

DSC Change Proposal Document

Customers to fill out all of the information in the sections coloured ■
 Xoserve to fill out all of the information in the sections coloured ■

A1: General Details

Change Reference:	XRN 5561		
Change Title:	Reform of Gas Demand Side Response (DSR) Arrangements (Modification 0822)		
Date Raised:	06/09/2022		
Sponsor Representative Details:	Organisation:	National Grid Gas (NGG)	
	Name:	Matt Newman	
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	Telephone:	07548 773619	
Xoserve Representative Details:	Name:	Ellie Rogers	
	Email:	ellie.rogers@xoserve.com	
	Telephone:	+44 1212 292 185	
	Business Owner:	Customer Operations	
Change Status:	<input type="checkbox"/> Proposal	<input checked="" type="checkbox"/> With DSG	<input type="checkbox"/> Out for Review
	<input type="checkbox"/> Voting	<input type="checkbox"/> Approved	<input type="checkbox"/> Rejected

A2: Impacted Parties

Customer Class(es):	<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>
Justification for Customer Class(es) selection	<p>National Grid are an impacted party as they manage the DSR process.</p> <p>Shippers are impacted as the party that will be invited to offer DSR volumes on behalf of the end consumer.</p> <p>DNOs have been identified as well for awareness as sites within their network can utilise this process.</p>	

A3: Proposer Requirements / Final (redlined) Change

<p>Problem Statement:</p>	<p>The current Gas Demand Side Response (DSR) framework has been in place since 2016 and the DSR market has only opened once since then, which was during Beast from the East in 2018. Zero bids were placed onto the DSR Market within the OCM.</p> <p>As part of our winter preparedness activities, we have reviewed the current DSR framework and engaged with our customers and stakeholders to understand the reasons for the lack of participation and if there are any reforms that could be made which would make the make the scheme more attractive.</p> <p>In order to have a guaranteed level of response, we are proposing to hold an Invitation to Offer process where shippers will be invited to post DSR offers and if they are accepted, Shippers will receive an “Option” payment. The receipt of the Option Payment obligates Shippers to post an offer on to the DSR market in the event of it opening following either the issuing of a Gas Balancing Notification (GBN) or a Margins Notice (MN) at D-1.</p> <p>Therefore, we are proposing the following reforms:</p> <ul style="list-style-type: none"> • Introduction of an “Option” or Availability payment • Introduction of additional penalty charges for Shippers who do not post bids onto the DSR market in accordance with the “business rules” as per UNC modification 0822
<p>Change Description:</p>	<p>Modification 0822 – Reform of Gas Demand Side Response Arrangements has been raised to include provisions within the UNC for National Grid NTS to:</p> <ul style="list-style-type: none"> • Administer an invitation to offer process for Gas Demand Side Response (DSR), • Introduce option payments to Users that arrange with consumers to provide DSR in advance of winter, and • Extend the trigger for opening the DSR market from the issue of a Gas Balancing Notification to also include issue of a Margins Notice at the day ahead stage. <p>This Change Proposal has been raised to support the delivery of Modification 0822 and specifically introduce “Option” payment and penalty charges issued by the CDSP. Information on this has been captured below:</p> <p>Introduction of Option Payment:</p> <ul style="list-style-type: none"> • NGG will provide the CDSP with a breakdown confirming the Shippers and Invoice values to be paid once the Invitation to Offer assessment has been completed • Funded by Energy Balancing Neutrality and invoiced via the Request to Bill (RTB) process.

	<ul style="list-style-type: none"> • Energy Balancing Neutrality will need to be recalculated to reflect Option Payments as per Business Rule 42 within Modification 0822. • Issue date of M+23 with the payment due date on D+12 to be aligned with the Energy Balancing Invoice • Option Payments will be paid in respect of the Winter months (November – April) to manage the impact on the industry and reduce the likelihood of large debits or credits to the industry • Payments will stop in the event of a site changing Shipper or if they are isolated. NGG will notify the CDSP in the event of this happening. • If a new Shipper has taken on an existing contract, the Option Payment will be paid on a pro-rata basis for the remaining of the month and then will be paid in full from the following month for the remaining of the Winter period. For the Shipper exiting from the contract, they will receive the Option Payment on a pro-rata basis as per Business Rules 38 & 39 of Modification 0822. <p>Additional Penalty Charges:</p> <ul style="list-style-type: none"> • NGG will provide a breakdown to the CDSP of the Shippers and Penalty charges to be invoiced • Introduction of penalty charges which are 110% of the Option Payment. However, this will be reduced proportionately based on the number of DSR Market Offers that were accurately posted during that Winter Period. • Imposed if shippers do not post offers to the DSR market within 1 hour of it opening as per Business Rule 16 of Modification 0822. • Imposed if Shippers post an offer for the incorrect location, quantity, or price • Payable to Energy Balancing Neutrality and paid via a RTB invoice • Energy Balancing Neutrality will need to be recalculated to reflect penalty charges • For the avoidance of doubt, Physical Renomination Incentive (PRI) charges will remain 	
Proposed Release:	Ad hoc – in line with the Modification implementation	
Proposed Consultation Period:	<input type="checkbox"/> 10 Working Days	<input type="checkbox"/> 15 Working Days
	<input type="checkbox"/> 20 Working Days	<input type="checkbox"/> Other [Specify Here]

A4: Benefits and Justification

Benefit Description:	If the proposed changes are delivered, we believe it will lead to greater levels of participation within the DSR scheme. Therefore, contributing towards the GB Security of Supply and developing the commercial arrangements / tools NGG have available in the event of supply tightness which can reduce the level of Demand on the
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	Network. Consequently, reducing the likelihood of entering into a Stage 2 Emergency where Firm Load Shedding may be instructed by the Network Emergency Co-ordinator.
	<i>What, if any, are the tangible benefits of introducing this change? What, if any, are the intangible benefits of introducing this change?</i>
Benefit Realisation:	The benefits will be realised in the event of the DSR market opening.
	<i>When are the benefits of the change likely to be realised?</i>
Benefit Dependencies:	The benefit is dependent on Modification 0822 being approved and the required changes to the DSR Methodology document. It is also reliant upon the DSR market opening
	<i>Please detail any dependencies that would be outside the scope of the change, this could be reliance on another delivery, reliance on some other event that the projects has not got direct control of.</i>

A5: Final Delivery Sub-Group (DSG) Recommendations – Removed

(see Section C for DSG recommendations)

A6: Service Lines and Funding

Service Line(s) Impacted - New or existing	New Service Line anticipated		
Level of Impact	Minor		
If None please give justification	n/a		
Impacts on UK Link Manual/ Data Permissions Matrix	n/a		
Level of Impact	n/a		
If None please give justification	n/a		
Funding Classes :	Customer Classes/ Funding	Delivery of Change	On-going Budget Amendment
	<input type="checkbox"/> Shipper	XX %	XX %
	<input type="checkbox"/> National Grid Transmission	XX %	XX %
	<input type="checkbox"/> Distribution Network Operator	XX %	XX %
	<input type="checkbox"/> IGT	XX %	XX %
	<input type="checkbox"/> Other <please specify>	XX %	XX %
ROM or funding details:	No ROM provided		
Funding Comments:	It is anticipated that this process can be managed via existing teams and processes based on the expected volumes. No system changes are expected. Based on this, we do not believe there are any funding requirements.		

Please send the completed forms to: uklink@xserve.com

A7: ChMC Recommendation – Initial Review

Change Status:	<input checked="" type="checkbox"/> Approve	<input type="checkbox"/> Reject	<input type="checkbox"/> Defer
DSC Consultation Issue:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

Version Control

Document

Version	Status	Date	Author(s)	Remarks
V1.0	Approved	12/09/2022	Chan Singh	Updated with outcome from ChMC 07/09/2022