is positive in respect of Relevant Objective(s) (a) & (b)

11. Consumer Benefits:

Do you have any comments on the Consumer Benefits?

We have no comments

12. Impacts & Costs:

What analysis, development and on-going costs would you face if this modification was implemented?

We **have not** identified any significant costs associated with the implementation of this modification

13. Implementation:

What lead times would you wish to see prior to this modification being implemented, and why?

ASAP

14. Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

We **have not** reviewed the legal text but note the workgroups comments

Workgroup Participants considered the text in consolidated and stand-alone form on 5 June following amendments by NGT and Workgroup Participants concluded that the points raised had been addressed and no further points were raised.

15. Modification Panel Questions:

Do you have any comments on any questions raised by the Modification Panel?

We have no comments

16. Performance Assurance Considerations:

Do you have any comments?

Not Applicable

17. Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or you wish to emphasise.

Yes

Overview of the difference between Customer Direct and Shipper Direct

It would be helpful if we could get a summary and/or table showing differences in process for Shipper Direct and Customer Direct and maybe an operational workshop?

National Gas contacting relevant Shippers

Both Customer and Shipper representatives at the Workgroups expressed concerns over the proposal to not notify the Shipper in the event that a Customer Demand Side Response option is exercised.

17. Continued

We therefore propose in the event that this modification is directed for implementation to bring forward a Modification, at the earliest opportunity, to require National Gas to notify the relevant Shipper

The proposed amendment to the legal text is set out below:

7.9.6 Where National Gas Transmission exercises a Consumer DSR Option it ~~will not~~ inform the Registered User of the Supply Meter Point of the exercise.

Terms and Conditions

We also note that, unlike the Legal Text for Uniform Network Code, the proposed Terms and Conditions between the Customer and National Gas have not been subject to any review by the Work Group which included Customer representation.

In relation to the Terms and Conditions we note the following: -

1. We would question if a Customer should be subject to (b) and (c) below
- 3.2 In complying with the DSR Option the Consumer shall not knowingly or recklessly pursue any course of conduct (either alone or with some other person) which is likely to prejudice:
 - (a) the safe and efficient operation, from day to day, by NGT of the NTS;
 - (b) the safe, economic and efficient balancing by NGT of the NTS; or
 - (c) the due functioning of the arrangements provided for in the UNC.
2. Should 4.2 include provision for where these arrangements no longer apply e.g. termination etc.
3. Is the use of facsimile still relevant?
4. Under Confidentiality we would need to ensure that Customers can advise both existing and potential Shippers and Suppliers of the existence of DSR arrangements does the current wording provide for this?

Representation - Draft Modification Report UNC 0845

Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

Responses invited by: **5pm on 13 July 2023**

To: enquiries@gasgovernance.co.uk

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

Representative:	Jeff Chandler
Organisation:	SSE
Date of Representation:	
Support or oppose implementation?	Qualified 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)

SSE offers Qualified Support for this proposal as it seeks to enable wider participation of I&C consumers in offering DSR to help to avoid a supply / demand imbalance which may avoid the need to declare a gas deficit supply emergency and firm load shedding.

The proposal allows participation of parties that require a longer notice period (up to D-5) in order to reduce gas offtake.

We agree there may be positive impact on relevant objectives a and b, noting greater uncertainty when calling DSR options at D-5 than day-ahead. However, we are less clear about objective g. In the purchase and use of a balancing service (in this case DSR) and whether this is compliant with the EU balancing code Art 8(1) in relation to the purchase of balancing services and Art 9 1(c) with respect to utilisation. We look forward to Ofgem's decision letter explaining how these conditions are met.

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

SSE agrees with the timeline in the modification report.

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

N/A

Representation - Draft Modification Report UNC 0845

Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

Responses invited by: **5pm on 13 July 2023**

To: enquiries@gasgovernance.co.uk

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

Representative:	Louise Hellyer
Organisation:	TotalEnergies Gas & Power
Date of Representation:	10/07/23
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)

There are many aspects to this modification and some TGP are more in favour of and some TGP have less opinion on. For avoidance of doubt, TGP are not opposed to any suggestions. Those we see as positive are giving options to customers to set a base consumption limit to which they would reduce and also allowing them to set protections on the number of calls upon their DSR option. Both of which we see are beneficially opening up the offering to more customers and offering protections to both sides.

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

If approved, we will work to the date directed

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

No significant costs associated to this modification identified

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

N/A not reviewed

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.*

No further comments

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

No further comments