

UNC 0844:

Enabling Direct Contractual Arrangements with Consumers for Demand Side Response



Proposer: Phil Hobbins, NGT

Panel Date: 20 April 2023

Why change?



- NGT seeks to continue strengthening GB energy security by growing the gas DSR market
- Mod 0822 sought to stimulate the DSR market by introducing 'option and exercise' arrangements
 - Shippers bid into a tender process on behalf of consumers
- Shipper feedback on Mod 0822 highlighted a poor risk/reward balance for shippers
- Some industrial consumers have expressed a preference to contract for DSR directly with NGT

Options



- UNC Request 0835R was raised by NGT in February 2023 to consider further DSR workstreams and their relative prioritisation
- From discussions in this Workgroup, and separately with consumers, NGT believes that a Modification to enable consumers to contract with NGT for gas DSR should be progressed, targeting implementation for Winter 2023/24

Solution



- Modify the UNC to enable NGT to contract with any Class 1 consumer for gas DSR
- Procurement of DSR options via tender
- Exercise triggers equivalent to shipper-held DSR options
- NGT instructs demand reduction directly to the consumer
- Underpinned by standard conditions of contract that sit outside of UNC
- Product lead-times within-day, D-1 and D-5
- Exercised options feed into cashout price determination

Recommended Steps



- The Proposer recommends that this modification should be:
 - Not subject to Self-Governance because it is likely to have a material effect on new or existing gas consumers and represents a material change from established practice and industry understanding
 - Workgroup assessment to develop the modification for 2 months