Detailed Design Change Pack

# Communication Detail

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| Comm Reference: | 3281.3 - LO - PO |
| Comm Title: | XRN5771 Amendments to Demand Side Response (DSR) Arrangements (Modification 0866S) |
| Comm Date: | 13/05/2024 |

**Change Representation**

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| Action Required: | For Information  |
| Close Out Date: | 28/05/2024 |

# Change Detail

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| Xoserve Reference Number:  | XRN5771 |
| Change Class: | Business process – invoicing  |
| \*ChMC Constituency Impacted: | National Gas Transmission - are impacted as they manage the Demand Side Response (DSR) processDNs, IGTs and Shippers have also been identified as interested DSC parties within the XRN5771 Change Proposal – this is due to the relationships each party may have with sites that are capable of obtaining DSR arrangements with National Gas Transmission (i.e. Consumers and Shippers with DNO and IGTClass 1 and 2 Supply Meter Points (SMPs)).  |
| Change Owner:  | uklink@xoserve.com  |
| Background and Context: | Change Proposal XRN5771– ‘Amendments to Demand Side Response (DSR) Arrangements has been raised to allow implementation of CDSP related activities associated with [UNC Modification 0866](https://www.gasgovernance.co.uk/0866) Modification 0866 has been proposed by National Gas Transmission following Request Group 0835R which identified a number of areas in the DSR regime that, if reformed, could result in more participation from consumers in DSR arrangements and the deployment of DSR at times of national gas supply shortage being more effective. Therefore, Modification 0866 seeks to broaden the scope of the Demand Side Response (DSR) arrangements that were established as part of Modification 0844 / 0845 and put into effect from August 2023. This change aims to extend the current agreement established as part of Modification 0844 to include Class 2 DM SMP Consumers, in addition to Class 1 Consumers for the voluntary reduction of their gas usage (DSR arrangements) via direct contractual agreements between NGT and the Consumer.The change also seeks to make amendments to the existing DSR process based on industry feedback. Currently, NGT may only enter into direct DSR Consumer contracts with Class 1 SMPs, a key purpose of Modification 0866 is to add clauses to the UNC that will enable NGT to enter into direct contracts with Class 2 Consumers for DSR purposes as well. This proposal has the potential to increase the level of participation in the gas DSR market and therefore increase the volumes which NGT can procure, which will further enhance the suite of pre-emergency tools NGT can call upon in the event of a forecast supply shortage. At the time of writing this Detailed Design Change Pack, Modification 0866 is out for consultation with industry, and will be being presented to UNC Panel on 20 May for a decision on approval. Subject to Panel approval, the Modification is expected to be implemented as soon as possible ahead of the 2024/25 DSR process commencing (expected to be 16 business days after a Panel decision). In terms of the aspects of the Modification that Xoserve (as the Central Data Service Provider) will be responsible for performing, these fall into 2 main parts;* CDSP Data Provision to NGT
* Funding Arrangements, Invoicing and Cashout

To confirm, the CDSP have already implemented processes under previous Change Proposals to accommodate implemented DSR Modifications (0822, 0844, 0845). The changes proposed under Modification 0866, from a CDSP perspective, are minimal and involve tweaks to existing data provision and manual invoicing processes which are already in place to deliver existing DSR requirements. To confirm, the existing DSR process will be utilised to deliver Modification 0866 with some minor tweaks to accommodate additional requirements.  |

# Change Impact Assessment Dashboard

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| Functional: | N/A |
| Non-Functional: | Operational processesManual invoicing processes |
| Application: | N/A |
| User(s): | NGT are the main DSC party impacted as they are responsible for managing the gas Demand Side Response (DSR) process.For the purpose of awareness, DNOs, IGTs and Shippers have also been identified as interested DSC parties within the XRN5771 Change Proposal. DNOs and IGTs have been identified as a site within their network could be utilising this process. Shippers have been identified as a Consumer for a site within their portfolio could be utilising this process or the Shipper can enter the DSR process with NGT on behalf of the Consumer.  |
| Documentation: | N/A |
| Other: | Business Process change  |

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| Files |
| File | Parent Record | Record | Data Attribute | Hierarchy or FormatAgreed |
| N/A | N/A | N/A | N/A | N/A |

# Change Design Description

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| The following information details the scope of both parts of the solution that the CDSP will be responsible for ensuring are delivered to support the direct contractual arrangements and amendments to the DSR provision being implemented under Modification 0866; **1.CDSP Data Provision to NGT*** Data is already requested by NGT to prepare for the DSR tender being issued and following offers being made by a Consumer or Shipper (DSR Participant). The data requested is relevant to NGT for the management of the DSR process.
* For the avoidance of doubt, a Data Request Report (DRR-Aug-23-01) to confirm the release of data to support the DSR process was approved at DSC Contract Management Committee (CoMC) in August 2023.
* Under Modification 0866, there are two slight changes to the existing data request:
	+ Rather than providing the Daily Demand in kWh during just the previous Winter Period (01 November - 30 April), the CDSP will provide this Daily Demand for the last three (3) Winter Periods (or last applicable up to 3 year previous).
	+ Where a DSR Participant submits a forecast for Daily Demand for the relevant Winter Period (rather than utilising the historic data) for a DSR Offer (as per BR13 within Modification 0866), the CDSP will be asked to provide the most recent Winter Period Daily Demand which just occurred.
* Data is provided from the CDSP to NGT.

 **2. Funding Arrangements, Invoicing and Cashout** The funding arrangements, invoicing and cashout processes have been set out in previous Detailed Designs which delivered the existing DSR amendments (XRN5561 – Modification 0822 and XRN5652 – Modification 0844/0845). *Please note, this Detailed Design Change Pack only covers the tweaks being introduced under Modification 0866, other parts of the process as detailed in previous Change Packs still apply.*  * Within the schedule of monthly options payments NGT send to the CDSP, this will include the payment in respect of each month in the Winter Period for all DSR Participants (direct Consumer offers (both Class 1 and Class 2) and Shippers).
	+ Under Modification 0866, a DSR Participant will confirm if it considers that the Winter Average Demand in respect of a SMP will not be reflective of its daily demand for the future Winter Period(s) in respect of which it is considering submitting a DSR Option Offer, that party may, as part of its DSR Option Offer, submit a forecast of daily demand for the relevant Winter Period(s).
	+ Where a DSR Participant provides the forecast (as specified above), and the actual mean average daily demand in respect of the Winter Period(s) for which the DSR Option applies is materially lower than the forecast daily demand, that DSR Participant would receive a higher option fee than would be justified. Therefore, in respect of DSR Option Offer, NGT shall instruct the CDSP to:
		- Make payment of the Option Fee Instalments in respect of the months of November, December only and withhold Option Fee Instalments in respect of the months of January, February, March, and April pending the outcome of its assessment of forecast against actual demand. This is 3rd of the Option Fee Instalments.
		- Once the outcome of this assessment is undertaken (not later than two months after the end of the Winter Period to which the DSR Option applies), NGT will instruct the CDSP, where actual mean daily demand in the relevant Winter Period is greater than or equal to 90% of the forecast, make payment of the Option Fee Instalments in respect of the months of January, February, March and April as soon as reasonably practicable as a single transaction to the DSR Participant.
			* In this scenario, the DSR payments would be fed into Neutrality as and when they are processed (so would always be based on current month throughput).
			* To confirm, the CDSP will invoice the DSR Participant (as per existing DSR processes) on M+23 and ensure the DSR option fees shall be paid to relevant DSR Participant on the Invoice Due Date for Energy Balancing Invoices for that month (being 12 calendar days following the 23rd day following the end of that month). This will be invoiced via the .INR (Generic Request to Bill Invoice) on the .INV file format for Shipper Users and an offline invoice for Consumers.
		- If the outcome of the assessment shows the forecast was not greater than or equal to 90% of the actual mean daily demand, NGT will instruct CDSP to make no further option fee payments to the DSR Participant in respect of that Winter Period.
	+ Under Modification 0866, where the Consumer DSR Participant does not satisfy the credit conditions, the Consumer may elect to receive its option fee after the Winter Period to which its offer applies instead of providing credit support. In this scenario, NGT will again instruct the CDSP if and when the option fee is invoiced to the Consumer.
		- Where NGT deem the conditions to be met, NGT will instruct the CDSP to invoice the relevant a sum equal to the aggregate of the Option Fee Instalments in respect of each month of the Winter Period.
			* In this scenario, the DSR payments would be fed into Neutrality as and when they are processed (so would always be based on current month throughput).
			* To confirm, the CDSP will invoice the DSR Participant (as per existing DSR processes) on M+23 and ensure the DSR option fees shall be paid to relevant DSR Participant on the Invoice Due Date for Energy Balancing Invoices for that month (being 12 calendar days following the 23rd day following the end of that month).
* For the avoidance of doubt, as per the existing DSR process, the Option Payments are funded by Energy Balancing Neutrality.
* To confirm, the process set out under the previous Detailed Design for Modification 0844 for direct contracting with Class 1 Consumers, will apply to Class 2 Consumers.

**3. How are the CDSP delivering these arrangements** * Manual processes have been established within existing operational teams to oversee the provision of data to NGT in accordance with the already implemented DSR Modifications (0822, 0844 and 0845). These processes will be utilised to ensure the delivery of any additional data requirements (as described above) under Modification 0866.
* Manual processes have also been put in place within existing operational teams to ensure invoicing, cashout and neutrality responsibilities are implemented in accordance with the existing DSR processes. Again, any tweaks to meet Modification 0866 (as outlined in section 2 above), will be delivered under this change.
* The above manual processes are subject to the volumes of consumer DSRs, which are anticipated to be below 30 instances. This will be kept under review and should volumes exceed this level CDSP may need to revisit the solution and associated service and operate costs.

**4. What happens next?** Subject to Modification approval by Panel, the following activities will need to be completed to implement the associated CDSP elements of the change. * DSC Service Description Table may be updated to ensure reference to Modification 0866 and this XRN as well as the other DSR changes which are already specified. Please note, we do not expect any new DSC Service Lines as a result of this Change Proposal because they are already covered by existing Service Lines (ASGT-CS-SA8-43, ASGT-CS-SA8-44, ASGT-CS-SA8-45).
* DSC Change Completion Report will be presented to Change Management Committee confirming the CDSP provisions that will be implemented once these are effective – which is anticipated to be following Panel approval.
* Service usage will be kept under review to ensure it remains scaled appropriately, based on the actual Consumer DSR volumes being managed through existing manual processes. If the volumes we have specified throughout development of the Modification and this change are exceeded (30 Consumers), the solution would need to be reassessed.
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# Associated Changes

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| Associated Change(s) and Title(s): | XRN5561Reform of Gas Demand Side Response (DSR) Arrangements (Modification 0822) XRN5652 Enabling Direct Contractual Arrangements with Consumers for Demand Side Response (Modification 0844) |

# DSG

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| Target DSG discussion date: | N/A |
| Any further information: | N/A |

# Implementation

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| Target Release: | Ad hoc – in line with Modification 0866 implementation - expected to be 16 business days following Panel approval |
| Status: | For Information |

Industry Response Detailed Design Review

«RangeStart:HDS»

**Change Representation**

(To be completed by User and returned for response)

***Please consider any commercial impacts to your organisation that Xoserve need to be aware of when formulating your response***

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| User Contact Details:   | Organisation:   | «h1\_organisation»   |
| Name:   | «h1\_name»   |
| Email:   | «h1\_email»   |
| Telephone:   | «h1\_telephone»   |
| Customer decision on Change Pack:   | «h1\_userDataStatus»   |
| Commercial impacts:   | «h1\_commercial\_impacts»   |
| Representation Publication:   | «h1\_consultation»   |
| Representation Comments:   | «h1\_userDataComments»   |

**Xoserve’ s Response**

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| Xoserve Response to Organisations Comments:   | «h1\_xoserveResponse»   |

Please send the completed representation response to uklink@xoserve.com

«RangeEnd:HDS»

Change Management Committee Outcome

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| Change Status: | [ ]  Approve – N/A For info | [ ]  Reject | [ ]  Defer |
| Industry Consultation: | [x]  10 Working Days | [ ]  15 Working Days |
| [ ]  20 Working Days | [ ]  Other [Specify Here] |
| Date Issued: | XX/XX/2024 |
| Comms Ref(s): |  |
| Number of Responses: | 0 |
| Solution Voting: | [x]  Shipper – For info | Please select. |
| [x]  National Gas Transmission | Please select. |
| [x]  Distribution Network Operator | Please select. |
| [x]  IGT | Please select. |
| Meeting Date: | xx/xx/2024 |
| Release Date: | Adhoc  |

Please send the completed representation response to uklink@xoserve.com

Version Control

# Document

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| Version | Status | Date | Author(s) | Remarks |
|  |  |  |  |  |

# Template

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| Version | Status | Date | Author(s) | Remarks | Approved By |
| 1.0 | Approved | 09/03/2022 | Rachel Taggart | Detail Design Change Pack transferred to own document | Change Management Committee on 09/03/2022 |
| 1.1 | Approved | 25/04/2023 | Rachel Taggart | Updated with new font branding | Emma Smith |