

Pamela Fancourt
Senior Contracts Officer

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www.nationalgas.com17th July 2024

Dear Colleague,

RE: GAS DEMAND SIDE RESPONSE (DSR) 2024/25 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 launch this year's DSR tender (Invitation to Offer) on 31st July 2024.

The forthcoming DSR Invitation to Offer will be structured to reflect amendments to the gas DSR regime following Ofgem's approval of UNC Modification Proposal 0866S 'Amendments to Demand Side Response (DSR) Arrangements'.¹

In summary, NGT has incorporated the following changes for this year's tender:

- The NGT option assessment period is now dependent on the number of offers received.
- NGT may take into account the relative value of offers received, based upon:
 - Quantity (a larger quantity is more attractive)
 - Option price (which would be paid to a successful tenderer regardless of whether the option is exercised)
 - Exercise price (lower likelihood of payment being required).
- The determination of the Winter Average Demand shall be based on 3 years demand history rather than one.
- Tenderers may elect to provide a forecast demand with accompanying evidence supporting such Winter Average Demand forecast, which are subject to further terms and conditions.
- Changes to within-day options:
 - Tenderers may specify a minimum number of hours that shall apply.
 - The minimum Option Quantity must be higher than the 100,000 kWh that applies to D-1 and D-5 options.
 - For Within Day the minimum Option Quantity must be higher than the 100,000 kWh taking into account the lead time.
- Class 2 Consumers may now contract directly with NGT for DSR Options as well as Class 1 Consumers; and
- Consumers that would otherwise be required to provide credit support for their DSR option may instead elect to receive their option fee after the end of the relevant winter period.

A full description of the DSR reforms that have been implemented since the 2023 DSR options tender can be found in section 5 'Solution' of the Final Modification Report for UNC Modification 0866S.

¹ [Amendments to Demand Side Response \(DSR\) Arrangements](#)

As part of the DSR tender 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 D7.² A standard set of terms and conditions applies to all DSR options where NGT contracts directly with a consumer, a clean version of this contract to reflect this year’s reforms is available on the DSR webpage of NGT’s website.³

Eligibility

Tenderers will offer a level of demand in respect of a supply point that would not be exceeded if DSR were called for that supply point. The option payment will be based on the difference between the average daily winter demand for that site (or forecast as the case may be) and the tendered quantity, which must be at least 100,000 kWh. As stated above, this minimum quantity is subject to an additional new rule in relation to within-day DSR options.

The Invitation to Offer Process

NGT expects to launch the DSR tender (Invitation to Offer) on Wednesday 31st July 2024 and it will be open for 4 weeks. A link will be made available to our DSR webpage where interested parties can download the DSR Offer documents.

The Invitation to Offer documentation 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.

The key dates for this event are as follows:

Activity	Date
Pre-tender Market Notification	Wednesday 17 th July 2024
Tender launched, Invitation to Offer period commences	Wednesday 31 st July 2024
Offers Submission Deadline	17:00 (BST) Friday 30 th August 2024
Offer evaluation period*	Monday 2 nd September to Friday 13 th September 2024
Offer and Acceptance letters sent**	Friday 13 th September 2024
Rejection letters sent**	Friday 13 th September 2024
Deadline for publication of tender outcomes	Friday 20 th September 2024
DSR Options effective (01 Nov 24 to 30 Apr 25)	Friday 1 st November 2024

² [UNC TPD D7](#)

³ [Consumer DSR contract](#)

* We may extend these dates by either 1-week or 2-weeks dependant on the number of offers received.

**If aggregate option fees that NGT accept exceed £36m, a referral to Ofgem is required which will extend these dates by up to 2 weeks.

If any shipper or consumer is interested in participating in this DSR Invitation to Offer and wishes to know their daily winter average demand of a site in respect of which they are the Registered User or Consumer or wish to know its current annual contract limit before submission of its DSR offer, Please e-mail Pamela.Fancourt2@nationalgas.com and Brendan.Mullan@nationalgas.com

Yours Sincerely,

Pamela Fancourt

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Commercial and Incentives, National Gas Transmission