Detailed Design Change Pack

# Communication Detail

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| Comm Reference: | 3203.6 - VO - PO |
| Comm Title: | XRN 5652 Enabling Direct Contractual Arrangements with Consumers for Demand Side Response (Modification 0844) |
| Comm Date: | 17/07/2023 |

**Change Representation**

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| Action Required: | For Information  |
| Close Out Date: | 31/07/2023 |

# Change Detail

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| Xoserve Reference Number:  | [XRN5652](https://www.xoserve.com/change/customer-change-register/xrn5652-enabling-direct-contractual-arrangements-with-consumers-for-demand-side-response-modification-0844/) |
| Change Class: | Business process – invoicing  |
| \*ChMC Constituency Impacted: | National Gas Transmission - are impacted as they manage the Demand Side Response (DSR) processDNs, IGTs and Shippers have also been identified as interested DSC parties within the XRN5652 Change Proposal – this is due to the relationships each party may have with sites that are capable of obtaining DSR arrangements with National Gas Transmission (i.e. Consumers at Class 1 Supply Meter Points).  |
| Change Owner:  | uklink@xoserve.com  |
| Background and Context: | Change Proposal [XRN5652](https://www.xoserve.com/change/customer-change-register/xrn5652-enabling-direct-contractual-arrangements-with-consumers-for-demand-side-response-modification-0844/) – ‘Enabling Direct Contractual Arrangements with Consumers for Demand Side Response’ has been raised to allow implementation of CDSP related activities associated with [UNC Modification 0844](https://www.gasgovernance.co.uk/0844). Modification 0844 has been proposed by National Gas Transmission following feedback from Ofgem and the industry that similar provisions are not in place for Consumers as those introduced by [UNC Modification 0822 - Reform of Gas Demand Side Response Arrangements](https://www.gasgovernance.co.uk/0822) – which were successfully implemented in 2022. Modification 0844 therefore seeks to expand the scope of the Demand Side Response (DSR) arrangements (as set out in the UNC) to enable the establishment of direct contractual arrangements between National Gas Transmission (NGT) and individual Consumers for the voluntary reduction of their gas demand.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. At the time of writing this Detailed Design Change Pack, Modification 0844 is out for consultation with industry, and will be being presented to UNC Panel on 20th July for a recommendation, following which the Modification (and the Panel recommendation) will be provided to Ofgem for Authority Decision. Subject to Ofgem decision the associated changes will need to be implemented immediately by relevant parties. In terms of the aspects of the Modification that Xoserve (as the Central Data Service Provider) will be responsible for performing, these fall into 2 main parts;* CDSP Data Provision to NGT
* Funding Arrangements, Invoicing and Cashout
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# Change Impact Assessment Dashboard

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| Functional: | N/A |
| Non-Functional: | Operational processesManual invoicing processes |
| Application: | N/A |
| User(s): | National Gas Transmission are the main DSC party impacted as they are responsible for managing the gas Demand Side Response (DSR) processFor the purpose of awareness, DNOs, IGTs and Shippers have also been identified as interested DSC parties within the XRN5652 Change Proposal. DNOs and IGTs have been identified as a site within their network could be utilising this process. Shippers have been identified as a Consumer for a site within their portfolio could be utilising this process.  |
| Documentation: | N/A |
| Other: | Business Process change  |

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| Files |
| File | Parent Record | Record | Data Attribute | Hierarchy or FormatAgreed |
| N/A | N/A | N/A | N/A | N/A |

# Change Design Description

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| The following details the scope of both parts of the solution that the CDSP will be responsible for ensuring are delivered to support the Direct Contractual Arrangements for Demand Side Response provision being implemented under Modification 0844; **1.CDSP Data Provision to NGT*** Data will be requested by NGT following offers being made by a Consumer. The data requested will be relevant to NGT for managing the DSR process and consumers will consent to NGT obtaining the necessary gas consumption data for this purpose.
* Data will be provided from the CDSP to NGT.
* *For the avoidance of doubt, any further permission requirements for DSR data provisions will be managed.*

 **2. Funding Arrangements, Invoicing and Cashout** * + A Consumer’s option fee for a Winter Period shall be determined by NGT as set out within the Modification and the UNC.
	+ Option fees payable to Consumers shall be funded by Energy Balancing Neutrality.
	+ 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.
		- NGT shall instruct the CDSP to make payment of DSR option fees to the relevant Consumers in monthly instalments for the duration of the relevant Winter Period, calculated as follows:
			* Total option fee divided by the number of days within the Winter Period, multiplied by the number of days in the month for which payment is being made.
	+ The CDSP will issue an invoice to Consumers (via email) on M+23 and ensure the DSR option fees shall be paid to relevant Consumers in respect of each relevant month on the Invoice Due Date for Energy Balancing Invoices for that month (being 12 calendar days following the 23rd day following the end of that month).
	+ The aggregate amount of DSR option fees payable to Consumers in respect of a month shall be processed as a debit on Users’ Energy Balancing Invoices in respect of that month. Each User’s share of this amount shall be determined by the percentage of its system throughput (determined by its allocated inputs and outputs (UDQIs and UDQOs)) versus total system throughput for that month.
	+ Within 8 calendar days from the end of a month M, NGT will notify the CDSP of the price, quantity and cost of any DSR option exercised directly with a Consumer during month M.
	+ The CDSP shall then issue credit invoices to the relevant Consumers, funded from the balancing neutrality account not later than M+20 calendar days.
	+ The aggregate amount of DSR exercise fees payable to Consumers in respect of a month shall be processed as a debit on Users’ Energy Balancing Invoices in respect of that month. Each User’s share of this amount shall be determined by the percentage of its system throughput (determined by its allocated inputs and outputs (UDQIs and UDQOs)) versus total system throughput for that month.
	+ The quantity and price of any DSR option exercised directly with Consumers shall not contribute to imbalance cashout price determination for any Day.
	+ Where a Consumer has failed to implement demand reduction when called, it shall become liable to return a proportion of its option fee to Balancing Neutrality on the same basis as applies to Users that hold DSR Options under the terms of UNC. 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.

**3. How are the CDSP delivering these arrangements** * Manual processes will be established within existing operational teams to oversee the provision of data to NGT in accordance with the Modification 0844
* Manual processes will also be put in place within existing operational teams to ensure invoicing, cashout and neutrality responsibilities are implemented in accordance with Modification 0844 (as outlined in section 2 above)
* The above manual processes are subject to the volumes of consumer DSRs, which are anticipated to be below 30 instances. This will be kept under review and should volumes exceed this level CDSP may need to revisit the solution and associated service and operate costs.

**4. What happens next?** Subject to Modification approval by Ofgem, the following activities will need to be completed to implement the associated CDSP elements of the change. 1. DSC Service Description Table will be updated to include appropriate Service Lines (expected to be as drafted below) – which will be taken through DSC Contract Management Committee for formal approval.

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| Service ref | Service Requirement Description | Service Requirement Trigger | Service Requirement Output |
| TBC | To invoice relevant Consumer on behalf of National Gas Transmission in relation to DSR Option Payments and Penalties | Upon notification from National Gas Transmission of the relevant Option Payments and Penalties | The specified Option Payment and Penalty amounts being invoiced to the relevant Consumer. |

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| Service ref | Service Requirement Description | Service Requirement Trigger | Service Requirement Output |
| TBC | To provide relevant data to National Gas Transmission to support the DSR process | Upon request from National Gas Transmission | The specified data provided to National Gas Transmission |

1. DSC Change Completion Report will be presented to Change Management Committee confirming the CDSP provisions that will be implemented once these are effective – which is anticipated to be immediately following Ofgem approval.
2. Service usage will be kept under review to ensure it remains scaled appropriately, based on the actual Consumer DSR volumes being managed through existing manual processes. If the volumes we have specified throughout development of the Modification and this change are exceeded (30 consumers), the solution would need to be reassessed.
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# Associated Changes

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| Associated Change(s) and Title(s): | N/A |

# DSG

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| Target DSG discussion date: | N/A |
| Any further information: | N/A |

# Implementation

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| Target Release: | Ad hoc – in line with Modification 0844 implementation - expected to be immediately upon Ofgem Decision  |
| Status: | For Information |

Industry Response Detailed Design Review

«RangeStart:HDS»

Change Representation

(To be completed by User and returned for response)

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| --- | --- | --- |
| User Contact Details: | Organisation: | «h1\_organisation» |
| Name: | «h1\_name» |
| Email: | «h1\_email» |
| Telephone: | «h1\_telephone» |
| Representation Status: | «h1\_userDataStatus» |
| Representation Publication: | «h1\_consultation» |
| Representation Comments: | «h1\_userDataComments» |
| Confirm Target Release Date? | «h1\_targetDate» | «h1\_userDataAlternative» |

# Xoserve’ s Response

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| Xoserve Response to Organisations Comments: | «h1\_xoserveResponse» |

Please send the completed representation response to uklink@xoserve.com

«RangeEnd:HDS»

Change Management Committee Outcome

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| --- | --- | --- | --- |
| Change Status: | [ ]  Approve – N/A For info | [ ]  Reject | [ ]  Defer |
| Industry Consultation: | [x]  10 Working Days | [ ]  15 Working Days |
| [ ]  20 Working Days | [ ]  Other [Specify Here] |
| Date Issued: | 17/07/2023 |
| Comms Ref(s): | 3203.6 - VO - PO |
| Number of Responses: | 0 |
| Solution Voting: | [x]  Shipper – For info | Please select. |
| [x]  National Gas Transmission | Please select. |
| [x]  Distribution Network Operator | Please select. |
| [x]  IGT | Please select. |
| Meeting Date: | 09/08/2023 |
| Release Date: | Adhoc  |

Please send the completed representation response to uklink@xoserve.com

Version Control

# Document

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| Version | Status | Date | Author(s) | Remarks |
|  |  |  |  |  |

# Template

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| --- | --- | --- | --- | --- | --- |
| Version | Status | Date | Author(s) | Remarks | Approved By |
| 1.0 | Approved | 09/03/2022 | Rachel Taggart | Detail Design Change Pack transferred to own document | Change Management Committee on 09/03/2022 |
| 1.1 | Approved | 25/04/2023 | Rachel Taggart | Updated with new font branding | Emma Smith |