

Frequently asked questions?

Which Gas Consumers can participate?

In order to participate in DSR a Gas Consumer has to be *Daily Metered Supply Point* which has an annual quantity greater than 2 million therms and is able to offer a minimum DSR energy quantity of 100,000 kWh/day in a DSR Offer Notice.

Over what duration can a DSR Offer be made?

A DSR Offer may be made either on an individual daily basis with the option of a 7 day energy volume profile or on a multiday basis with identical energy volumes on each day within the multiday offer. Additionally a Gas Consumer can decide whether a DSR Offer can be replicated in the following period e.g. if a Gas Consumer has 100,000 kWh's available on every Monday the offer can be set to post that energy quantity offer on each and every Monday.

How long does a DSR Offer last after it is exercised?

A DSR Offer can be submitted on a daily basis (daily product) or on a multi-day basis (multi-day product). Once the DSR Offer has been exercised it was last for the duration for which the contract is struck. e.g. for a daily product this will last for one day, for a multiday product this could last up to 7 days, but this is dependent upon the original DSR Offer duration thus the contract agreed.

How will the DSR Product accommodate consumers with variable load profiles?

The DSR Product has been designed to provide Gas Consumers with the flexibility to submit offers to the DSR mechanism which aligns with their load profile; this is accommodated by allowing a series of different offer structures as outlined below;

- o a "7-day profiled" offer (enabling the ability to submit differing values (volume and price) for each day of the week or the same value for each day if required) within which the offer values may continuously roll over once the initial 7-day profiled offer has completed; or
- o an offer that is input for a *Multi-Day* basis; (enabling Gas Consumers the ability to offer DSR energy quantity for a set duration of time at a pre-determined price up to a maximum of 7 days e.g. A Gas Consumer offers to turn down by their DSR energy quantity for 4 days in a row).

Where will NG and Shippers make these DSR trades?

The DSR Service will utilise the existing OCM Locational Market (further information on the OCM Locational market can be found in section 3.2.).

How does the DSR product accommodate partial interruption?

The DSR mechanism allows Gas Consumers to turn down a proportion of their sites energy quantity and does not require sites to cease offtake of gas. This turn down can be offered in multiple tranches of energy quantity, which may be priced individually, according to the Value of Lost Load (VoLL) associated to each separate tranche. Each tranche will be submitted as a single DSR Offer and must meet all of the eligibility criteria for a DSR Offer (e.g. minimum size of 100,000kwh/day). Therefore it is possible for there to be more than one DSR Offer at a specific *Daily Metered Supply Point*.

When will NG potentially use this DSR product?

National Grid will only consider accepting DSR Offers in the period following the declaration of a *Gas Deficit Warning (GDW)* and the former of the (*GDW*) being revoked or the end of the *Gas Deficit Emergency (GDE) Stage 1* (the DSR Period).

How will payments be made for DSR?

DSR Payments will be in accordance with the agreed DSR Offer price for the contract duration. These will be paid within the same timescales as *Market Balancing Actions* which are outlined in the UNC, unless the contract runs beyond the end of *Stage 1 GDE*, in which case the payment arrangements introduced under the SCR will apply (see UNC section Q6.4.75).

5 UNC text to be implemented September 2015 In accordance with the Authority's direction on Gas SCR <http://www.gasgovernance.co.uk/sites/default/files/gasscrs36cdirectiondraft.pdf>

Will payments still be paid if we go into a GDE?

Yes, once a DSR Offer is exercised a DSR Payment will be made for the duration of the DSR Offer; this is irrespective of any instruction from National Grid that the GDW for the relevant gas *Day* has been revoked. In the event that the accepted Multi-day Offer contract durations runs beyond *Firm Load Shedding*, the payment will continue to be paid in accordance with the agreed DSR Offer price until the contract duration finishes.

How quickly can a Gas Consumer resume normal consumption?

Within the DSR Period Gas Consumers may resume consumption on the day following the end of their DSR Offer contract. Where a DSR Offer is submitted and is subsequently accepted by National Grid on the *Day* where the situation progresses into a *Gas Deficit Emergency Stage 2*, the *Supply Point* at which the DSR offer has been accepted will be required to maintain the associated reduction in its offtake quantity until instructed by the National Emergency Co-ordinator (NEC) that its offtake reduction is no longer necessary.

When will DSR Offers be visible to the market?

For all market participants, including National Grid, DSR Offers will only become visible on the 'On the day Commodity Market' (OCM) Locational Market once a *Gas Deficit Warning* has been declared for the relevant gas *Day*.

How will DSR affect System Clearing Prices (cash-out)?

All accepted DSR Offers will be included in the calculation of *System Clearing prices* (Cash-out) for the relevant gas *Day* and will be treated as *Market Balancing Actions*.