



# DM Gas DSR: Draft Scope of Work for 2024/25

Transmission Workgroup

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# DM Gas DSR Reform 2024/25

- UNC Request 0835R was raised to prioritise DSR reforms for this year, recognising that not everything was achievable
- We now wish to resurrect this Request group in October to:
  - **Review this year's reforms** where either:
    - Stakeholder feedback has been provided
    - We believe that alternative approaches may be preferable
  - Work with industry on **potential new topics**
  - Inform a **further UNC Modification(s)**
- This slide-pack sets out our draft DSR work scope for 2024/25 for discussion

# Points to Review: Tender Process

- Tender timings
- It is useful for potential tenderers to know the Winter Average Demand (WAD) of a site before offer submission
  - Consider formalising the current process
- Potentially replace the ability for tenderers to specify a maximum number of days in a winter period that a site can be called with maximum number of consecutive days
- For a within day option, consider giving tenderers the ability to bid a minimum number of hours that they would be willing to be called for
  - E.g. for a 3 hr leadtime, under current rules, NGT could in theory exercise effective from 0100 to deliver a 1 hour demand reduction between 0400 and 0500
- If a Consumer considers that its WAD will not be reflective of its demand in the future, should they be able to submit a forecast supported by ‘demonstration information’?
  - If so how could NGT judge it?
  - Should it be subject to post winter evaluation? With what consequence?

# Points to Review: DSR Exercise

- Determination of the ‘starting point’ that demand reduces from
  - Should Winter Average Demand (WAD) be based on 2 or 3 years of demand history rather than 1?
    - If so, what if that period of history is not available?
    - How would this work with multi-year DSR options?
- Within-day DSR would not be exercisable if the exercisable quantity is below 100,000 kWh
  - Consider including greater flexibility (UNC TPD D7.6.1(b))
- Consider whether meter errors / reconciliations might materially impact
  - Winter Average Demand
  - Compliance assessment if a Consumer DSR option is exercised
- The quantity for Shipper D-5 DSR exercise is ‘not less than the Option Quantity’ (UNC TPD D7.8.5 and 7.8.6)
  - Rationale is that if a shipper wanted to offer more then it could
  - In practice NGT will only have the Option Quantity to call on at D-5, therefore should perhaps specify Option Quantity only

# Points to Review: DSR Exercise

- Review operational timings for D-1 exercise – particularly in relation to Shipper DSR
  - Consider moving the 17:00 deadline for D-1 exercise back (further into the evening) to give shippers more time to post their DSR Market Offer
  - Would potentially make it less appealing from a consumer perspective if goes outside normal business hours
- Consider use of a more dynamic ‘within current winter’ method to base the ‘starting point’ on instead of WAD for consumer DSR and D-5 shipper DSR
  - E.g. average site demand in the last 7 days prior to exercise
  - How to take account of exit close-out at D+5?

# Points to Review: DSR Exercise

- Review the nomination and renomination rules in the context of D-1 Shipper DSR exercise
  - UNC is currently designed on the basis that a nomination has been made but if not then no exercise applies
  - TPD D7.8.4 prevents the shipper from submitting a Renomination for an increased Output Nomination Quantity. If no nomination is in place, can one be made at D-1?
- For D-1 Shipper DSR, if a Margins Notice was issued very early in the day, there is a risk that the shipper could not comply with the 'post DSR Market Offer offer within 1 hour' rule if the OCM has not opened for D-1 trading
- Consider a tolerance for Consumer DSR compliance

# Other points to review

- Rules for credit (for Consumer DSR) and failure to deliver
  - An alternative could be to withhold x% of the option fee until the end of winter
- Factor in any macro-level learnings from the 2023 tender about DSR market maturity

# Potential new reforms

- Aggregation
- A multi-day DSR product for sites that, once called, want exercise to apply for a few days
  - Could the 'multi-day trade' OCM functionality support this?
  - Balance of consumer need with value to NGT
- A 24 hour DSR exercise from the point at which it is called rather than being tied to a gas day
- Consider having the OCM DSR locational market permanently set to 'open'

Please let us know if there are any issues missing

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