

UNC 0867:

Gas Demand Side Response (DSR) Aggregation Arrangements



Proposer: Matt Newman

Panel Date: 18th January 2024

Why change?



- Despite recent reforms, engagements with Consumers, Trade Associations and Users has confirmed that there are still some consumers who wish to participate in DSR that cannot.
- DSR Market is still immature and NGT wish to grow the market further enhance our pre-emergency tools and improve our energy resilience
 - 2023 DSR tender yielded 0.6 mcm/d of reduction from consumers
- Therefore, we are proposing to introduce a new “aggregator” role into the DSR market to increase participation and the available volume

Options considered that are not being progressed at this stage



Multi-gas day DSR product

- No strong call for this product by consumers
- Can already be priced in to an option offer
- NGT could add an extra field to the tender proforma

A 'next 24 hours' DSR product

- Half of consumers polled show some interest
- May extend DSR exercise period beyond when NGT requires it

Consumer DSR 'exercise only' scheme

- Relatively low level of consumer interest

Solution



- Introduce a new aggregator role and term within UNC and the DSR market (could be an existing party within the market or a new entrant) who can group DSR reduction quantities into a portfolio or Class 1 and 2 Non-Domestic Consumers and offer it to NGT in the form of a DSR Reduction Quantity;
- Introduce the ability for NGT to accept DSR Option Offers placed by aggregators in the annual DSR Options tender;
- Introduce the ability for NGT to instruct aggregators to reduce consumption by their contracted quantity in the event of DSR exercise triggers being met;
- Introduce the ability for NGT to issue payments (exercise and option) and penalty charges to aggregators via the CDSP;
- Introduction of standard conditions of contract between NGT and the aggregator whose option offer was accepted during the annual DSR tender process; and
- Amend the current arrangements whereby Direct Consumers and Shipper DSR option and exercise payments are funded via Energy Balancing Neutrality to include payments made to, and charges demanded from, aggregators.

Recommended Steps



- The Proposer recommends that this modification should be:
 - Not subject to Self-Governance because of the material change to the DSR market due to the introduction of a new “aggregator” role. This new role has potential to materially change the way the DSR market operates
 - Workgroup assessment to develop the modification for 3 months

NGT proposes that Workgroup reports back to the April 2024 Panel to enable reforms to take effect within the 2024 DSR Options Tender