

Representation - Draft Modification Report UNC 0845

Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

Responses invited by: **5pm on 13 July 2023**

To: enquiries@gasgovernance.co.uk

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

Representative:	Phil Hobbins
Organisation:	National Gas Transmission (NGT)
Date of Representation:	4 th July 2023
Support or oppose implementation?	Support
Relevant Objective:	a) Positive b) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As Proposer, NGT supports implementation of this Modification, which is designed to increase the scope for large gas consumers to offer demand reduction to NGT at times when total system demand is forecast to outstrip total supplies in order to minimise the risk of entering and / or reduce the duration of a Gas Deficit Emergency.

The Modification constitutes a package of measures designed to expand the gas DSR market based on feedback from customers and stakeholders as well as improve existing arrangements introduced by Modification 0822. NGT notes that no Workgroup participants disagreed with NGT's assessment that relevant objectives (a) and (b) would be better facilitated by this Modification.

The key advantages that this Modification would deliver are:

- Expansion of access to DSR to Class 2 Consumers via their Registered User;
- Removal of the risk highlighted by some consumers of having to cease their gas offtake completely and be unable to keep certain critical processes running. This will be achieved by requiring tendering parties to submit a minimum quantity that they would reduce to if DSR were called instead of a quantity of demand reduction from a prevailing nomination;

- Remove a potential barrier to participation by enabling parties to specify limitations on how frequently they could be called upon to provide DSR; and
- Introduce a new D-5 DSR product which enables parties that need a longer lead-time to reduce their gas offtake to participate in the gas DSR market.

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

As stated in the Modification, NGT proposes that the implementation date should be the next business day following the Authority's decision. The Authority's decision is sought in early August 2023 to enable NGT to prepare the necessary documents and processes for its annual DSR options tender which is to be issued not later than 31 August 2023.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

NGT would need to expand its existing procurement process (including assessment) for DSR options to enable the introduction of a D-5 DSR product and deliver the greater flexibility that this Modification proposes.

NGT would also need to create/amend its operational procedures for exercising DSR options to include a D-5 product. Additional effort from existing teams will be required to complete these activities and therefore no specific implementation costs are envisaged for NGT, although this assessment may change if the scale of participation were to increase materially.

The CDSP has confirmed that its role in supporting NGT with its DSR options assessment process (to support a 'reduce to' instead of a 'reduce by' regime) is not expected to entail an implementation cost but that this will nonetheless require additional effort from existing teams within the CDSP.

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

Yes. Updated combined legal text for Modifications 0844 and 0845 was published on 30 June 2023 but this was needed to address an omission associated with Modification 0844.

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

N/A

Please provide below any additional analysis or information to support your representation

N/A