

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:	5652		
Change Title:	Enabling Direct Contractual Arrangements with Consumers for Demand Side Response (Modification 0844)		
Date Raised:	24/05/2023		
Sponsor Representative Details:	Organisation:	National Gas Transmission	
	Name:	Matthew Newman	
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Xoserve Representative Details:	Name:	Ellie Rogers	
	Email:	uklink@xoserve.com	
	Telephone:	+44 1212 292 185	
	Business Owner:		
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 checked="" type="checkbox"/> Other <Please provide details here>
Justification for Customer Class(es) selection	<p>NGT are an impacted party as they manage the Demand Side Response (DSR) process.</p> <p>DNOs have been identified as impacted, for awareness as sites within their network can utilise this process. The same may apply to IGT sites but this will be compared within an IGT equivalent Modification.</p> <p>Shippers have also been identified as impacted Registered User would need to be informed by the Consumer (potentially via the</p>	

	<p>supplier) of any DSR exercise in sufficient time to make the appropriate reduce its Output Nomination / Renomination for the Consumer and potentially adjust its gas procurement and Input Nominations.</p> <p>Consumers (end users) have been identified as one of the primary use groups who are impacted by the proposals. Currently NGT do not have a contractual relationship for DSR products with Consumers, however, if UNC0844 is implemented NGT will be able to form these contractual relationships.</p>
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A3: Proposer Requirements / Final (redlined) Change

<p>Problem Statement:</p>	<p>Currently, direct DSR arrangements between NGT and a Consumer are not permitted within the UNC.</p> <p>Extract from Modification 0844 ' Why' section:</p> <p>In its decision letter for Modification 0822, Ofgem encouraged consideration of how consumer access to gas DSR could be broadened. NGT considers that it is desirable to seek to maximise the quantity of gas DSR that would be made available because it serves as a pre-emergency tool to mitigate against the risk or severity of a Gas Deficit Emergency (GDE).</p> <p>Feedback provided by industrial consumers to NGT during the development of Modification 0822 and via other fora suggests that the ability for NGT to contract with Consumers directly for the reduction or cessation of offtake of gas as voluntary DSR could increase the level of participation.</p> <p>Given this, NGT is of the view that being able to additionally make voluntary curtailment arrangements directly with Consumers (for the avoidance of doubt, in addition to existing arrangements entered into with Registered Users) may increase the demand volumes that are able to be curtailed should there be a need to address a forecast supply shortfall.</p>
<p>Change Description:</p>	<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 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>

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.

If the Modification is implemented, there are a number of additional processes that NGT requests to be discharged by the CDSP summarised below.

This Change Proposal has been raised to support the delivery of Modification 0844. Information on this has been captured below:

1. Tender Process – Data Provision

- Data will be requested by NGT following offers being made by a Consumer which includes:
 - The previous Winter periods gas consumption in KWh (daily consumption on each day)
 - In the event of a multi-year offer, NGT will require consumption to be provided in May following the current Winter Period.
 - Class of the meter / consumer
 - Gemini Meter ID and or MPRN
 - Confirmation if the consumer is a Shared Supply Meter Point (SSMP)

2. Invoicing Processes

- NGT will notify the CDSP of invoice totals and recipients, the CDSP is requested to raise the relevant Option payments to move funds out Neutrality account to pay consumers that have had DSR option offers accepted by NGT.
- If the number of consumers required to be invoiced exceed 30, there will be a requirement to review the proposed 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 options, they will notify the CDSP of each consumer which require payment and the cost of the exercised option in respect of any month in the Winter Period within M+8 calendar days.
- The CDSP shall then arrange for credits to be issued 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

	<p>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.</p> <p>- Where such a liability is incurred and an associated charge remains unpaid by the Consumer, the relevant sum shall be mutualised among all Users in accordance with the existing CDSP process for managing balancing neutrality bad debt. Should such payment later be recovered, Users would receive the appropriate balancing neutrality credits.</p> <p>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.</p>	
Proposed Release:	Ad hoc – in line with Modification 0844 implementation	
Proposed Consultation Period:	<input type="checkbox"/> 10 Working Days	<input checked="" type="checkbox"/> 15 Working Days
	<input type="checkbox"/> 20 Working Days	<input type="checkbox"/> Other [Specify Here]

A4: Benefits and Justification

Benefit Description:	<p>If the proposed change 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 NGT have available in the event of supply tightness which can reduce the level of Demand on the 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.</p>	
	<p><i>What, if any, are the tangible benefits of introducing this change? What, if any, are the intangible benefits of introducing this change?</i></p>	
Benefit Realisation:	<p>Upon implementation of Modification 0844 and the DSR market opening</p>	
	<p><i>When are the benefits of the change likely to be realised?</i></p>	
Benefit Dependencies:	<p>Approval of Modification 0844 - Enabling Direct Contractual Arrangements with Consumers for Demand Side Response and the DSR market opening</p>	
	<p><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></p>	

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	<p>New Service Line(s) are anticipated to be required as a result of this Modification. These Service Line(s) will be confirmed 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>		
Level of Impact	Unclear		
If None please give justification	N/A		
Impacts on UK Link Manual/ Data Permissions Matrix	TBC – data will be provided to NGT as a result of this change, however it is not currently anticipated to result in changes to the DPM. This will be confirmed during design.		
Level of Impact	Unclear		
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 checked="" type="checkbox"/> National Gas 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:	A ROM has been provided for Modification 0844. Please see here for details.		
Funding Comments:	To ensure delivery in line with the requirements of the Modification and based on expected relatively low volumes, it is anticipated that the solution will utilise existing processes and resource. This is dependent on the volume of Consumers tendering in the DSR process.		

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

Version Control

Document

Version	Status	Date	Author(s)	Remarks

Template

Version	Status	Date	Author(s)	Remarks	Approved By
3.0	Superseded	17/07/2018	Emma Smith	Template approved at ChMC on 11th July 2018	Change Management Committee
4.0	Superseded	07/09/2018	Emma Smith	Minor wording amendments and additional customer group impact within Appendix 1	Emma Smith
5.0	Superseded	10/12/2018	Heather Spensley	Template moved to new Word template as part of Corporate Identity changes.	Emma Smith
6.0	Approved	12/12/2018	Simon Harris	Cosmetic changes made. Approved at ChMC on the 12 th December 2018.	Change Management Committee
6.1	In Draft	26/03/2019	Richard Johnson/ Alison Cross	<p>The following minor changes were made:</p> <ul style="list-style-type: none"> - Inclusion of an All 'Impacted Parties' option in A2 - Justification section added to section A2 - Change Description replaced with Problem Statement in section A3 - Remove 'X' in Release information (sections A3, A5, A7, C1 and G8) - Updated Service Line and UK Link impacts and funding section (A6) to 	Change Management Committee

				<p>include further detail</p> <ul style="list-style-type: none"> - Amended questions 3 and 4 in section B - Added Service Line/UK link Assessment in section D - Removed Section A5 	
6.2	For approval	14/05/2019	Alison Cross	Following review at DSC Governance review group re-added Change Description text box	Change Management Committee
7.0	Approved	13/06/2019	Richard Johnson	DSC Governance Review Group changes to the template approved at Change Management Committee on 12 th June 2019	Change Management Committee
7.1	Approved	03/03/2021	Rachel Taggart	Updated the email address of where to send new CP (page 3)	Emma Smith
7.2	Approved		Rachel Taggart	Updated CP VA version to be in line with the updates to VB.	Emma Smith
8.0	Approved	09/03/2022	Rachel Taggart	All Change Packs and response forms removed (sections B,D,E,G & H) Sections A7 & A8 removed. Section F removed	Change Management Committee on 09/03/2022
8.1	Approved	25/04/2023	Rachel Taggart	Updated with new font branding	Emma Smith