











UNC Final Modification Report	At what stage is this document in the process?
<div>UNC 0866S:</div> <div>Amendments to Demand Side Response (DSR) Arrangements</div>	<div><div>01</div>Modification</div> <div><div>02</div>Workgroup Report</div> <div><div>03</div>Draft Modification Report</div> <div><div>04</div>Final Modification Report</div>

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Timetable		
Modification timetable:		Contact:
Pre-Modification Discussed		04 January 2024
Date Modification Raised		08 January 2024
New Modification to be considered by Panel		18 January 2024
First Workgroup Meeting		01 February 2024
Workgroup Report to be presented to Panel		18 April 2024
Draft Modification Report issued for consultation		19 April 2024
Consultation Close-out for representations		03 May 2024
Final Modification Report available for Panel		07 May 2024
Modification Panel decision (at short notice)		16 May 2024
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1 Summary

What

Over the past 18 months, National Gas Transmission (NGT) has worked intensively with the industry, particularly large industrial consumers and their associations, to deliver reforms to the gas DSR arrangements with the aim of improving NGT's access to voluntary demand side response from daily metered Consumers as a pre-emergency tool that could mitigate the risk of a network gas supply emergency (NGSE) arising, and to limit its duration and severity if one *did* arise. Feedback from these discussions has resulted in different, potentially better ways of doing things being identified.

Why

Request Group 0835R¹ has identified a number of areas in the DSR regime that, if reformed, could result in more participation from consumers in DSR arrangements and the deployment of DSR at times of national gas supply shortage being more effective. This Modification is being raised as a 'successor' Modification to that Request Group's considerations.

How

The DSR arrangements for daily metered Consumers will be reformed in the following areas:

- The timings and content of the DSR Options procurement tender process;
- How the process of exercise of a DSR Option works, including how the 'starting point' for demand reduction is determined;
- Enable Class 2 Consumers to contract directly with NGT for DSR Options; and
- Amend the credit rules for Consumer DSR.

A separate Modification is being raised in parallel which will seek to deliver the concept of aggregation into Gas DSR arrangements for daily metered consumers.

2 Governance

Justification for Self-Governance

Self-governance procedures are proposed because this Modification seeks to deliver incremental amendments / enhancements to existing arrangements. Therefore, while this Modification is expected to be beneficial in terms of system safety and security of supply, the Proposer does not believe that such impacts will be sufficiently material to warrant Authority Direction.

Requested Next Steps

This Modification should be considered a non-material change and subject to Self-Governance.

Workgroup's Assessment

Governance route

¹ [0835R - Review of Gas Demand Side Response Arrangements | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/0835R-Review-of-Gas-Demand-Side-Response-Arrangements)

A Workgroup Participant voiced concerns relating to the precedent set by [Modification 0852](#), which was not considered suitable for self-governance. The Workgroup Participant justified this view by pointing out that following on from 0852, the introduction of a Modification which extends the scope of these services into Class 2 (creating a broader demand for these services) means that, by definition this Modification 0866 cannot be considered suitable for self-governance (for further information see SEFE Energy Modification 0852 [consultation response](#)). Users who can deliver a minimum of 100,000kWh per day are the targets for the enhancement of participation.

At the 04 April 2024 meeting the Proposer (NGT) maintained that this Modification should remain as Self Governance. The comparison to 0852 is flawed; recognising that this Modification 0866S does widen the potential pool of DSR participants but in and of itself would not reach the Authority Direction bar. In addition, 0852 posed a challenge in principle to which parties should be responsible for providing notifications and would change the routes of communications and thus would be a more material change.

Timetable

If the Modification is sent out to consultation following the April 2024 Panel meeting, there may be opportunities to make the process fit such that the FMR is considered at the May Panel meeting which could assist with decision-making timetables. It should be noted that the Workgroup has been supportive of the Modification in general and thus it is not deemed to be a controversial Modification.

Given the 100,000kWh daily consumption threshold, this Modification is NOT in any way aimed at Domestic consumers.

The following possible faster timetable was drafted by Joint Office and considered by the Workgroup on 04 April;

Workgroup Report to be presented to Panel	18 April 2024
Draft Modification Report issued for consultation	19 April 2024
Consultation Close-out for representations	03 May 2024
Final Modification Report available for Panel (close of play)	09 May 2024
Modification Panel recommendation	16 May 2024

The Proposer and a Workgroup Participant supported a slightly shorter consultation period and the proposed revised timetable. No Workgroup Participants objected to this suggested acceleration.

3 Why Change?

NGT has been working intensively with industry and consumers in recent times to deliver gas DSR reforms which have sought to improve the effectiveness of DSR as a pre-emergency tool. Key changes have included:

- Introduction of an ‘option and exercise’ procurement tender and contractual structure;
- Enabling consumers to directly contract with NGT for DSR; and
- Expanding the ability for participation in DSR to all daily metered consumers.

Whilst market growth has been achieved, the 0.6 mcmd of DSR pre-contracted for this winter is still a relatively low volume. During NGT’s engagement with Consumers and their associations in 2023, a number of enhancements to existing arrangements were suggested, which, in addition to the Proposer’s own ideas, could help to increase the volumes of DSR offered that NGT now wishes to progress via this Modification.

If these changes are not made, total DSR offered volumes might remain relatively low and the potential for voluntary industrial and commercial demand reduction at times of system stress as a means of mitigating the risks associated with a network gas supply emergency (NGSE) will not be maximised.

NGT is seeking to implement the reforms proposed by this Modification into the 2024 DSR Options tender. After that tender, NGT proposes to take stock to assess whether any further DSR reform would be warranted, or if there are other gas security topics that its time, and industry’s time, would be better spent working on. For example, we note that the Government intends to issue a ‘Call for Evidence’ on the future role of storage and other forms of gas system flexibility in Q1 2024².

4 Code Specific Matters

Reference Documents

The UNC Modifications that have delivered recent DSR reforms are as follows:

- [Final Modification Report 0822](#)
- [Final Modification Report 0833](#)
- [Final Modification Report 0844](#)
- [Final Modification Report 0845](#)

The most recent DSR Options Tender Report which includes price and volume data can be found on the NGT website [here](#).

Further information on gas DSR can also be found on the NGT website [here](#).

Knowledge/Skills

An appreciation of existing DSR arrangements and how it operates as a pre-emergency tool would be helpful. A link to an NGT webinar from 2023 is provided [here](#).

5 Solution

In these business rules, ‘Shipper DSR’ refers to DSR Options contracted between NGT and a Shipper User and ‘Consumer DSR’ refers to DSR Options contracted between NGT and a Consumer.

- NGT’s obligation to launch the annual DSR Options Invitation tender shall be brought forward from 31 August to 31 July in order to mitigate risks associated with sites changing shipper from 1 October and, for Consumer DSR, to allow Consumers sufficient time to sign the [contract](#) and put security in place if required.
- The period within which NGT must assess DSR Option Offers and notify acceptance / rejection shall be amended from 10 business days as follows:

	Less than 15 DSR Option Offers received	More than 15, less than 20 DSR Option Offers received	More than 20 bids DSR Option Offers received
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² [Role of gas storage and other forms of flexibility in security of supply](#)

Assessment Period	Not more than 10 business days	Not more than 15 business days	Not more than 20 business days
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3. Within 2 Business Days from the date on which a DSR Options Invitation closes, NGT shall notify all parties that have submitted a DSR Option Offer of the assessment period that is applicable.
4. When assessing DSR Option Offers, NGT is currently obliged to rank all offers in order of Combined Price (option plus exercise). NGT shall be permitted to give priority to Within-Day and D-1 DSR Option Offers over D-5 offers and consider the relative value of offers based on quantity offered (larger quantity has more value to NGT) the option price (which will definitely be paid if the offer is accepted) and the exercise price (which has a low likelihood of being paid), as well as any restrictions specified by the tenderer (e.g. BRs 7 and 8).
5. The information that NGT is obliged to publish post tender pursuant to UNC TPD 7.6.6 shall be expanded to include:
 - a. the number of Consumers that submitted DSR Option Offers;
 - b. The number of Consumers that have had DSR Option Offers accepted;
 - c. the number of Users that submitted DSR Option Offers;
 - d. the number of Users that have had DSR Option Offers accepted;
 - e. the weighted average option and exercise prices accepted per DSR product (within-day, D-1, D-5); and
 - f. The sectors (being chemicals, food and drink, steel and glass (heavy industry), other manufacturing, public services, other) from which DSR Option Offers have been accepted.
6. Provision of information in BRs 5(e) and 5(f) shall be conditional on the number of DSR Option Offers within each category being greater than or equal to 3 (to ensure that the commercial confidentiality of DSR Options Offers is respected).
7. The ability for tenderers to specify a maximum number of days in a Winter Period that a DSR Option may be exercised shall be replaced with a maximum number of **consecutive** days (or part thereof in relation to a Within-Day DSR Option) of exercise.
8. For a within-day DSR Option, enable tenderers to specify a minimum number of hours that the exercise of that option may apply to. (For example, under current rules, a within-day option with a 3 hour lead-time could in theory be exercised by NGT at 0100 requiring a demand reduction for just one hour between 0400 and 0500 which might be difficult for the Consumer to enact due to the unsocial hour and would not deliver a meaningful reduction quantity for NGT).
9. The minimum Option Quantity for a within-day DSR Option shall be amended as follows to reflect the fact that the Option Quantity will never equal the exercised quantity due to the application of the lead-time and some of the gas day already having passed:

If Option Quantity – (Option Quantity / 24 * lead-time (hours) < 100,000 kWh, then NGT shall exclude that offer from its assessment process in accordance with the provisions of TPD D7.6.1(b).
10. NGT shall, not less than 10 Business Days prior to the publication of a DSR Option Invitation, publish a pre-tender communication that sets out the timetable for the forthcoming DSR Option Invitation and other such matters as NGT considers to be appropriate.
11. A prospective DSR Participant may, at any time between the date of publication of NGT's pre-tender communication and 5 Business Days before the DSR Option Invitation close date, request the Winter Average Demand in respect of a Supply Meter Point for which it is either the Consumer or the Registered User and NGT shall use its reasonable endeavours to provide it within 5 Business Days.

12. Subject to BR13, the Winter Average Demand that is applicable in respect of a DSR Option Offer shall be equal to the mean daily demand of the relevant Supply Meter Point over the Winter Periods of the past 3 years (instead of the mean of the most recent Winter Period) If 3 years' worth of historical demand data is not available, the Winter Average Demand will be determined based on the available history.
13. If a prospective DSR Participant considers that the Winter Average Demand in respect of a Supply Meter Point will not be reflective of its daily demand for the future Winter Period(s) in respect of which it is considering submitting a DSR Option Offer, that party may, as part of its DSR Option Offer, submit a forecast of daily demand for the relevant Winter Period(s) with accompanying rationale which NGT shall substitute for the historical Winter Average Demand that would otherwise have applied in its assessment process.
14. Where BR13 applies and the actual mean average daily demand in respect of the Winter Period(s) for which the DSR Option applies is materially lower than the forecast daily demand, that DSR Participant would receive a higher option fee than would be justified. Therefore, where BR13 applies in respect of DSR Option Offer, NGT shall:
 - a. Make payment of the Option Fee Instalments in respect of the months of November and December and withhold Option Fee Instalments in respect of the months of January, February, March and April pending the outcome of its assessment in BR14(b);
 - b. Not later than two months after the end of the Winter Period to which the DSR Option applies, compare actual mean average daily demand over that Winter Period against the forecast Winter Average Demand that was submitted by the DSR Participant;
 - c. Where actual mean daily demand in the relevant Winter Period is greater than or equal to 90% of the forecast, make payment of the Option Fee Instalments in respect of the months of January, February, March and April as soon as reasonably practicable as a single transaction to the DSR Participant; and
 - d. Where BR14(c) is not satisfied, make no further option fee payments to the DSR Participant in respect of that Winter Period.
15. Amend the termination rules for Shipper DSR in TPD D7.11.2 where a site has changed shipper to permit a 10 Business Day 'grace' period for a new shipper to confirm it wishes to take on the DSR Option from the outgoing shipper. (The current rules could be a problem for example if a DSR Option Offer is accepted, say, on 29 September and then the Consumer changes its Registered User on 1st October).
16. The quantity that NGT may exercise for D-5 Shipper DSR is at present "not less than the Option Quantity" (UNC TPD D7.8.5 and D7.8.6). This is based on the rationale that if a Shipper wanted to offer a higher quantity then it could, however in practice, NGT will only have the Option Quantity to call on at D-5, therefore this shall be amended to specify Option Quantity only.
17. Class 2 Consumers shall be eligible to submit DSR Option Offers to NGT and to contract directly with NGT should NGT accept such Option Offers.
18. Where a Consumer submits a DSR Option Offer and does not satisfy the credit conditions referenced in TPD D7.4.3(c), the DSR Contract shall provide that that Consumer may elect to receive its option fee after the Winter Period to which its offer applies instead of providing credit support.
19. Where a Consumer so elects pursuant to BR18, not later than 2 months after the end of the relevant Winter Period, NGT shall:
 - a. Determine whether the Consumer has failed to comply with its obligations to respond to an exercise instruction given by NGT in respect of the DSR Option in accordance with TPD D7.7.4(b);

- b. Where the Consumer has failed to comply on each occasion when NGT exercised the DSR Option, not make payment of the option fee to the Consumer;
 - c. Where the Consumer has complied with its obligations upon NGT exercise of the DSR Option on a day(s) but not on another day(s), make payment of an option fee as soon as reasonably practicable for a sum equal to what the Consumer would otherwise be entitled to receive pursuant to the provisions of TPD D7.7.5; and
 - d. Where either NGT has not exercised the DSR Option or the Consumer has complied with each exercise instruction given by NGT during the Winter Period, make payment of the option fee as soon as reasonably practicable to the Consumer for a sum equal to the aggregate of the Option Fee Instalments in respect of each month of the Winter Period.
20. Where BRs 14(c), 19(c) or 19(d) apply, each relevant User's share of such sum shall be processed on its Energy Balancing Invoice in respect of the month within which National Gas Transmission made its determination in respect of those business rules.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

Consumer Impacts

This Modification is designed to increase the attractiveness of voluntary DSR for industrial and commercial consumers.

Workgroup Participants agreed with this.

What is the current consumer experience and what would the new consumer experience be?

Modifications 0844 and 0845 enabled more consumers to access the gas DSR market and NGT wishes to grow this market further by introducing further reforms via this Modification in response to consumer feedback. If this Modification is not implemented, some consumers that may wish to participate may be unable or unwilling to do so.

Impact of the change on Consumer Benefit Areas:

Area	Identified impact
<p>Improved safety and reliability</p> <p>Existing DSR arrangements have secured a relatively low volume of demand which NGT can call upon in the event of a forecast supply shortfall.</p> <p>This low volume of demand that can be reduced voluntarily could mean that the situation escalates towards a gas deficit emergency (GDE), and the associated increased risks to network safety and reliability which result from falling pressures.</p> <p>This Modification is designed to further encourage voluntary DSR take-up such that this pre-emergency tool would be available to NGT in preventing such an escalation and mitigate such risks materialising, which could potentially impact all consumer groups.</p> <p>Workgroup views: Workgroup agreed with the statements put forward above by the Proposer.</p>	Positive
<p>Lower bills than would otherwise be the case</p> <p>The impacts on consumer bills from a GDE are unquantifiable in advance but likely to be significant as wholesale gas prices rise in response to the insufficient supply situation that would trigger such an event. The insurance premium to enable voluntary DSR that this Modification would further encourage would provide a mitigation against such an impact.</p> <p>Workgroup views: Workgroup agreed with the statements put forward above by the Proposer.</p>	Positive
<p>Reduced environmental damage</p> <p>We do not envisage any quantifiable impact on the environment as a result of this Modification. There is potential for additional consumers to offer DSR that may deliver it via fuel-switching to a more polluting source than natural gas but this is unknown at this stage.</p> <p>Workgroup views: There is a view that in the event of a gas supply shortage incident consumers might switch to an alternative fuel if it is available to them. Therefore, the assessment of unknown/negligible is appropriate.</p> <p>It may be preferable to have a small number of parties switch to an alternative fuel rather than have many parties having to do so as a result of a GDE.</p> <p>It could be argued that this point relates to Net Zero.</p>	Unknown / negligible
<p>Improved quality of service</p> <p>Declaration of a GDE resulting in compulsory firm load shedding would result in a significant impact on quality of service that for those parties that may be unable to continue their gas offtake. This Modification helps to mitigate such a scenario arising.</p> <p>Workgroup views: Workgroup agreed with the statements put forward above by the Proposer.</p>	Positive

<p>Benefits for society as a whole</p> <p>The potential impact on heating capability, gas fired electricity generation, interruption to industrial production and knock-on impacts into wider supply chains that a GDE is capable of causing could result in a major economic and societal impact for the country. Putting in place additional measures via this Modification to encourage greater voluntary DSR volumes provides additional mitigation against such risks arising.</p> <p>Workgroup views: Workgroup agreed with the statements put forward above by the Proposer.</p>	<p>Positive</p>
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Performance Assurance Considerations

Workgroup Participants and the Proposer did not believe that there were any Performance Assurance Considerations associated with this Modification.

Cross-Code Impacts

A Workgroup Participant pointed out that IGT sites are in scope of this Modification.

Workgroup Participants including the Proposer heard from C Gilbert (BUUK) who confirmed that the relevant text is already included in the IGT-UNC (based on the Legal Text which is drafted based on v2.0 of the Modification) and therefore no IGT Modification is likely to be required because the IGT UNC points to the UNC in respect of gas DSR provisions.

(Note that the amendment to text consistent with V3.0 of the Modification does not affect this conclusion)

EU Code Impacts

None identified. Potential impacts in relation to the EU Balancing Code were considered during the development of Modification 0844, which were included in the [Final Modification Report 0844](#).

Central Systems Impacts

No changes to central systems are expected, however some of the processes that the CDSP performs in relation to the voluntary DSR arrangements could (or in some cases, would) be impacted.

- The CDSP carries out invoicing processes for NGT in respect of Consumer DSR. Expanding eligibility for Consumer DSR to Class 2 Consumers could result in an increased number of counterparties to whom DSR option and exercise payments would need to be made. The CDSP considers that it is currently able to fulfil this function with up to approximately 30 counterparties but should this number materially grow then additional resource and/or an alternative invoicing process would be required.
- Ahead of each DSR Option Invitation tender, the CDSP currently provides NGT with a list of all Class 1 and Class 2 Consumers and their Winter Average Demand, determined by reference to the previous Winter Period only. NGT requires this activity to continue to enable it to discharge BR11, however, if this Modification is implemented, NGT would require the CDSP to provide this report based on a 3 year Winter Period demand history.
- Where an option payment(s) or part thereof is held back pursuant to BRs 14 and 19, NGT would give this instruction in respect of the relevant Consumer(s) to the CDSP as part of its monthly payment schedule. (Provision of such a schedule to the CDSP is now a BAU process for NGT post allocation of DSR Options). Following NGT's validations post winter pursuant to these BRs, NGT would need to instruct the CDSP to

either make payment of the outstanding balance of the option fee that is due (or not due as the case may be) which the CDSP would then discharge in accordance with BR20.

- Where BR14(b) applies, NGT would request the CDSP to provide the mean average daily demand in respect of the relevant Consumer.
- NGT would perform the determinations required under BR19 and inform the CDSP in accordance with current arrangements so no CDSP process change would be required for this business rule.

The CDSP representative at the 4 April meeting pointed out that a change proposal will be raised by NGT for consideration at the DSC change management committee meeting in April.

A Workgroup Participant at the 25 March meeting asked if the “accompanying rationale” (proposed TPD D para 7.2.5) is to be checked/verified in any way and if so, would this mean more actions for CDSP to fulfil and therefore create CDSP cost?

The Proposer confirmed at the 4 April meeting that **no** ex-ante verification is included in the process so there would be no additional work for the CDSP in respect of validating demand estimates.

Initial Representations

None Received.

Panel Questions

Q1: Consider whether the DSR enhancements in the round are continuing to strike an appropriate balance for consumers.

The enhancements have been brought forward from the context of Request Group 0835R and in response to other feedback from consumer groups. The Workgroup has participated in the assessment process and NGT has acted upon Workgroup’s suggestions and parties have worked together to improve the DSR range of products (for example, discussions in Workgroup and with consumer groups have enabled retention of the multi-year contracts).

Workgroup Participants agreed that the proposed amendments under this Modification are appropriate as they build incrementally on those already in place. A Workgroup Participant suggested that a review after the 2024 tender event would be helpful to assess the responses. This might be a report to the Transmission Workgroup in autumn 2024 to consider whether any further development is justified.

Workgroup Impact Assessment

1 February 2024

In initial discussions the Proposer explained how this Modification seeks to deal with some recognised shortcomings in the current DSR arrangements and encourage greater participation.

Some Workgroup Participants welcomed the proposed enhancement to reporting and encouraged NGT to consider how feedback might be provided to unsuccessful bidders in order that they might be able to bid more competitively in future rounds.

In respect of the minimum size of bid that would be eligible for selection within-day and any related rules for lead-times Workgroup Participants agreed that a clear arithmetic mechanism would be preferred. NGT agreed to revise the proposal. Workgroup Participants urged NGT to set clear criteria for judging whether performance of a DSR reduction had been delivered in accordance with a bid. Workgroup Participants suggested that having a tolerance for measuring compliance would be inappropriate as customers will already have factored a margin of error into their bid.

In respect of bidders that fail the credit checks Shipper participants asked NGT to consider whether payments should be withheld until after the winter as there may be greater difficulty in enforcing the arrangements for 'claw-back' of payments where there is non-performance. A similar point was made in relation to customers that submit a revised estimate for their demand level rather than using the default Winter Average Demand. The Shipper concern arises because payments are funded through Balancing Neutrality. NGT agreed to reconsider the proposals.

7 March 2024

Version 2.0 of the Modification was considered at the March meeting. Workgroup Participants welcomed the changes that had been made in response to earlier comments. The Proposer presented a worked example to illustrate how amended Business Rule 9 would operate and also to explain the rationale for Business Rule 11.

BR9: If Option Quantity – (Option Quantity / 24 * lead-time (hours) < 100,000 kWh, then NGT shall exclude that offer from its assessment process

Worked example 1

WAD: 300,000 kWh

DSR Reduced Quantity: 5,000 kWh

Option Quantity = 295,000 kWh

Offered lead-time: 3 hours

$$295,000 - (295,000 / 24 * 3)$$

$$295,000 - 36,875 = 258,125 \text{ kWh}$$

258,125 > 100,000, therefore NGT would regard this as a valid offer and INCLUDE it within its assessment process

BR9: If Option Quantity – (Option Quantity / 24 * lead-time (hours) < 100,000 kWh, then NGT shall exclude that offer from its assessment process

Worked example 2

WAD: 110,000 kWh

DSR Reduced Quantity: 5,000 kWh

Option Quantity = 105,000 kWh

Offered lead-time: 3 hours

$$105,000 - (105,000 / 24 * 3)$$

$$105,000 - 13,125 = 91,875 \text{ kWh}$$

91,875 < 100,000, therefore NGT would NOT regard this as a valid offer and would therefore EXCLUDE it from its assessment process

BR11: Determination of 'starting point' for exercise of Consumer DSR and D-5 Shipper DSR

Task: To determine whether the 'starting point' for demand reduction for Consumer DSR and D-5 Shipper DSR should remain as Winter Average Demand or change to the average daily demand for the previous 7 days

Our analysis was based on the following:

- Data Period: Winter 2022/23
- Site Type: Class 1 Sites
- Sites in scope: 509
- Gas day: 13th December 2022 (lowest temperature recorded during winter 2022/23)

Data considerations:

- Sites with a variance greater than 400% (due to turn on / turn off) were removed to prevent data becoming skewed
- Does not account for any changes in behaviour over weekend and weekday
- Unable to account for site type behaviours

Results

The results of the analysis revealed that when compared to actual demand, the average difference for all sites was:

Previous 7-day average: 24.83%

WAD: 36.32%

Conclusions:

- The dataset (albeit limited) shows the 'previous 7-day average' measure to have a slightly better correlation to actual demand than WAD
- We do not consider the difference to be sufficiently material to warrant an alternative approach

25 March 2024

V2.0 changes to the Modification shown in tracked changes were discussed.

Workgroup Participants reviewed the Legal Text which enacts the Modification v2.0. and the Proposer was asked to consider some further amendments in Relation to the Business Rules relating to payments being made to consumers. Some Workgroup Participants again urged NGT to consider what proportion of the payments should be withheld until after the winter when actual performance might be properly assessed.

4 April 2024

The Proposal was amended to V3.0 and the changes were reviewed at the 4 April meeting. Some minor typographical errors had been identified and corrected. The main proposed change adjusted the proportion of the option payment that would be made where the calculation has been based on an estimate of the demand rather than the default WAD. The revised proposal is that 1/6 of the option payments would be made in November and December and the remaining 2/3 withheld until after the winter. A Workgroup Participant supported this change and no Workgroup Participants objected.

Concluding comments

The Workgroup has participated in the development process and NGT has acted upon Workgroup's suggestions and parties have worked together to improve the DSR range of products (for example, discussions in Workgroup and with consumer groups have enabled retention of the multi-year contracts) and addressed concerns about the potential risk of gaming the demand estimates.

Reference Documents

DSR Framework and Methodology document (TPD D 1.5.1)

The Proposer confirmed that a change to the DSR Methodology is expected to be required and that a consultation would then be issued. The Proposer added that this is a further reason to accelerate the timetable so that this can be completed in good time.

In addition, a revision to the consumer contract will be required and the Proposer suggested that this would also be consulted upon (although such consultation is not required under any governance). Alignment of timings for the consultations would be helpful.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	Positive
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Relevant Objective (a) “efficient and economic operation of the pipe-line system” is furthered by this Modification, which is designed to encourage voluntary DSR and thus mitigate the risk of a supply shortage escalating to declaration of a GDE. Should a GDE be declared then compulsory firm load shedding would result in disruption and inefficiency in the operation and use of the network as some parties that would wish to be taking gas would be prevented from doing so.

Relevant Objective (b) “co-ordinated, efficient and economic operation of (i) the combined pipeline system and/or (ii) the pipeline system of one more other relevant gas transporters” is also furthered by this Modification, also due to its mitigation of a GDE being declared. If such an event occurred, in addition to firm load shedding on the NTS, Gas Distribution Networks may be given instructions to implement the shedding of firm loads within their networks resulting in disruption and inefficiency at LDZ level too.

Workgroup Assessment of Relevant Objectives

This Modification provides for enhancement to DSR and is designed to take the measures further and expand on the provisions already in existence. Workgroup Participants agreed with the arguments put forward by the Proposer.

8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Should the Modification be subject to Authority Direction as a result of further consideration, NGT has suggested that a decision on this Modification would be required by 20 June 2024, in time for inclusion in the tender which will be published in Summer 2024.

9 Legal Text

Legal Text

Text has been provided by National Gas Transmission published alongside this report at:
<https://www.gasgovernance.co.uk/0866>

Text Commentary

Published alongside this report at: <https://www.gasgovernance.co.uk/0866>

Workgroup Assessment

The Workgroup considered the draft Legal Text on 25 March 2024 which enacts v2.0 of the Modification and is satisfied that it meets the intent of the Solution.

Further revisions to the text were reviewed by the Workgroup on 4 April 2024 (against v3.0). Some Workgroup Participants confirmed that the legal text meets the intent of the solution. There were no objections.

10 Consultation

Representations were invited from interested parties on 18 April 2024. All representations encompassed within the Appended Representations section, including any initial representations.

The following table provides a high-level summary of the representations.

Implementation was unanimously supported in the 5 representations received.

Representations were received from the following parties:		
Organisation	Response	Relevant Objectives
Cadent	Support	a) Positive b) Positive
Energy Intensive Users Group (EIUG)	Support	a) Positive b) Positive
National Gas Transmission	Support	a) Positive b) Positive
SEFE Energy	Support	a) Positive b) Positive

Wales & West Utilities	Support	a) Positive b) Positive

Please note that late submitted representations may not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

Discussion

The Panel Chair summarised that Modification 0866S would introduce further enhancements to Gas DSR arrangements for daily metered consumers, following experience of recent reforms and based on consumer feedback.

The aim of improving National Gas Transmission's (NGT's) access to voluntary demand side response from daily metered Consumers as a pre-emergency tool is to help mitigate the risk of a network gas supply emergency (NGSE) arising, and to limit its duration and severity if one did arise.

Panel Members noted that no initial representations had been submitted.

Panel Members reviewed the Panel Question raised and agreed this had been adequately assessed by the Workgroup, noting that Modification 0867 which proposed some additional enhancements to the DSR arrangements has been withdrawn. Panel Members noted the comment made in a response that the collaborative approach of NGT had been appreciated in the development of the Modification. This was indicative that a balance is being found between the effort and reward of extending DSR.

Panel Members agreed with the suggestion made by the Workgroup that a review after the 2024 tender event would be helpful to assess the responses to these further changes and this might be discharged in a report by NGT to the Transmission Workgroup in autumn 2024 to consider whether any further development is justified.

Panel Members considered the representations made noting that implementation was unanimously supported in the 5 representations received.

Panel Members agreed with respondents and the Proposer that this Modification would enhance the arrangements for DSR by widening the scope for participation to Class 2 Daily Metered sites and also helpfully adjust the timetable for the annual tender process, which provides more time for consumers to respond to the invitation to tender and make preparations subsequently.

Some Panel Members did not believe this Modification satisfied the Self-Governance criteria. Panel Members discussed the responses to the consultation questions on this issue and noted that three respondents stated that they did not believe that the proposed changes would meet the materiality criteria (i.e. the Modification satisfies the Self Governance criteria) , one made no comment and one argued that this proposal could be more material than that of Modification 0852 (recently rejected by Ofgem) as the scope of the proposals may significantly increase the burden on NGT's control centre staff and could change the way that National Gas will assess the merits of bids.

Some Panel Members noted that on principle, the Modification 0852 had work to be done in contacting Shippers and this work could have been done by the control room or another party/group. This Modification does not need such a judgement about who does the additional work (relating to the additional parties). Panel Members

understood that the additional work to be done as a result of this Modification 0866 must be done by the control room. Therefore, there is no judgement to be taken by the Authority.

Panel Members agreed with the Proposer that whilst the changes proposed to extend the scope to Class 2 Daily Metered sites may encourage a significant number of additional parties to participate in DSR, this is a latent process risk under the current arrangements. In the event that the number of DSR sites increases significantly, NGT would need to devise new operational processes to exercise the DSR. NGT and the CDSP have acknowledged this possibility and would revisit the arrangements. This, however, is an extension of the current scale of DSR but would not create a new obligation to notify shippers as was proposed under Modification 0852. The Proposer pointed out that a new obligation to notify shippers is the key difference between this Modification and Modification 0852.

CACoP Principle 15 – Consumer Impacts and Net Zero discussion

Panel Members noted that this Modification may extend the number of consumers that participate in gas DSR if they can switch to an alternative fuel. There is a potential that such alternative fuel may be more polluting than gas. However, a managed reduction in load or switching of load to an alternative is likely to be preferable to a less easily controlled situation as may occur in a Network Gas Supply Emergency (NGSE) when many more customers might be affected and switch fuels.

Panel Members noted that if an NGSE can be avoided, then this is in end consumers' interest. This Modification works to avoid such a situation.

Consideration of the Relevant Objectives

Panel Members noted that all respondents had agreed with the Proposer that this Modification is positive in relation to the highlighted Relevant Objectives.

Panel Members considered Relevant Objective a) Efficient and economic operation of the pipe-line system, agreeing that implementation would have a positive impact because it would encourage additional voluntary DSR and thus mitigate the risk of a supply shortage escalating to declaration of a GDE. Should a GDE be declared then compulsory firm load shedding would result in disruption and inefficiency in the operation and use of the network, as some parties that would wish to be taking gas would be prevented from doing so.

Panel Members considered Relevant Objective b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters, agreeing that implementation would have a positive impact because of the mitigation of a GDE. If such an event occurred, in addition to firm load shedding on the NTS, Gas Distribution Networks may be given instructions to implement the shedding of firm loads within their networks, resulting in disruption and inefficiency at LDZ level too.

Implementation

Panel Members considered the implementation timeline for this Modification agreeing that in order to provide the additional notice period for customers, an invitation to tender would need to be published in July (for 2024 implementation) and therefore a decision would be required by 20 June 2024, regardless of the governance procedures.

As Self-Governance procedures are currently proposed, implementation could be sixteen business days after a unanimous vote in favour of implementation by the Modification Panel, subject to no Objection being raised. An exact date will be determined by the Gas Transporters.

Determinations

Panel Members voted with 8 votes in favour (out of a possible 14), that Modification 0866S still satisfies the

Self-governance criteria.

Panel Members voted unanimously that no new issues were identified as part of the consultation.

Panel Members voted unanimously that there are no Cross Code Changes for this Modification.

Panel Members voted unanimously to implement this Self-Governance Modification.

12 Recommendations

Panel Determination

Panel Members agreed that this Self-Governance Modification should be implemented.

13 Appended Representations

Initial Representation - None

Representation - Cadent

Representation - Energy Intensive Users Group (EIUG)

Representation - National Gas Transmission

Representation - SEFE Energy

Representation - Wales & West Utilities

Representation – Draft Modification Report UNC 0866S
Amendments to Demand Side Response (DSR) Arrangements

Responses invited by: 5pm on 03 May 2024

To: enquiries@gasgovernance.co.uk

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

Representative:	Shiv Singh
Organisation:	Cadent
Date of Representation:	3 rd May 2024
Support or oppose implementation?	Support
Relevant Objective:	a) Positive b) Positive
Relevant Charging Methodology Objective:	Not Applicable

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

As existing DSR arrangements have resulted in relatively low levels of volume upon which to call when needed, this proposal intends to expand upon the consumer base eligible to participate and therefore, increase contracted volumes. This has the potential to further mitigate against the situation escalating towards a gas deficit emergency and therefore, protect consumers from a loss of supply.

Governance Statement: Please provide your views on the self-governance statement or reasons why Authority Direction should apply.

We agree that the proposal should remain as Self Governance.

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

n/a

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

Implementation should be as soon as possible, governance allowing.

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

Yes.

Panel Questions: *Panel Members have requested that the following questions are addressed.*

Panel identified four aspects which may affect the suitability for self-governance:

Q1. In light of the proposed change in treatment to the bid-stack (BR 4), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

It is likely that, given the target market being Class 2, the volumes put forward by either Consumers or Users may not be significant in quantity to be considered material. Using past DN Interruption Tenders as an example, the level of take-up would suggest considerable engagement is required to realise levels that would have a material impact.

Q2. Given the extension to Class 2 (BR 17), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

The requirement to extend to Class 2 in itself demonstrates the challenge in realising acceptable levels of DSR. With smaller sites being targeted, it may be that significant quantities of offers are required to have a material impact. I therefore, consider this suitable for Self-Governance.

Q3. Given the change in credit support (see BR 18), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

As above, by widening the reach to include the smaller sites with lower turnover in comparison to some of the larger sites in the pool, they may struggle to satisfy credit requirements and therefore opt to receive fees after the Winter period. This would again, suggest a non-material impact and support Self-Governance.

Q4. In light of the approach taken to Modification 0852, do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

I do not consider the approach to UNC0852 to be of relevance to the materiality of this proposal and therefore, consider Self-Governance suitable.

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.*

None.

Representation – Draft Modification Report UNC 0866S

Amendments to Demand Side Response (DSR) Arrangements

Responses invited by: 5pm on 03 May 2024

To: enquiries@gasgovernance.co.uk

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

Representative:	Arjan Geveke
Organisation:	Energy Intensive Users Group (EIUG)
Date of Representation:	3 May 2024
Support or oppose implementation?	Support
Relevant Objective:	<p>a) Positive</p> <p>b) Positive</p>
Relevant Charging Methodology Objective:	Not Applicable

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

The EIUG supports the proposed further enhancements to gas DSR arrangements for daily metered consumers.

Bringing forward the date of the tender and a faster notification time gives industrial users more time to go through their internal decision making process, sign the contract and put the appropriate security in place.

The proposal to extend the winter average demand over the past 3 years also gives a more reliable reflection of demand and the ability to submit a forecast of daily demand for the relevant winter period(s) with accompanying rationale provide additional flexibility.

Making class 2 consumers eligible to submit DSR option offers and contract directly with NGT may increase the volume of bids without going through a third party.

The propoals around credit conditions would make it easier for these consumers to offer bids as well.

All in all, these proposals could increase the total DSR offered volume, thereby potentially increasing industrial demand reduction at times of system stress as a means of mitigating the risks associated with a network gas supply emergency.

Governance Statement: *Please provide your views on the self-governance statement or reasons*

why Authority Direction should apply.

The EIUG agrees with the justification for self-governance as argued by the proposer.

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

The proposals reduce some of the administrative cost with submitting offers and an increase volume of gas DSR offer could reduce the risk of a network gas supply emergency and its associated costs.

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

The EIUG supports the lead-time as set out by the proposer. Adhering to the timetable supplier by the proposer would give large gas users sufficient time to prepare and decided on possible bids.

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

Yes

Panel Questions: *Panel Members have requested that the following questions are addressed.*

Panel identified four aspects which may affect the suitability for self-governance:

Q1. In light of the proposed change in treatment to the bid-stack (BR 4), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

Yes, since the change does not meet any of the considerations in the Materiality Guidance.

Q2. Given the extension to Class 2 (BR 17), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

Yes, since the change does not meet any of the considerations in the Materiality Guidance.

Q3. Given the change in credit support (see BR 18), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

Yes, since the change does not meet any of the considerations in the Materiality Guidance.

Q4. In light of the approach taken to Modification 0852, do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

Yes

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.*

-

Representation – Draft Modification Report UNC 0866S

Amendments to Demand Side Response (DSR) Arrangements

Responses invited by: 5pm on 03 May 2024

To: enquiries@gasgovernance.co.uk

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

Representative:	Phil Hobbins
Organisation:	National Gas Transmission
Date of Representation:	02 May 2024
Support or oppose implementation?	Support
Relevant Objective:	<p>a) Positive</p> <p>b) Positive</p>
Relevant Charging Methodology Objective:	Not Applicable

Reason for support

This Modification 0866 is the result of a programme of extensive industry engagement by NGT in a continuing quest to maximise voluntary gas DSR quantities, not only with shippers through UNC Request 0835R but also in parallel with industrial consumers and their associations. There have been a few points of disagreement between consumers and shippers during the development of Mod 0866 but we have adapted the proposals accordingly and now hope that the draft Modification Report presents a reasonable compromise on those issues that all can support.

Governance Statement:

We support self-governance for this Modification because we do not believe that its implementation would create a material effect in respect of any of the self-governance criteria. We expand on our reasoning in our answers to the Panel questions below.

Impacts and Costs:

We would need to amend the DSR Options tender process and documents in time to launch this year's tender in July, conduct subsequent consultations on the DSR Methodology and DSR Consumer Contract, agree amended processes with the CDSP and amend the control room DSR procedure.

Implementation:

NGT agrees with the implementation section in the draft Modification Report.

Legal Text:

Yes, NGT has provided the legal text which has been reviewed by the Workgroup.

Panel Questions: *Panel Members have requested that the following questions are addressed.*

Panel identified four aspects which may affect the suitability for self-governance:

Q1. In light of the proposed change in treatment to the bid-stack (BR 4), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

Business Rule 4 represents an extension of our existing assessment criteria and is thus an incremental change, not one which would qualify as a 'material effect' under the self-governance guidance. The existing UNC text affords flexibility to take other factors into consideration in addition to price when deciding whether to accept or reject DSR Option Offers; these include whether a tenderer has specified a Maximum Exercise Period, a Minimum Exercise Interval and the DSR product that is being offered. BR4 proposes to extend this flexibility to enable consideration the relative value of offers against one another based on quantity and option / exercise prices as well as combined price, so that best value can be derived for the industry.

Q2. Given the extension to Class 2 (BR 17), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

Business Rule 17 extends the ability for sites to contract directly with NGT for DSR from Class 1 only to also include Class 2, meaning that hundreds more sites would become eligible to participate in this way. If participation reached into the hundreds, we would need to devise a new method of exercise (the current individual phone call and email performed by GNCC staff would likely not be feasible) and, as noted in the Central Systems Impacts section of the draft Modification Report, we would also need to engage with the CDSP to explore an alternative means of making option fee payments. However, these risks exist even without Modification 0866 as there are hundreds of sites in the class 1 category but they are process risks; neither of which qualify, in our view, as sufficiently material in the context of the self-governance guidance to warrant Authority Direction.

Q3. Given the change in credit support (see BR 18), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

If a Consumer fails the credit check and does not wish to put credit in place to support its DSR Option, Business Rule 18 provides an alternative option for that Consumer to receive its option fee as a lump sum post-winter rather than in monthly instalments. This eliminates any credit risk to shippers associated with the Consumer failing to deliver DSR, if called. It is an alternative approach to achieve the same objective and therefore do not see how this change could be deemed sufficiently material to warrant Authority Direction.

Q4. In light of the approach taken to Modification 0852, do you consider that this

Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

We recognise that there is a parallel between Modification 0852 and Modification 0866, insofar as both Modifications could increase the workload of the Gas National Control Centre (GNCC) at a time of already high operational stress¹ (since the prospect of a Network Gas Supply Emergency would, by definition, be a possibility). We considered that 0852 was suitable for Authority Direction partly because the additional administrative activity of shipper notification could detract from the GNCC's primary focus of managing the supply/demand imbalance, but also, more fundamentally, that 0852 would result in a misalignment of obligations and weaken incentives on shippers to have appropriate communication arrangements in place with the sites to whom they ship gas. Modification 0852, had it been approved, could therefore have had a material effect on commercial activities related to the shipping of gas and complexity of processes, as well as gas security of supply.

As mentioned previously in this representation, Modification 0866 increases the potential number of sites that could participate, but it does not create any new requirements when DSR is exercised. Even without Modification 0866, there is potential for a sufficiently large number of Consumers to respond to the tender and be allocated DSR Options, which causes the current exercise arrangements to become unmanageable.

We therefore do not believe that it must follow for Modification 0866 to be determined as Authority Direction just because this governance route was determined for Modification 0852.

Error or Omissions: Are there any errors or omissions in this Modification Report that you think should be taken into account?

No, although the Workgroup discussions for Modification 0866 have had to progress rapidly, we believe that all issues have had sufficient discussion.

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

N/A.

¹ We note however that Ofgem has rejected 0852.

SEFE Energy Representation Draft Modification Report

Modification UNC 0866S: Amendments to Demand Side Response (DSR) Arrangements

1. **Consultation close out date:** 3rd May 2024
2. **Respond to:** enquiries@gasgovernance.co.uk
3. **Organisation:**
SEFE Energy
5th Floor
8 First Street
Manchester
M15 4RP
4. **Representative:**
Steve Mulinganie
SEFE Energy
Senior Regulatory Manager
stevemulinganie@sefe-energy.com
0799 097 2568
5. **Date of Representation:** 3rd May 2024
6. **Do you support or oppose Implementation:**
We **Support** implementation of the Modification
7. **Please summarise (in 1 paragraph) the key reason(s) for your position:**
We welcome the changes being made that seek to broaden participation in the DSR scheme. We also note the collaborative approach taken by National Gas in developing the proposals.
8. **Are there any new or additional Issues for the Modification Report:**
No
9. **Self-Governance Statement Do you agree with the status?**
No

Whilst we support the proposal and note the time pressures in moving forward with implementation ahead of this year's tender, we do not believe the proposal to be in scope of Self Governance. Nor do we believe that the time constraint alone is justification for treating this modification as Self Governance.

We note the Panel has acted prudently to enable the Modification to return to Panel in a timely fashion leaving sufficient time for Authority direction.

Ofgem wished to note that if the Modification is returned to the Panel for May 2024, and it is changed to Authority Direction, they can attempt to make the decision in time for 2024 implementation.

In particular we highlight the approach by the Authority in its decision to revoke the Self Governance status of Modification 0852 - Shipper notification in relation to option exercise for Customer Demand Side Response. As both Modifications are current and deal with DSR we would reasonably compare the scope of 0852 with 0866 and in doing so it is clear that 0866 is far more material. It introduces scope changes which should increase the number of DSR participants and therefore this may increase the burden on NGT's role as the Network Emergency Coordinator where its control room may be operationally occupied in preventing a potential Gas Deficit Emergency. It also materially changes the way that National Gas will assess the merits of bids.

10. Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We **agree** with the proposer that this modification is positive in respect of Relevant Objective(s) (a) & (b)

11. Impacts & Costs:

What analysis, development and on-going costs would you face if this modification was implemented?

We **have not** identified any significant costs associated with the implementation of this modification

12. Implementation:

What lead times would you wish to see prior to this modification being implemented, and why?

Should the Modification be subject to **Authority** Direction NGT has suggested that a **decision on this Modification would be required by 20 June 2024**, in time for inclusion in the tender which will be published in Summer 2024.

13. Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

We **have not** reviewed the Legal Text provided.

14. Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or you wish to emphasise.

Yes

Modification Panel Members have requested that the following questions are addressed:

Panel identified four aspects which may affect the suitability for self-governance:

Q1. In light of the proposed change in treatment to the bid-stack (BR 4), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

See comments in 9 above

We would note that no evidence of materiality was presented to support the removal of the self-governance status of Modification 0852

Q2. Given the extension to Class 2 (BR 17), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

See comments in 9 above

We would note that no evidence of materiality was presented to support the removal of the self-governance status of Modification 0852

Q3. Given the change in credit support (see BR 18), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

See comments in 9 above

We would note that no evidence of materiality was presented to support the removal of the self-governance status of Modification 0852

Q4. In light of the approach taken to Modification 0852, do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

See comments in 9 above

We would note that no evidence of materiality was presented to support the removal of the self-governance status of Modification 0852

Representation – Draft Modification Report UNC 0866S

Amendments to Demand Side Response (DSR) Arrangements

Responses invited by: 5pm on 03 May 2024

To: enquiries@gasgovernance.co.uk

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

Representative:	Tom Stuart
Organisation:	Wales & West Utilities
Date of Representation:	25.4.24
Support or oppose implementation?	Support
Relevant Objective:	<p>a) Positive</p> <p>b) Positive</p>
Relevant Charging Methodology Objective:	Not Applicable

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

In general, measures that can be taken to encourage consumers to participate in demand side response and ultimately reduce the likelihood of a gas deficit emergency occurring provides obvious economic and societal benefits. We believe this modification achieves this by making DSR more attractive for consumers and therefore we support this modification.

We agree with the proposers assessment that the modification furthers relevant objective a) Efficient and economic operation of the pipe-line system and b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.

Noting NGT's obligation to communicate with GDNs when DSR is exercised and the introduction of DSR options, GDNs gaining details of sites that are signed up to DSR would help NGT realise the full DSR benefit. This would be more effective for NGT because sites do not nominate their load to the GDN (unless they have a Network Exit Agreement) and so the GDN would have difficulty in adjusting their forecast and effectively adjust their intake from the NTS to pass on the benefit. If details were known in advance the GDN could plan and manage the load accordingly.

Governance Statement: *Please provide your views on the self-governance statement or reasons why Authority Direction should apply.*

We agree this modification should be self governance.

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

We do not anticipate any cost impacts

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

This modification should be implemented as soon as reasonable practicable.

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

Yes

Panel Questions: *Panel Members have requested that the following questions are addressed.*

Panel identified four aspects which may affect the suitability for self-governance:

Q1. In light of the proposed change in treatment to the bid-stack (BR 4), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

No Response

Q2. Given the extension to Class 2 (BR 17), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

No Response

Q3. Given the change in credit support (see BR 18), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

No Response

Q4. In light of the approach taken to Modification 0852, do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

No Response

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.*

Insert Text Here

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

No Response