

Representation – Draft Modification Report UNC 0852

Shipper notification in relation to option exercise for Customer Demand Side Response

Responses invited by: **5pm on 22 February 2024**

To: enquiries@gasgovernance.co.uk

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

Representative:	Colin Paine
Organisation:	ENGIE
Date of Representation:	22/02/2024
Support or oppose implementation?	Support
Relevant Objective:	d) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: *Please summarise the key reason(s) for your support or opposition.*

The new DSR arrangements implemented under UNC 844 and UNC 845 created a situation where end consumers in Product Class 1 could exercise DSR through direct contracts with National Grid, with no requirement for National Grid to notify the relevant Shipper of the DSR event. Subsequent modifications (UNC 866 and UNC 867) have been proposed which will extend the ability to strike direct DSR contracts with National Grid to Product Class 2 customers as well and increase the variety of exercise options available, making the product more attractive and potentially more utilised.

The increase in the number of customers potentially contracting for DSR directly with National Grid creates a greater risk that Shippers may not be made aware in a timely fashion of DSR exercises by end consumers in these contractual arrangements, leading to errors in forecasting and nomination of gas volumes.

Impacts and Costs: *Please provide a view on the impacts and costs you would face.*

We believe the costs of issuing and processing the notifications would be low, as the process should be in line with that for notifications received from National Grid for direct Shipper DSR contracts.

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

We do not see the need for a significant lead time after approval of the modification.

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

No comments.

Ofgem Questions: *Ofgem and Panel have requested that the following questions be addressed.*

Q1: If appropriate for your business, please explain what arrangements are already in place for large consumers to report any emerging issues (such as unplanned shutdowns) to shippers. Following this, please explain what barriers are in place to prevent similar arrangements being used for Demand Side Response communications.

Our largest customers will inform us of shutdowns, but in the likely event that direct consumer DSR contracts extend down the market and the service becomes more popular the risk of notifications being absent or late will increase. In any case, we believe that the requirement for a National Grid notification will provide a more robust solution by providing an additional back-up in case there is a failure of the consumer communication.

Q2: The panel have also asked you to please provide your views and reasons on the appropriate governance for this Modification - Self-governance or Authority Direction.

We believe this Modification will require Authority Direction.

Q3: Please provide additional evidence in respect of the materiality of this Modification, i.e. Shippers, Suppliers and Customers as to why National Gas Transmission should be required to provide this service over and above normal BAU activities that apply to a Customer's normal contractual interaction with its Supplier and/or Shipper, and from National Gas as to why providing this service may have a material impact on the operations of the Control Room.

We do not believe this modification will have a material impact on parties as the notification process can be simple and based upon existing models, and we believe there will be a material benefit through avoidance of inaccurate nominations.

Error or Omissions: *Are there any errors or omissions in this Modification Report that you think should be taken into account? Please include details of any impacts/costs to your organisation that are directly related to this.*

No.

Additional analysis: *Please provide below any analysis or information to support your representation.*

No comment.