Detailed Design Change Pack

# Communication Detail

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| Comm Reference: | 3098.6 – RT - PO |
| Comm Title: | XRN5561 – Reform of Gas Demand Side Response (DSR) Arrangements (Urgent Modification 0822) – Detailed Design Change Pack |
| Comm Date: | 17/10/2022 |

**Change Representation**

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| Action Required: | For Awareness  |
| Close Out Date: | 31/10/2022 |

# Change Detail

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| Xoserve Reference Number:  | XRN5561 |
| Change Class: | Invoicing  |
| \*ChMC Constituency Impacted: | National Grid NTSShipper UsersDNOsIGTs |
| Change Owner:  | Ellie Rogers 01212292185 ellie.rogers@xoserve.com |
| Background and Context: | The link to Change Proposal XRN5561 can be found [here](https://www.xoserve.com/change/change-proposals/xrn-5561-reform-of-gas-demand-side-response-dsr-arrangements-modification-0822/). **Background:**Change Proposal XRN5561 has been raised to support the delivery of [Urgent Modification 0822 – Reform of Gas Demand Side Response Arrangements](https://www.gasgovernance.co.uk/0822). Modification 0822 – Reform of Gas Demand Side Response Arrangements has been raised to include provisions within the UNC for National Grid NTS to:* Administer an invitation to offer process for Gas Demand Side Response (DSR),
* Introduce option payments to Users that arrange with consumers to provide DSR in advance of winter, and
* Extend the trigger for opening the DSR market from the issue of a Gas Balancing Notification to also include issue of a Margins Notice at the day ahead stage.

The current Gas Demand Side Response (DSR) framework has been in place since 2016 and the DSR market has only opened once since then, which was during Beast from the East in 2018. Zero bids were placed onto the DSR Market within the OCM. As part of NGG winter preparedness activities, NGG have reviewed the current DSR framework and engaged with our customers and stakeholders to understand the reasons for the lack of participation and if there are any reforms that could be made which would make the make the scheme more attractive. In order to have a guaranteed level of response, NGG are proposing to hold an Invitation to Offer process where Shippers will be invited to post DSR offers and if they are accepted, Shippers will receive an “Option” payment. The receipt of the Option Payment obligates Shippers to post an offer on to the DSR market in the event of it opening following either the issuing of a Gas Balancing Notification (GBN) or a Margins Notice (MN) at D-1. Therefore, NGG are proposing the following reforms: * Introduction of an “Option” or Availability payment
* Introduction of additional penalty charges for Shippers who do not post bids onto the DSR market in accordance with the “business rules” as per UNC modification 0822

For full Modification 0822 details, please see the link to the Joint Office website:<https://www.gasgovernance.co.uk/0822>**Please note Urgent Modification 0822 was recommended for approval by the UNC Panel on 28 September 2022 and Ofgem issued a Notice of Implementation on the 14 October. To confirm the implementation date confirmed for this Modification is 17 October 2022.** As detailed within the Change Proposal, to align with the Urgent Modification timescales, the CDSP are utilising existing functionality for the required invoices and existing Charge Types to deliver this change. |

# Change Impact Assessment Dashboard

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| Functional: | Invoicing |
| Non-Functional: | Operational processes |
| Application: | N/A |
| User(s): | National Grid NTSShipper Users |
| Documentation: | None |
| Other: | N/A |

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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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| Change Proposal XRN5561 has been raised to support the delivery of [Urgent Modification 0822 – Reform of Gas Demand Side Response Arrangements](https://www.gasgovernance.co.uk/0822) and specifically introduce **“Option” payment and penalty charges** issued by the CDSP. Information on this has been captured below: **High-level process overview and impacts.****Introduction of Option Payment:** * NGG will provide the CDSP with a breakdown confirming the Shippers and Invoice values to be paid each month once the Invitation to Offer assessment has been completed.

***Please note, only Shippers that have an Invitation to Offer accepted as per the Urgent Modification 0822 process will receive the Option Payment. If an Invitation to Offer is accepted, the Option Payment will follow the process detailed below.***  * The CDSP will issue the Option Payment credit via the Request to Bill (RTB) process.
	+ This payment will be issued on the .INR (Generic Request to Bill Invoice) and the .INV file format.
	+ Supporting Information for the .INR (Generic Request to Bill Invoice) will be issued via email as an .xls file to the relevant Shipper. We anticipate the information to be included in the SI will state the DSR Option Payment for the specific period (MM-YYYY).
	+ Existing Charge Type ‘DSP – DSR COMPENSATION PAYMENT’ will be utilised for the Option Payment credit.
	+ The Invoice will be issued on M+23 with the payment due date on D+12. *Please note this aligns with the Energy Balancing Invoice (BAL).*
	+ Based on the above, the credit payment will be issued to the relevant Shipper 12 days after the Invoice is issued.
	+ The Option Payments will be paid to relevant Shippers from November to April, on a monthly basis.
	+ For the avoidance of doubt, the Option Payments are funded by Energy Balancing Neutrality.
	+ On a monthly basis, the CDSP will ensure the Option Payments are reflected within Energy Balancing Neutrality.
	+ In the event that a site with an accepted Offer changes Shipper, if a new Shipper takes on the existing contract for the DSR arrangement, the Option Payment will be paid on a pro-rata basis for the remainder of the month and in full, from the following month left in the period. For the Shipper exiting the contract, they will receive the Option Payment on a pro-rata basis until they are no longer the Registered User.
	+ If a site with an accepted Offer is Isolated, the Option Payment will cease from point of Isolation.

**Additional Penalty Charges:** * NGG will provide a breakdown to the CDSP confirming the Shippers and Penalty Charges to be invoiced as a result of Urgent Modification 0822.
* As per the Modification, Penalty Charges will be 110% of the Option Payment. However, this will be reduced proportionately based on the number of DSR Market Offers that were accurately posted during that Winter Period.
* The Penalty Charge will be applicable if:
	+ A Shipper does not post an offer to the DSR market within 1 hour of it opening
	+ A Shipper posts an offer for the incorrect location, quantity, or price

**Please see Urgent Modification 0822 on the details around when a Penalty Charge is applied. This part of the Change Pack focuses on how the Penalty Charge will be invoiced if it is applicable.** * The CDSP will issue the Penalty Charge payment via the Request to Bill (RTB) process.
	+ This Penalty Charge will be issued on the .INR (Generic Request to Bill Invoice) and the .INV file format.

 * + Supporting Information for the .INR (Generic Request to Bill Invoice) will be issued via email as an .xls file to the relevant Shipper. We anticipate the information to be included in the SI will state the DSR Penalty Charge for the specific period (MM-YYYY).
	+ Existing Charge Type ‘B96 – ADJUSTMENT TO DSR COMPENSATION PAYMENT CR DR’ will be utilised for the Penalty Charge payment.
	+ Where a Penalty Charge applies, as per the Modification 0822 business rules, this is expected to be charged after the relevant Winter Period. It is anticipated that this will be included within the May invoice and will be based on the current month’s throughput. The Invoice will be issued on M+23 with the payment due date on D+12. *Please note this aligns with the Energy Balancing Invoice (BAL).*
	+ Based on the above, the payment will be required 12 days after the Invoice is issued.
	+ For the avoidance of doubt, the Penalty Charges will be payable to Energy Balancing Neutrality.
	+ On a monthly basis, the CDSP will ensure the Penalty Charges are reflected within Energy Balancing Neutrality.

 * + For the avoidance of doubt, Physical Renomination Incentive (PRI) charges will remain.
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# Associated Changes

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| --- | --- |
| Associated Change(s) and Title(s): | [Urgent Modification 0822 - Reform of Gas Demand Side Response Arrangements](https://www.gasgovernance.co.uk/0822) |

# DSG

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| Target DSG discussion date: | 26/09/2022 |
| Any further information: | n/a |

# Implementation

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| Target Release: | Ad hoc – in line with the Modification implementation – 17 October 2022 |
| Status: | For Awareness  |

Industry Response Detailed Design Review

«RangeStart:HDS»

Change Representation

(To be completed by User and returned for response)

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| --- | --- | --- |
| User Contact Details: | Organisation: | «h1\_organisation» |
| Name: | «h1\_name» |
| Email: | «h1\_email» |
| Telephone: | «h1\_telephone» |
| Representation Status: | «h1\_userDataStatus» |
| Representation Publication: | «h1\_consultation» |
| Representation Comments: | «h1\_userDataComments» |
| Confirm Target Release Date? | «h1\_targetDate» | «h1\_userDataAlternative» |

# 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 | [ ]  Reject | [ ]  Defer |
| Industry Consultation: | [ ]  10 Working Days | [ ]  15 Working Days |
| [ ]  20 Working Days | [ ]  Other [Specify Here] |
| Date Issued: | Click here to enter a date. |
| Comms Ref(s): |  |
| Number of Responses: |  |
| Solution Voting: | [ ]  Shipper | Please select. |
| [ ]  National Grid Transmission | Please select. |
| [ ]  Distribution Network Operator | Please select. |
| [ ]  IGT | Please select. |
| Meeting Date: | Click here to enter a date. |
| Release Date: | Release: Feb / Jun / Nov XX or Adhoc DD/MM/YYYY or NA |

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

Version Control

# Document

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| --- | --- | --- | --- | --- |
| Version | Status | Date | Author(s) | Remarks |
| V1.0 | For Awareness | 17/10/22 | Ellie Rogers |  |