



Increasing flexibility in the UNC: Trials for balancing and pre-emergency tools

Non Daily Metered DSR

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Increasing Flexibility in the UNC

- NGT wish to develop and “Trial” innovative solutions which can support the effective and efficient balancing of the gas networks and enhance the pre-emergency tools NGT can use in the event of a supply deficit
- Limited scope for Trials – only applicable for **System Management Services (SMS)** defined in the **System Management Principles Statement** agreed by Ofgem. SMS are:
 - **Energy Tools** for system management
 - **Capacity Tools** for system management
 - **Storage services** for system management
 - **Demand & Supply Management Services** for system management
 - **Commercial and Contractual Services** that will enable NGT to better manage its operational and commercial risks
- A Trial would:
 - **Facilitate learning and data gathering** which aids NGTs longer term thinking for effective balancing and energy resilience mechanisms
 - Manage risks associated with delivering an enduring solution which may not be fully developed

Increasing Flexibility in the UNC

Example: NDM DSR

- Currently, **there is no commercial product specifically designed to access and/or incentivise Non Daily Metered (NDM) gas demand reduction.**
- NDM consumers in sufficient numbers could deliver a material reduction in demand if an adequate framework, processes, and incentives are developed
- If a Trials were available, NGT could use the System Management Principle Statement (SMSPS), which provides an overview of Demand and Supply Management Services to permit NGT to
 - ***“incentivise Users or end consumers to enter into contracts to affect desired gas flow offtake or delivery into the system”***
- Permitting NGT to enter into bilateral contracts with Users who have a portfolio that could deliver a demand reduction trial in return for payment
- This learning would contribute to the development of effective pre-emergency tools
- It would also negate the need to amend an enduring product hard coded into the UNC in light of ‘first year’ operational learnings.
- The gas regulatory framework does not currently support the ability to undertake a Trial

Increasing Flexibility in the UNC: Proposal

- Add a new provision into UNC Transportation Principle Document (TPD) Section D to allow NGT to conduct System Management Services Trials
- This would be **a general provision relating to any System Management trial** rather than a provision specifically for NDM DSR.
- NGT must send to Ofgem and consult on a specification which includes:
 - Start date and duration of Trial
 - Purpose and success criteria
 - Actions required by a User and Service Provider (Supplier / consumer [or agent of a consumer]) to be part of the Trial and the conditions / circumstances NGT would call on those actions
 - Eligibility
 - How the amounts to be paid are determined
 - Outline of the terms of the contract for the trial (between NGT and a Service Provider)
 - Basis for selecting participants and the extent to which it is competitive
 - Scale of the Trial
 - Estimated trial costs Impact Assessment of conducting the Trial on NGT, DN, and Shipper Users operations

Introducing Flexibility in the UNC: Proposal

- Trial duration - not more than 12 months
- After publication, if Ofgem directs NGT not to proceed / make modifications to the Trial, NGT will do as directed
- Amounts payable for the Trial are additional Monthly Adjustment Neutrality Costs
- After a Trial, NGT must publish a report setting out:
 - the results of the trial by reference to the proposal
 - the net costs in neutrality of the Trial
 - stating whether or not NGT intends to raise a modification proposal to introduce a new System Management Service

Thank you

