

Gas
Transmission

Gas DSR Pre-Mod Discussion

Transmission Workgroup

02 February 2023

nationalgrid



Re-cap: Reforms delivered for this winter

DSR Options

Tender process for next three winters

Shippers offer DSR option quantities, option price and exercise price

Within day and D-1 options plus D-5 expressions of interest

Obligation to offer DSR to National Grid when supplies are tight

Extend lead-time

Extend the trigger to include a Margins Notice as well as GBN

Fuel-Switching

Extension of fuel-switching environmental permission

**More information at: <https://www.gasgovernance.co.uk/0822>
<https://www.gasgovernance.co.uk/0833> and [Fuel switching direction \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)**

DSR Uptake 2022/23

Our first DSR options tender closed on 23 December 2022

The 'Outcome Report' has been published on our [DSR Webpage](#)

We received and accepted two option offers for D-1 DSR (aggregate volume ~0.2 mcmd)

We received one expression of interest in a D-5 product

- This was not sufficient to warrant progressing an urgent UNC Modification to enable acceptance for this winter

Reflections

Progress has been made but Gas DSR as a pre-emergency tool is still not as effective as it could be

Stakeholder feedback suggests that the response to the tender is not reflective of consumer willingness and ability to provide DSR

Greater volumes could be accessed if product design and procurement and execution mechanisms are further reformed

A Government Direction to support fuel-switching is in place which has limited life and coverage

We therefore propose to further explore the development of a longer lead-time DSR product and other reforms that could remove barriers and broaden participation

Key Challenges

Some sites want certainty about when DSR will be called, we seek ad hoc rapid response

Role of the shipper

Spend and volume optimisation

Balance between time spent developing the rules and implementation

Balance between delivering new reform vs review of existing arrangements

Proposed UNC Development Workstreams for 2023

1. Direct NGG-Consumer contracting
2. Longer lead-time DSR product
3. Eligibility and aggregation
4. Review of existing DSR arrangements

We propose to submit a new UNC Request proposal to the February Panel to provide governance for this further DSR development activity

High Level Plan

Process		Key Dates	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
DSR Reform Programme	Formulate workstreams for industry discussion		----->											
	Publish draft UNC Request Proposal	25-Jan-23	★											
	Meeting with large consumers & associations	30-Jan-23	★											
	Pre-mod discussion of draft request and overall DSR plan for 2023	02-Feb-23		★										
	Raise UNC Request	03-Feb-23		★										
	UNC Panel Meeting consider UNC Request proposal	16-Feb-23		★										
	UNC Request Workgroup meetings				★	★	★							
	Develop draft Mod Proposal(s)					----->								
	Finalise UNC Request Workgroup Report, inc draft Mod(s) and submit to Panel	06-Apr-23				★								
	Raise UNC Mod (s)	07-Apr-23				★								
	Panel consideration of UNC Request Report & New Mod(s)	20-Apr-23					★							
	UNC Mod(s) Workgroup meetings						★	★	★					
	Complete Workgroup Reports for UNC Mod(s)	01-Jun-23						★	★					
	WG Report(s) considered by Panel, Mod(s) issued to consultation	15-Jun-23							★					
	Mod(s) consultation close out	06-Jul-23								★				
	Final Mod Reports available for Panel	12-Jul-23								★				
	Panel decision(s) / recommendation(s)	20-Jul-23								★				
	Ofgem decision(s)	04-Aug-23									★			
	Licence changes e.g. to enable direct contracting and permit MN trigger										----->	----->		
	Mod(s) Implementation activities										----->	----->		
Launch DSR Methodology consultation	08-Aug-23									★				
Close DSR Methodology Consultation	05-Sep-23										★			
Send Consultation Report to Ofgem	11-Sep-23										★			
Ofgem Approval of DSR Methodology	25-Sep-23											★		
DSR volumes available	01-Nov-23												----->	
Second D-1 and WD Options Tender	Pre-tender communication and timetable issued	16-Aug-23								★				
	D-1 and Within Day options tender published	30-Aug-23									★			
	Tender period (15 bus days)										----->			
	Tender period closes	20-Sep-23										★		
	Offer evaluation period (10 bus days)											----->		
	Notify tendering shippers of outcomes and options effective (deadline if no Ofgem referral)*	04-Oct-23											★	
	Notify wider industry of aggregate tender outcomes	11-Oct-23											★	
	D-1 and Within Day DSR options effective (deadline with Ofgem referral)	01-Nov-23												----->

* Plus potentially a 10 day reference to Ofgem for >£5m options fees.