

Brendan Mullan
Senior Contracts Officer

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15th August 2023

Dear Colleague,

RE: GAS DEMAND SIDE RESPONSE (DSR) Market Notification

National Gas Transmission (NGT) acting in its role as the Transmission System Operator of the National Transmission System (NTS) wishes to notify all interested parties of its intention to shortly publish a DSR tender (Invitation to Offer).

The forthcoming DSR Invitation to Offer will be structured to reflect amendments to the gas DSR regime following Ofgem approval of UNC Modification Proposals 0844 “Enabling Direct Contractual Arrangements with Consumers for Demand Side Response”¹ which permits NGT to enter into contracts with eligible Consumers to reduce their consumption in the event of the DSR Market triggers being met and UNC Modification Proposal 0845 “Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product”² which brings a five day ahead product into the suite of Demand Side Response products.

NGT will be seeking commitments from shippers and eligible Consumers to offer DSR which may be exercised, within-day, and/or at D-1 (day ahead of delivery) and/or at D-5 (5 days ahead of delivery) (DSR Option Offers) for the forthcoming Winter Period (1st November to 30th April) and the next two Winter Periods thereafter, as more particularly described in UNC TPD section D7.

Eligibility

Responses to the forthcoming DSR Invitation to Offer may be submitted either by a shipper that is the Registered User at an eligible supply point or by the Consumer at the supply point.

An eligible supply point is

- Where DSR is offered by a Shipper, a Class 1 (DMC) or Class 2 (DMA) daily metered Supply Point (as defined in the UNC TPD Section A4.3³).
- Where DSR is provided directly by a Consumer, a DMC Supply Point.

In last year’s process, DSR Option Offers were invited based on the quantity of demand reduction that would be delivered if DSR were to be called by NGT. In this year’s process, tenderers will offer a quantity of demand in respect of the supply point that would not be exceeded if DSR were called. The option payment will then be based on the difference between the average daily winter demand for that site and the tendered quantity, which must be at least 100,000 kWh.

¹ 0844 - Enabling Direct Contractual Arrangements with Consumers for Demand Side Response | Joint Office of Gas Transporters (gasgovernance.co.uk)

² 0845 - Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product | Joint Office of Gas Transporters (gasgovernance.co.uk)

³ UNC TPD Section A (gasgovernance.co.uk)

If any shipper or consumer is interested in participating in this DSR Invitation to Offer and wishes to know the daily winter average demand of a site in respect of which of which they are the Registered User or Consumer before submission of an offer, please email Brendan.Mullan@nationalgas.com and we will use our reasonable endeavours to provide it.

Where a Consumer submits a DSR Option Offer directly to NGT in response to the forthcoming DSR Invitation to Offer, NGT will procure an independent credit assessment in respect of that Consumer to determine whether any security would be required, should NGT accept the Consumer's offer. In accordance with clause 8 of the DSR Consumer Contract⁴, such security would be required to cover any shortfall between the annual contract limit returned by the credit assessment and 110% of the total winter option payment that would be due to the Consumer. Should a Consumer wish to know its current annual contract limit before submission of its offer, again, please email Brendan.Mullan@nationalgas.com and we will use our reasonable endeavours to provide it.

The Invitation to Offer Process

NGT currently expects to launch the DSR tender (Invitation to Offer) process on Thursday 24th August 2023; and in any event not later than 31st August 2023. Separate communications via the Joint Office, ENA and directly from NGT to consumers will be made on the launch date with a link made available to download the Offer packs that will be published on our website.

The tender event will consist of two offer packs, whereby parties will be invited to complete the offer pack relevant to their organisation: -

- Offer pack one for Shippers to complete
- Offer pack two for Direct Contracting Consumers to complete.

Invitation to Offer timetable*:

The key dates for this event are as follows (please note offer letters date may be later subject to change based on the event response)

Activity	Date
Pre-tender Market Notification	Tuesday 15 th August 2023
Tender launched, Invitation to Offer period commences	Thursday 24 th August 2023
Offers Submission Deadline	17:00 (GMT) Friday 15 th September 2023
Offer evaluation period	Monday 18 th September to Friday 29 th September 2023
Offer and Acceptance letters sent and returned	Monday 2 nd to Friday 6 th October 2023
Rejection letters sent	Monday 2 nd to Friday 6 th October 2023

⁴ DSR Consumer Contract - Post Consultation Clean Version



*The timetable will be republished if the launch date is delayed from 24th August.

Please e-mail Brendan.Mullan@nationalgas.com or Andrea.Godden@nationalgas.com for any further information on the Invitation to Offer process.

Yours Sincerely,

Brendan Mullan

**Senior Contracts Officer
Commercial Operations, National Gas Transmission**