

# Rough Order of Magnitude (ROM) Request and Response

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## 1. Purpose of a ROM

The DSC CDSP Service Document – Change Management Procedure sets out the expectations of the ROM process.

4.6.2 Subject to paragraph 4.6.3, within 10 Business Days after receiving a ROM Request, the CDSP shall send to the Customer and the Committee a report (Rough Order of Magnitude Report or ROM Report) setting out (so far as the CDSP is able to assess at the time):

(a) a high level indicative assessment of the impact of the Potential Service Change on the CDSP Service Description and on UK Link;

(b) the CDSP's opinion as to whether the Potential Service Change would be a Restricted Class Change, would have an Adverse Impact on any Customer Class(es) or would be a Priority Service Change, where applicable;

(c) the CDSP's approximate estimate of:

(i) the Costs (or range of Costs, where options under paragraph (e) are identified) of Implementing the Potential Service Change;

(ii) the impact of the Potential Service Change on Service Charges; and

(iii) the period of time required for Implementation;

(d) any material dependencies of Implementation on other Proposed Service Changes or other likely Priority Questions; and

(e) if it is apparent to the CDSP that there are likely to be materially different options as to how to Implement the Potential Service Change, a high level description of such options.

## 2. ROM Request – To be completed by the customer

Please populate the details below and send to [box.xoserve.portfoliooffice@xoserve.com](mailto:box.xoserve.portfoliooffice@xoserve.com), to enable the CDSP to undertake the impact assessment to provide the ROM Response (section below).

*Please note, the ROM requestor may be asked for further details if it is believed that request is not clear and additional information is required in order to provide a ROM Response.*

### 2a. ROM Request Details

ROM Request Details	
Change Title	<a href="#">UNC0844 Enabling Direct Contractual Arrangements with Consumers for Demand Side Response</a>
Regulatory Impact	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Regulatory Reference (if applicable)	UNC0844 Enabling Direct Contractual Arrangements with Consumers for Demand Side Response (DSR)
Change Overview	<p>At present, NGT is only able to contract for gas DSR with shippers. Modification 0844 seeks to introduce provisions into the UNC which will allow NGT to contract directly with Class 1 Consumers for the purposes of Demand Side Response (DSR). Based on consumer feedback, this proposal has the potential to increase the level of participation in the gas DSR market and therefore increase the volumes which NGT can procure, which will further enhance the suite of pre-emergency tools NGT can call upon in the event of a forecast supply shortage.</p> <p>It is envisaged that NGT would publish an annual tender for this DSR service that eligible consumers could respond to according to the same timescales as the tender process established for shipper DSR options by Modification 0822. Consumers that have DSR offers accepted through this process would receive monthly 'option' payments based on volumes and prices offered in return for agreeing to reduce their gas demand if called upon by NGT to do so at times of national gas supply shortage. Such events would also trigger 'exercise' payments, again based on prices submitted in the tender. Both option and exercise payments will be funded from Balancing Neutrality.</p> <p>NGT envisages that these arrangements would be supported and governed by standard conditions of contract between NGT and consumers. This would sit outside of UNC and is being developed in parallel to the Modification.</p> <p>If the modification is implemented, there are a number of additional processes that NGT requests to be discharged by the CDSP set out below. It is not currently envisaged that any Gemini system changes will be required, however, if the CDSP identifies that such changes are required, NGT requests that this ROM takes into account the on-going</p>

Gemini Sustain Plus programme and in which case we would expect the ROM to include:

- Two lines of cost, one for existing Gemini and another for Gemini Sustain Plus.
- Options to include short term off-Gemini solutions (to negate the need to change legacy Gemini) if possible.

#### **1. Tender Process – Data Provision**

- On the next business day following the close of the tender, NGT will send the following details of each consumer's bid to the CDSP:
  - Consumer name and address
  - Meter Point Reference Number (MPRN)
  - Within 2 business days of receipt of this information, the CDSP is requested to provide the following information to NGT in respect of each consumer who has tendered:
    - Consumer Class
    - Validation that the MPRN aligns to the consumer name
    - The Gemini meter ID associated to the MPRN
    - Daily demand in kWh during the previous Winter Period (01 November – 30 April).

[Note: NGT shall determine whether the consumer was subject to any DSR exercise or if a Network Gas Supply Emergency was in operation on any day within this period and if so shall exclude those days from its determination of average daily demand].

It is noted that NGT will require the tendering consumer to consent to details of its DSR option offer being shared with the CDSP.

#### **2. Invoicing Processes**

The CDSP is requested to invoice consumers that have had DSR option offers accepted by NGT. From initial discussions NGT understands that this can be facilitated through an existing process, offline from the IX, that is used to invoice a Supplier of Last Resort following a shipper termination, subject to the total number of consumers not exceeding 30. Should the number of consumers exceed 30, there will be a requirement to review the arrangements.

##### **Option Payments**

- NGT will provide a schedule of monthly options payments to the CDSP that are to be made to each relevant consumer in respect of each month in the Winter Period.

- The CDSP shall issue credit invoices to each relevant consumer, on the day on which Energy Balancing Invoices (EBI) for the relevant month become due for payment (12 calendar days after M+23).
- The CDSP shall apportion the aggregate value of DSR options payments that are to be made to consumers in respect of each month such that each shipper's EBI contains a sum to be paid to fund such option payments in proportion to each shipper's UDQIs and UDQOs

#### **Exercise payments**

- If NGT exercises any directly contracted DSR option, NGT will notify the CDSP of each consumer, the price, quantity and cost of each exercised option in respect of any month in the Winter Period within M+8 calendar days.
- The CDSP shall then issue credit invoices to the relevant consumers, funded from the Balancing Neutrality account, by M+20 calendar days
- The CDSP shall apportion the aggregate value of DSR exercise payments that are to be made to consumers in respect of each month such that each shipper's EBI contains a sum to be paid to fund such exercise payments in proportion to each shipper's UDQIs and UDQOs

#### **Liability Payments**

- If a consumer fails to reduce its gas demand to the required level when an option is exercised by NGT, it will incur a liability calculated by reference to its option fee.
- NGT shall determine whether any consumer has incurred a liability payment as soon as is reasonably practicable following the end of a Winter Period and where such liabilities have been incurred, shall notify the CDSP accordingly.
- The CDSP shall issue an invoice to the relevant consumer requesting payment of the liability into the Balancing Neutrality account within 12 calendar days.
- The CDSP would also be responsible for cash collection. If the invoice is unpaid by the due date, it shall contact the consumer to pursue the payment. It is envisaged that if payment is not made within a further 12 days, the CDSP shall notify NGT and NGT shall have a right to terminate its contract with the consumer.

It is noted that NGT will need to provide the CDSP with the contact details and bank details of each consumer that has a DSR option offer accepted and will therefore need consent to do so within the NGT-consumer standard contract.

### **3. Cashout price determination**

	<p>It is proposed that the quantity and price associated with the exercise of within-day and D-1 DSR options that are directly contracted with consumers shall be treated as 'Eligible Balancing Actions' under the UNC and therefore contribute to the formation of SAP and SMP cashout prices.</p> <p>[This shall be achieved by NGT utilising the process that would apply if NGT were to transact balancing gas via 'over-the-counter' trades rather than via the OCM. NGT would provide the quantity and price of each relevant transaction to ICE Endex for incorporation into the determination of SAP and SMP, following which ICE Endex would send the MOT and MOS files to the CDSP. Therefore from a CDSP perspective, no change is envisaged]</p>	
<b>Date Raised</b>	05/05/2023	
<b>Required Response Date</b>	22/05/2023	
<b>Requestor Contact Details</b>	Name:	Matt Newman Phil Hobbins
	Organisation:	National Gas Transmission
	Email:	<a href="mailto:Matthew.newman2@nationalgas.com">Matthew.newman2@nationalgas.com</a> <a href="mailto:Philip.hobbins@nationalgas.com">Philip.hobbins@nationalgas.com</a>
	Number:	+44 (0)7548 773619
<b>Xoserve Lead Contact (to be provided by the CDSP)</b>	Contact Name:	Ellie Rogers
	Contact Email:	<a href="mailto:Ellie.rogers@xoserve.com">Ellie.rogers@xoserve.com</a>

### 3. ROM Response

The ROM response provided is based on a high-level indicative assessment of the impact of the change.

*Please note, all the sections within this template should be populated by the CDSP when providing a ROM response.*

To find the high-level costs and timescales please go to section 3c which can be found [here](#).

#### 3a. Impacted Constituency

<b>Customer Class(es) Impacted by Change:</b>	<input checked="" type="checkbox"/> Shipper	<input checked="" type="checkbox"/> Distribution Network Operator
	<input checked="" type="checkbox"/> NG Transmission	<input type="checkbox"/> IGT
	<input type="checkbox"/> All	<input type="checkbox"/> Other <Please provide details here>

<b>Justification for Customer Class(es) selection</b>	<p>This Modification intends to allow Class 1 consumers to participate in the Tender process of Demand Side Response (DSR) in addition to the Shippers.</p> <p>National Gas Transmission are impacted as the party managing the DSR process.</p> <p>Shippers and DNOs have also been detailed as impacted as a party involved in the Supply Meter Point that a Consumer chooses to participate in DSR arrangements with.</p> <p>The same could apply with IGT sites but an equivalent IGT Modification may be required.</p>
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### 3b. Overview of impacts

<b>Overview of impacts</b>	<p>Currently National Gas Transmission (NGT) conducts the DSR Tender process with Shippers and this takes place outside of the UK Link systems (Gemini and UK Link). As part of the MOD0844 changes, Class 1 consumers will be invited to participate in the Tender Process. Once the Tender process is closed, NGT will share the financial and contact details with Xserve, who will execute the Offline Paper Invoice process in order to issue invoices to the respective consumers. The process will not require system changes to UK Link or Gemini.</p> <p>The following manual steps will be carried out on a by Xserve. <i>Please note, the proposed solution approach to utilise existing manual processes would need to be reassessed if the volumes were to increase above a certain amount (above 30 consumers).</i></p> <p><u>Data Request:</u></p> <ul style="list-style-type: none"> <li>• Upon receipt of Consumer Name, Address and MPRN, we will provide:             <ul style="list-style-type: none"> <li>○ Consumer Class</li> <li>○ Validation that the MPRN aligns to the consumer name</li> <li>○ The Gemini meter ID associated to the MPRN</li> <li>○ Daily demand in kWh during the previous Winter Period (01 November – 30 April) – this will be the allocations for the Gemini meter ID for the period</li> </ul> </li> </ul> <p><u>Issuing Paper Invoices:</u></p> <ul style="list-style-type: none"> <li>• Upon receipt of the schedule for monthly option payments from NGT, in line with the agreed timescales, a 'paper invoice' would be issued to the consumer (via email).</li> </ul> <p><u>Customer Set Up (One-off exercise per consumer contracting):</u></p>
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- Receive end consumer bank details on company headed paper signed by 2 directors and ring end consumer to validate.
- Add end consumer onto manual payment pack database.
- Add end consumer onto My Finance Master Data (MDG) along with bank details and upload supporting documentation to allow payments to be made through My Finance.

Post Invoice Issue:

- Record paper invoice into manual log file in team share area and save copy of paper invoice.
- Capture unique reference.
- Create manual template to be posted in NG S4 system and identify which invoice charge relates to which general ledger.
- Create outgoing invoice in NG S4 system.

Payment of Exercise/Option:

- Complete payment pack, authorisations and add to 'NG Plug In' system.
- Issue remittance to end consumer.
- Validate and issue via email.

Allocated Credit/Debit:

- Allocated payment received/made in NG S4.
- Enable debits to be received/recorded.
- Draft, validate and issue email to end consumer with value and due date and bank account to where payment should be made.
- Chase payment via email/telephone

UK Link Component Systems	Level of Impact (L/M/H)	File Format (Y/N)	Screens (Y/N)	Reporting (Y/N)	Batch Jobs (Y/N)	Validation (Y/N)	Processes (Y/N)	Other
UK Link Gemini	No Impact	N	N	N	N	N	N	N
UK Link System Application (e.g. SAP ISU, BW, PO)	No Impact	N	N	N	N	N	N	N
UK Link Portal	No Impact	N	N	N	N	N	N	N
UK Link Online Services	No Impact	N	N	N	N	N	N	N
Data Enquiry Services (DES) -To	No Impact	N	N	N	N	N	N	N

<i>be removed post CSS implementation</i>								
<b>Contact Management Service (CMS)</b>	No Impact	N	N	N	N	N	N	N
<b>UK Link Network (Inclusive of IX, EFT and AMT)</b>	No Impact	N	N	N	N	N	N	N

<b>Additional Systems</b>	<b>Level of Impact (L/M/H)</b>	<b>File Format (Y/N)</b>	<b>Screens (Y/N)</b>	<b>Reporting (Y/N)</b>	<b>Batch Jobs (Y/N)</b>	<b>Validation (Y/N)</b>	<b>Processes (Y/N)</b>	<b>Other</b>
<b>Data Discovery Platform (DDP) Core</b>	No Impact	N	N	N	N	N	N	N
<b>Discovery API</b>	No Impact	N	N	N	N	N	N	N
<b>Reporting</b>	No Impact	N	N	N	N	N	N	N
<b>Gas Enquiry Service (GES) – To be included post CSS implementation</b>	No Impact	N	N	N	N	N	N	N

### 3c. High level costs and timescales

Costs provided within the ROM response are indicative and high level based on high level analysis.

Below details the high-level implementation cost range and provides an indication of any ongoing costs identified from the high-level analysis.

#### **Implementation costs**

As the proposed solution (as described in the section above), is expected to utilise existing processes, including a Paper Invoice process, we are not anticipating an implementation cost.

Although we are not anticipating an implementation cost, please note, the process required to deliver the requirements of the Modification will require additional effort from existing teams and resource within the CDSP. This is to undertake the activities detailed within the change overview above. With this in mind, the proposed solution approach to utilise existing manual processes would need to be reassessed if the volumes were to increase above a certain amount (above 30 consumers).

#### **Ongoing costs**

Assuming volumes that do not exceed 30 consumers, we are not currently anticipating any additional ongoing costs for operating the solution.



As described above in the implementation cost section, this would need to be reassessed if the volumes exceed the expected amount due to the additional time and effort this would place on existing resource.

**Timescales:**

As the solution seeks to utilise existing processes, delivery is expected to be ad hoc in line with the Modification. We would require suitable notice to ensure the required set up is managed for the consumer, plus the volumes can be understood.

**Validity of ROM:**

Please note, the information provided in the ROM response is an ‘at a point in time’ assessment which is valid for 6 amount of time.

**3d. Release type**

Please provide a view on the anticipated release type this change would need to be delivered under.

Release Type	<input checked="" type="checkbox"/> Ad-hoc / Stand-alone (In line with the Modification proposal)	<input type="checkbox"/> Minor
	<input type="checkbox"/> Major	

Next available Release (based on the Release Type)	ChMC approval to Release scope	ChMC approval of Detailed Design
N/A	N/A	N/A

**3e. Impact on Service Line(s)**

Impact on Service Line(s)	<p>New Service Lines are anticipated to be required as a result of this Modification. These Service Line(s) will be confirmed at during the DSC change process.</p> <p>The Service Area the new Service Line(s) are expected to come under is Service Area 8 – Energy Balancing (Credit Risk Management) which is currently 100% National Gas Transmission funded as per the Budget and Charging Methodology.</p>
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**3f. Assumptions**

- Any changes in the approach to the solution may affect the overall schedule and costs for the change.
- The existing Gemini Balancing apportionment framework will be used when processing adjustments into Shipper Neutrality.
- No new online tool is required to build and support the MOD changes.

- This ROM is based on a maximum of 30 consumers each month. If the number of requests exceeds this value then an assessment will be carried out to review the additional efforts.

#### 4. Version Control

Version	Date:	Author	Status
1.0	20/07/2022	Ellie Rogers	Clean version