

18<sup>th</sup> November 2022

Dear Industry Colleague,

## **RE: INVITATION TO OFFER: GAS DEMAND SIDE RESPONSE (DSR) OPTIONS**

Following the approval of Modification 0822<sup>1</sup> to the Uniform Network Code (UNC) National Grid Gas plc (National Grid NTS) is today launching an invitation to offer event for DSR options to all Registered Users (Shippers who have consumers) at offtake points on the NTS and / or connected to Gas Distribution Networks that have an Annual Quantity of greater than 2 million therms (58.6 GWh per annum).

### **Gas DSR Service Requirement**

Gas DSR is a commercial tool which can be utilised to mitigate the likelihood of entering a Gas Deficit Emergency through voluntarily flow curtailment of demand following the opening of the DSR Locational Market within the On the Commodity Market (OCM).

There are two triggers for opening the DSR Locational Market these are:

1. Issuing of a Margins Notice (MN) at D-1.
2. Issuing of a Gas Balancing Notification (GBN) within day or at D-1.

The period within which accepted DSR option offers could be exercised in respect of winter period 2022/23 shall be from the date on which National Grid NTS issues such acceptance in late December 2022 / early January 2023 until 30 April 2023 and in all succeeding years this will be from 1<sup>st</sup> November – 30<sup>th</sup> April).

In addition to seeking offers for within day and D-1 DSR options, that if accepted would become binding on the relevant Users, we also wish to use this process to seek non-binding option offers for a DSR product that would be exercised 5 days ahead of time (a 'D-5 product'). Acceptance of D-5 offers would be subject to approval of a subsequent UNC Modification and associated change to our DSR Methodology and then subsequent agreement from the User concerned.

We plan to engage with industry on this in the coming weeks and currently envisage that the rules for a D-5 DSR scheme would, as far as possible, be consistent with the rules already in place for within-day and D-1 DSR options.

### **Invitation to Offer Process**

Users that wish to participate in this invitation to offer event must submit their DSR Offer pack(s) via email to [Brendan.Mullan@nationalgrid.com](mailto:Brendan.Mullan@nationalgrid.com) and cc [Andrea.Godden@nationalgrid.com](mailto:Andrea.Godden@nationalgrid.com) no later than **12:00 GMT on 9<sup>th</sup> December 2022**.

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<sup>1</sup> <https://www.gasgovernance.co.uk/0822>

If a User wishes to submit any additional information in relation to its offer, a cover letter can be attached to the DSR offer pack.

National Grid NTS shall carry out an offer assessment of all offers received and may accept compliant DSR Option offers in accordance with UNC TPD section D7.5 and its DSR Methodology<sup>2</sup>:

**Invitation to Offer Documentation**

The Documentation relating to this Invitation to offer are listed below:

- This Invitation to Offer Letter
- Invitation to Offer Guidance Document
- Offer Pack 1 – Within Day Option Offers 2022/23, 23/24, 24/25
- Offer Pack 2 – Day Ahead Option Offers 2022/23, 23/24, 24/25
- Offer Pack 3 – D-5 Option Offers 2022/23, 23/24, 24/25

These documents are all available for download using the link below which can be found on the National Grid DSR homepage

<https://www.nationalgrid.com/gas-transmission/balancing/demand-side-response-dsr>

**Invitation to Offer Timetable**

The key dates for the Invitation to offer are as follows:

Activity	Date
Market Notification via ENA (Energy Networks Association)	4th November 2022
Final Day to respond to notification	17th November 2022
Invitation to Offers published to market via ENA (Energy Networks Association)	18th November 2022
Offer Submission Date	12.00hrs (GMT) 9th December 2022
Offer evaluation period	9th December to 23rd December 2022
Acceptance and rejection letters sent for Within day and D-1 offers	Between 23 <sup>rd</sup> December 2022 and 11 <sup>th</sup> January 2023

**Contract Terms & Outcome:**

The UNC provides the contract terms for this Invitation to Offer between National Grid NTS and Users. The User is required to have the relevant agreements in place with the Consumer (potentially via the Supplier) that set out the arrangements for demand curtailment, including communication process, transfer of funds and liabilities for non-compliance.

If we receive offers in respect of a D-5 DSR product, such offers would not be capable of acceptance until and unless a UNC Modification and corresponding change to our DSR Methodology had been implemented which set out the rules for such an additional DSR scheme. If such changes were

<sup>2</sup> <https://www.nationalgrid.com/gas-transmission/document/141036/download>

implemented, we would then contact the relevant User(s) and seek consent to accept any such D-5 offers within a period to be defined in the subsequent UNC Modification. Indicatively, this would be within 1-2 weeks following such approval.

National Grid NTS will produce and publish an offer outcome report which will be shared with Ofgem and the industry on an anonymous basis with 5 working days from notification of accepted / rejected option offers to participating Users.

If you would like to discuss the Invitation to Offer event further or have any questions, please contact [Brendan.Mullan@nationalgrid.com](mailto:Brendan.Mullan@nationalgrid.com), [Andrea.Godden@nationalgrid.com](mailto:Andrea.Godden@nationalgrid.com) or [Philip.hobbins@nationalgrid.com](mailto:Philip.hobbins@nationalgrid.com)

Yours sincerely,

*Brendan Mullan*

**Brendan Mullan**  
**Senior Contracts Officer**  
**Gas Commercial and Incentives**