



Demand Side Response

Operational Guidance Material

September 2018

nationalgrid

Operational Guidance Material

This document forms part of a suite of documents created to provide operationally focused guidance material; the aim of which is to support Shippers in increasing their understanding of non-routine commercial tools utilised by National Grid so that Shippers can be suitably prepared and ready to participant ahead of an event.

The Operational Guidance Documents detail the optimum way to perform the relevant process based on the current systems available. Where there are alternative ways in which the process could be completed the associated risks and benefits are explored. These documents are not intended to be used a detailed operating process / procedure; however, can be used by each Shipper organisation to assist in creating the operational process steps that are right for them.

These documents do not preclude changes or development to commercial tools in collaboration with industry in the future.

Gas Demand Side Response Information Overview

This document outlines the circumstances in which a Gas Demand Side Response (DSR) agreement can take place and provides more information regarding the DSR process. The following topics are covered:

- The objective of DSR
- Circumstances where DSR occurs
- Overview of DSR Process
- Shipper / User Action
- Process guidance for accessing DSR Market on ICE
- Additional Information

Objective of DSR

Demand Side Response is a service that was developed by gas industry representatives to encourage daily metered (DM) consumers to offer to reduce their gas demand during times of system stress, in return for payment. National Grid are a participant in the DSR service and do not own or manage the system.

Circumstances where DSR Occurs

The DSR market is only active in the event of a Gas Deficit Warning (GDW), bids/offers can be placed as soon as the GDW has been declared and National Grid will continue to accept bids/offers until either:

- A Gas Deficit Warning Withdrawal notice is issued indicating that the circumstances prompting the GDW have been resolved, or there is no longer an imminent risk to NTS physical balance or safety.
- The end of the Gas Deficit Emergency Stage 1 (the DSR Period) e.g. enters Stage 2.

Overview of DSR Process

Gas DSR Service predominantly involves a three-way party interaction between Gas Consumers, Gas Shippers and National Grid. This becomes a four-way interaction when a Gas Supplier is involved in between the Gas Consumer and the Shipper.

Once a GDW is declared, ICE Endex will activate the DSR market on their WebICE platform. Consequently, eligible consumers can notify their gas shipping company that they would reduce gas consumption for a fee. The Gas Shipper will then notify National Grid of an offer by submitting it on WebICE.

Should National Grid accept the offer in WebICE, the Shipper will be notified and will then inform the consumer that the offer has been accepted. In some circumstances a Gas Supplier may be involved in which case information between the Consumer and Shipper will be relayed through them. A summary of this process is shown in Figure 1.

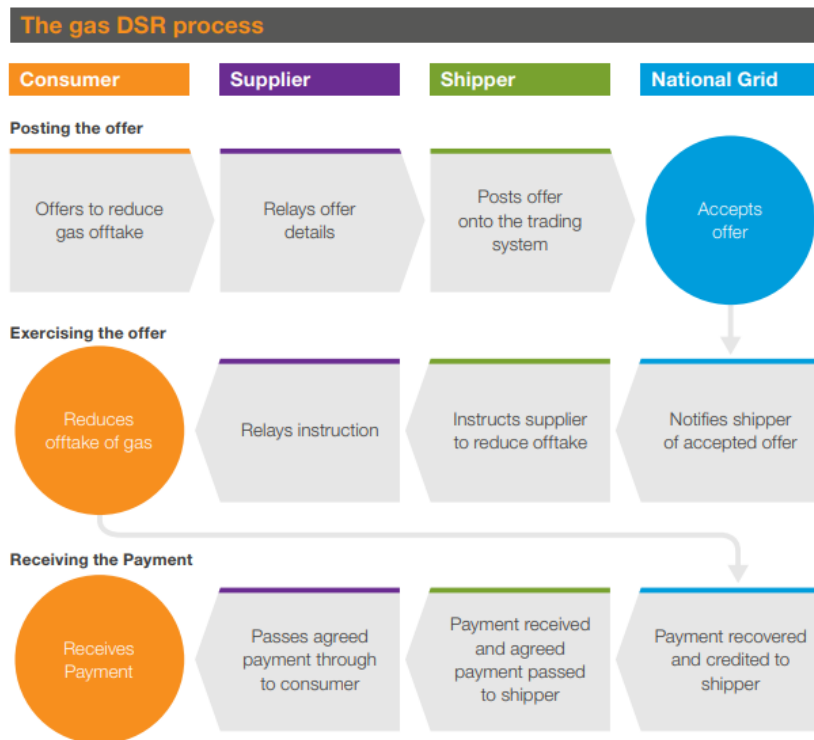


Figure 1 – Summary of the Gas DSR Process. ([Gas Demand Side Response Brochure – National Grid, 2016](#))

Shipper / User action

For the DSR commercial tool to function correctly it is expected that all parties in the gas industry will facilitate the DSR market as follows:

- Eligible consumers will participate in the DSR market.
To be eligible for DSR, a Gas Consumer has to be a Daily Metered Supply Point which has an annual quantity greater than 58,600,000 kWh (2,000,000 therms). The minimum quantity for a DSR offer is 100,000kWhs/day.
- Gas Consumers will have in place Gas DSR contracts with their registered Shippers covering the physical action by the Gas Consumer to reduce consuming gas at a specific site. The Shipper will agree to place a DSR offer on a central trading platform reflecting the agreed gas volume and unit price. In return the Gas Consumer commits to honouring and delivering on the agreed offtake reduction if the bid/offer is accepted by National Grid. Due to the timescales involved the Shipper-Consumer contracts must be set up in advance of the DSR market being activated.
- All parties in the Gas Industry will monitor the operational information provided by National Grid so that they are aware an GDW has been called / is potentially going to be called. Shippers in receipt of ANS messages will make their Consumers aware of the GDW, if they are not already.

NOTE: Shippers do not need to register for any additional services with WebICE if they already have access to the On-the-day Commodity Market (OCM).

Accessing DSR Market on ICE

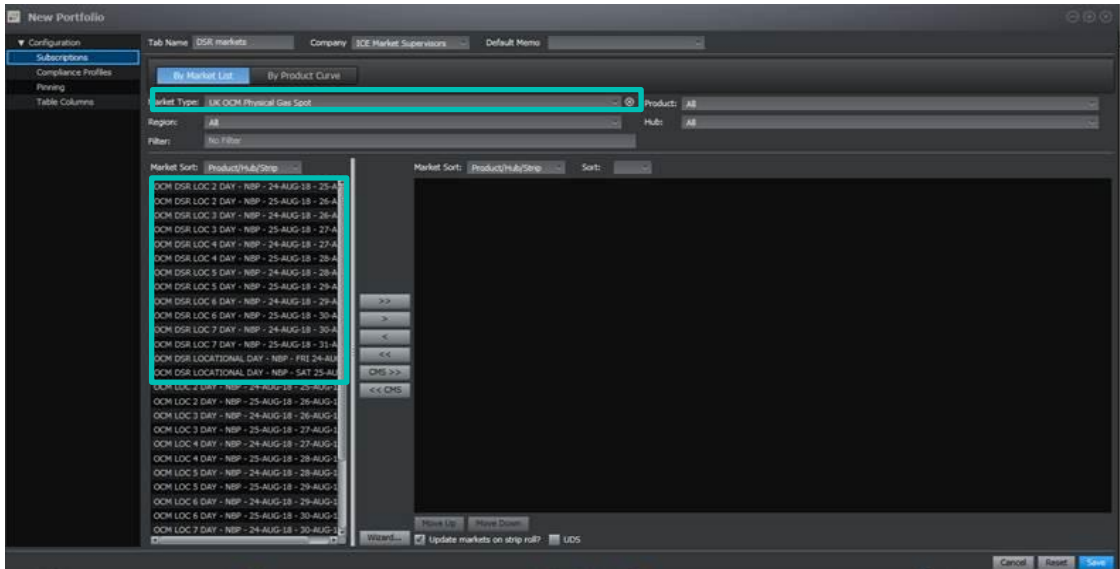
Once the Gas shipper has received notification that a consumer wants to submit a DSR offer the Shipper should submit the offer on the OCM via the WebICE Platform. The following section will provide details of how to submit an offer on WebICE.

Steps 1-4 detail pre GDW activities to enable Shipper to trade on the DSR market

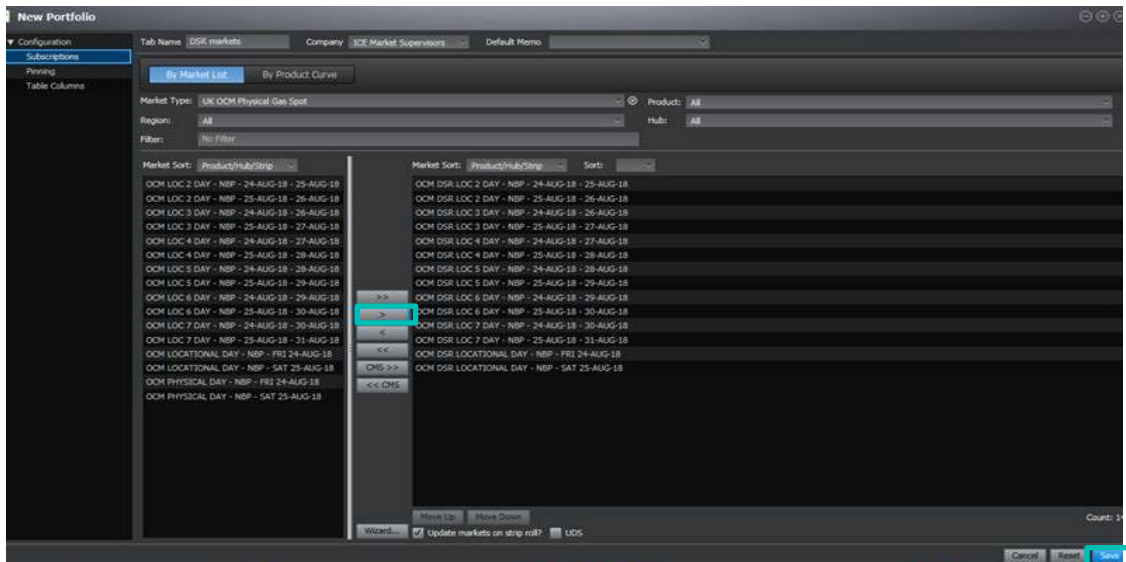
Steps 5- 7 details actions to take once a GDW has been declared.

Registering for the DSR Market

- 1) Shippers need to first add the DSR market to their Portfolio. In WebICE navigate to Admin >> Manage Portfolios. Here you can create a new portfolio or add the DSR Markets to an Existing portfolio.
- 2) The following screen will appear. Select “UK OCM Physical Gas Spot” in the Market Type Dropdown Field.



- 3) Select all the OCM DSR markets and press the > button to add them to the portfolio.

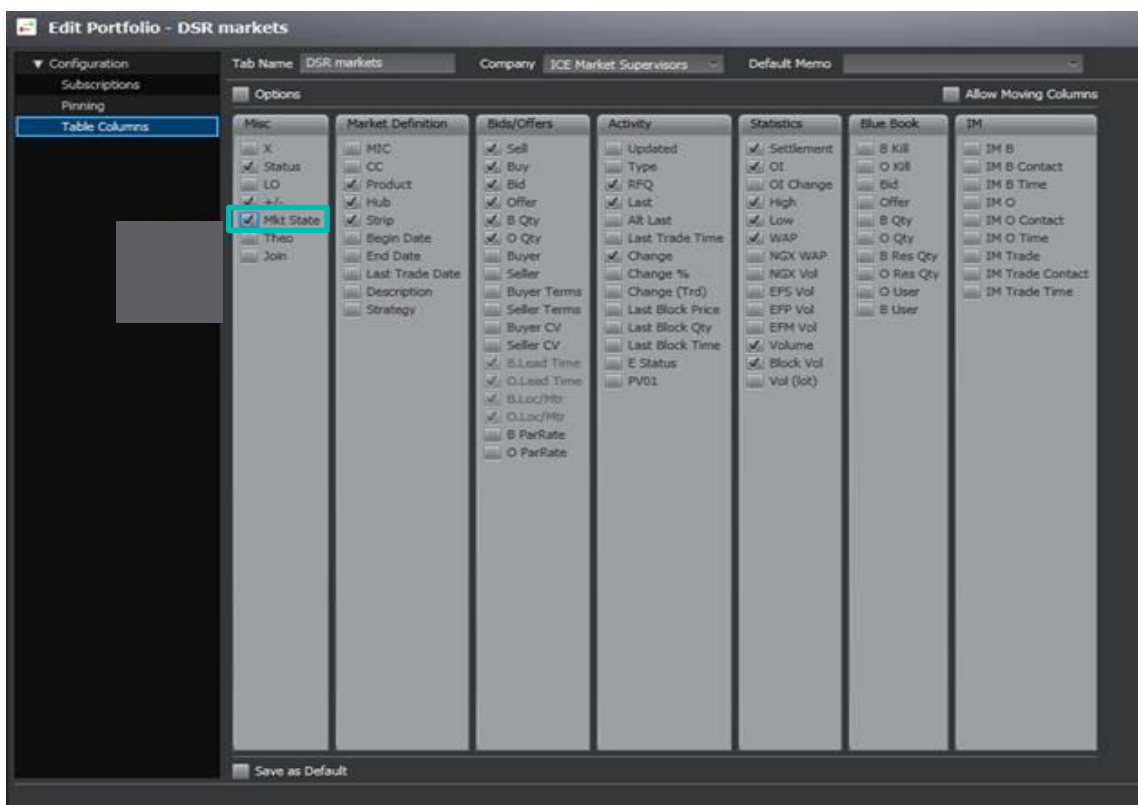


- 4) Select 'Save'; now the DSR Markets have been added to your portfolio. The market will be categorised as pre-open until a GDW is declared.

Preparing to use the DSR Market

- 5) Declaration of a GDW by National Grid is the trigger for ICE to open the DSR market on the WebICE platform. Trading is only possible once the market status has changed from 'Pre-open' to 'Open'.

In order to see when the DSR market status has changed to open, navigate to 'Settings', right click the bar above the columns and tick the 'Mkt State' select box; this will open the 'Market State Column'.



- 6) The Market State column will now show when the Market changes from Pre-Open to Open where DSR Offers can be submitted.

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7) Place trades as per standard trading on the OCM.

Additional Information

Gas DSR Brochure

<https://www.nationalgrid.com/sites/default/files/documents/8589937561-Gas%20DSR%20Guidance%20Brochure.pdf>

National Grid Gas Demand Side Response Web Page

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

Joint Office of Gas Transporters

<http://www.gasgovernance.co.uk/gasDSR>

Contact for More Information

Customer Liaison Team, GSO - box.operationaliaison@nationalgrid.com

Energy Balancing Team, GSO - box.NTS.EnergyBalancing@nationalgrid.com

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National Grid plc
National Grid House,
Warwick Technology Park,
Gallows Hill, Warwick.
CV34 6DA United Kingdom
Registered in England and Wales
No. 4031152

nationalgrid.com