

Gas Security of Supply Significant Code Review

Draft Business Rules with no DSR Mechanism

Status: v1

Draft – for consultation (12 February 2014)

Response address: wholesale.markets@ofgem.gov.uk

Response deadline: 9 April 2014

Assumptions

- **GDE Cash-out Prices** - For each day within a Gas Deficit Emergency (GDE), where the GDE has progressed to Stage 2+ of the Network Gas Supply Emergency Classifications, as defined in the National Emergency Coordinator (NEC) Safety Case, the following will apply;
 - For each day of Stage 2 - The cash-out price for each User's 'short' balance position will be the greater of:
 - the prevailing System Marginal Buy Price SMP(b) price upon entry to stage 2; and
 - the SAP price plus the fixed differential for the relevant day; and
 - the unit price of DR (Daily Read) involuntary Demand Side Response (DSR) action taken on the relevant day.
 - For each day of Stage 2+ - The cash-out price for each User's 'long' balance position will be;
 - the daily System Average Price (SAP) throughout the GDE; and
 - the SAP will continue to be dynamic throughout the GDE. Based on Shipper to Shipper Trading on the OCM for the relevant day.
 - For each day of Stage 3 – The cash-out price for each User's 'short' balance position will be the greater of :
 - the prevailing SMP(b) price upon entry to stage 3; and
 - the SAP price plus the fixed differential for the relevant day; and
 - the unit price of NDR (Non Daily Read) involuntary Demand Side Response (DSR) action taken on the relevant day.
 - For each day of Stage 4 the cash-out price for User's 'short' balance position will be applied at the SAP + Fixed Differential only.
 - During Stage 2+ SAP will NOT be derived from any prices or volumes associated with either DR or NDR involuntary DSR.
- **GDE Fall-Back SAP** - where there are insufficient bids available on the OCM, such that the market actions used to derive the relevant day's SAP, do not meet the criteria, set out in BR 1.6 (b), a Fall-Back SAP will be applied for the relevant Day.

- **End Consumer DSR Payment** - Demand eligible for DSR payments will be referred to as Daily Read (DR) e.g. DM sites that are eligible for DSR payments and Non-Daily Read (NDR) e.g. NDM sites that are eligible for DSR payments.
- In the event that an End Consumer is Firm Load Shed (FLS) during GDE Stage 2+ the End Consumer will be entitled to receive an involuntary DSR payment for the volume of demand curtailed at the following unit prices:
 - DR sites FLS at GDE Stage 2 will receive a DSR payment based on a unit price of 30 day average SAP price per kWh. This will be calculated as the average over the 30 days prior to the start of GDE Stage 2 Entitlement for this payment will be for each day of the DR site's curtailment during the GDE (subject to stage 3 isolation).
 - NDR sites at GDE stage 3 will receive a DSR payment based on a unit price of NDM VoLL @ 47.77p/p/kWh (£14 per therm. Entitlement of this payment will be for the first day of DSR curtailment only.
- NDRs will receive DSR payments based on a pro-rated proportion of the total NDR DSR fund. The volume by which each NDM DSR payment will be based will depend on the Load Band and Market Sector within which NDR site resides;

Users NDR curtailment payment volume =

- (i) Domestic NDR = a single average SOQ for all Domestic Load
- (ii) Non-domestic =
 - a. For site within the 3 non domestic load bands (0-73.2, 73.2 – 293, 293 – 732 MWh) the average SOQ for the relevant Load Band will apply;
 - b. Non domestics > 732 MWh will be calculated on their individual SOQ
- (iii) Priority Loads =_will receive DSR payments based on the volumes calculated using the ECQ methodology.

- Where Network Isolation has occurred, curtailed sites (both DR and NDR) within the affected area will receive DSR payments for Day 1 of the Network Isolation only. DSR Payments will continue to be made for each day where a relevant site (that is curtailed due to FLS) is NOT within the area of an LDZ that is subject to Network Isolation.
- Storage and interconnector users will not be entitled to DSR payments.
- **Funding of DSR Payments** - Funds required to pay End Consumers for Involuntary DSR will be deemed to be Balancing Neutrality Charges.
- In accordance with prevailing Balancing Neutrality arrangements all Balancing Neutrality Charges (all charges to National Grid NTS and Payment from National Grid NTS) will be netted off. For each day within a GDE Stage 2+;
 - If the net neutrality position is in shortfall; these costs, the **DSR Fund imbalance**, will in the first instance be recovered from Users that have a negative imbalance position on the relevant gas flow day. If these 'targeted' costs do not fully recover the DSR Fund

and there continues to be a shortfall in the DSR Fund Imbalance; the shortfall in funds will reduce the payments made to all relevant End Consumers on a pro-rated basis.

- If the net neutrality position is in surplus; the surplus funds will be smeared to Users through the Neutrality process.
- Shortfall in the Neutrality account may occur as a result of a Shipper default. This type of shortfall will not present itself until the initial Energy Balancing Invoice, for the relevant day;
 - has been generated; and
 - the payment due date has lapsed; and
 - the defaulting Shipper has either only part or not settled the outstanding invoice.

In this instance the prevailing Neutrality Mechanism and Energy Balancing Debt Recovery arrangements will apply, with the exception that the neutrality apportionment will be based on shippers' throughput described in the following bullet.

- In respect of each day within GDE Stage 2+ the Balancing Neutrality mechanism will smear outstanding Balancing Neutrality Charges and Adjustment Neutrality charges over the sum of each relevant User's User Daily Quantity Input (UDQI) and User Daily Quantity Output (UDQO) for the preceding 365 days. This represents a change to the prevailing neutrality arrangements which currently smear neutrality charges/credits across Users' total UDQI/O for the relevant day.
- **DSR Payment timescales** - DSR Payments to Users, for the settlement of End Consumer payments for involuntary DSR curtailment, will not be executed within the settlement timescales prescribed for the relevant Energy Balancing invoices. All DSR funds will reside within the Neutrality account; and will be settled on a subsequent payment timescales, to ensure that payments into the DSR Fund have been recovered.
- DSR Payments to Users, for the settlement of End Consumers payments for involuntary DSR curtailment, shall be invoiced in a subsequent Energy Balancing Invoice within the defined DSR payment timescales of 4th EBI following issue of the relevant EBI.
- Users will be obliged to pass the relevant DSR Payments on to their suppliers (as soon as reasonably practicable), which in turn will be obliged to pass these on to customers (as soon as reasonably practicable), e.g. through a rebate on the next energy bill. This process will be enforced through licence conditions.
- This obligation will be governed through licence changes rather than UNC changes.
- If consumers have changed suppliers prior to receiving their DSR Payment, it would be the Shippers and Supplier at the time DSR Payments are allocated that would receive the money and be required to pass it on.

- **Commercial Interruption** – Sites that have a commercial interruption contract will **not** receive DSR, or ECQ, payments, but may be instructed to curtail load during GDE Stage 2 FLS.
- If sites with commercially interruptible contracts are curtailed by their Transporter following a NEC instruction, these sites would receive the contractually agreed exercise price from their supplier. The quantity would not be included in the DR ECQ process for that supplier and would therefore not receive the System Average Price of the last 30 days, but will retain any volume for the purposes of their imbalance position. To this end, suppliers will be required to provide information on commercially interruptible contracts to NGG. Contracts for commercial interruption for NDR will not be able to be included in this process.
- **Calculation of DR and NDR Curtailment Volume** - DR Emergency Curtailment Quantity (ECQ) will be used to calculate the volume of DSR payments that should be paid for Stage 2 FLS of DR sites.
- In respect of each relevant LDZ; the relevant NDR Users' market balance calculation will include an NDR ECQ that accounts for the NDR demand curtailment volumes above that which has been allocated through Gemini. The NDR ECQ will be based on the forecast undertaken prior to the NEC instruction to the DN to reduce load. The NDR ECQ will be enacted in the form of a 'deemed' trade with the SO. The NDR ECQ will determine the payment for additional gas that is 'contracted' to be delivered by NDR Users; the User will receive 30 day average SAP for this gas.
- On the GDE day; where the NEC has instructed the DN to reduce offtake to an LDZ; and NDR curtailment is likely to reduce NDR Allocation, Users' will be informed of the revised forecast demand that includes an NDR ECQ, which reflects the additional quantity of gas that is required to be delivered.
- The NDR ECQ used in the calculation of market imbalances for NDR Users will only be used for Day 1 of the demand curtailed as part of Network Isolation. If additional Network Isolation is initiated on Day 2, only demand curtailed as part of this additional Day 2 Network Isolation will be included in the calculation. For avoidance of doubt, a site will only be factored into the NDR ECQ calculation on the first day it is subject to Network Isolation.
- Where, following Stage 3 Network Isolation, the number of Supply Points affected by Network Isolation becomes clearer, a process will allow for the amended list of Supply Points to receive DSR payments.
- For the purposes of calculating imbalances, if NDR sites are asked to reduce or curtail the flow of gas to the site, the default assumption is that the customer obliges.
- In respect of GDE Stage 2: For the purposes of calculating DSR payments, if large NDR sites are asked to reduce or curtail the flow of gas, the default assumption is that the customer has not reduced the flow of gas unless the customer can prove that the site has been curtailed.
- Where a GDE has begun and finished within the same calendar month all charges described within these business rules shall be included in that month's Energy Balancing Invoice. If the GDE spans across two calendar months the daily charges described within these business rules shall be included within the relevant M+23 Energy Balancing Invoice.

Business Rules

These business rules explain the proposed changes to the Uniform Network Code associated with the Gas Security of Supply – Significant Code Review to implement cash-out reform that can function without a DSR mechanism in place.

In the event of a GDE (stage 2 and above) being declared by the National Emergency Coordinator (NEC) the following shall apply;

1. GDE Cash-out Arrangements

- 1.1. For each day of stage 2 – the cash-out price for each User's 'short' balance position will be the greater of ;
 - (a) the prevailing System Marginal Buy (SMPb) price upon entry to GDE Stage 2; and
 - (b) the relevant day's SAP+ Fixed Differential; and
 - (c) The unit price of an involuntary Demand Side Response (DSR) action taken on the relevant day
- 1.2. For each day of Stage 3 – The cash-out price for each User's 'short' balance position will be the greater of :
 - (a) the prevailing SMP(b) price upon entry to stage 3;and
 - (b) the SAP price plus the fixed differential for the relevant day; and
 - (c) The unit price of an involuntary Demand Side Response (DSR) action taken on the relevant day (including NDM involuntary DSR during stage 3)
- 1.3. The provision of 1.1 and 1.2 will apply up to the declaration of Stage 4 – restoration.
 - (a) During stage 4 the SAP + Fixed Differential will be applied as the cash-out price for 'short' shipper balance positions.
- 1.4. In the case of Users with a '**long**' balance position, the cash-out price for each day during a GDE will be the SAP for the relevant gas flow day. This price will apply for the duration of the emergency.
- 1.5. Subject to paragraph 1.6: The SAP will be dynamic throughout the GDE and will be set through shipper to shipper trading on the OCM for the relevant GDE day.
- 1.6. In respect of the applicable SAP, for a relevant GDE day;
 - (a) where there are insufficient bids available on the OCM, such that the market actions used to derive the relevant day's SAP, do not meet the criteria, set out in BR 1.6 (b), a Fall-Back SAP will be applied for the relevant Day;
 - (b) the relevant Day's SAP will be required to meet the following criteria;
 - i. the Total volume traded is below 250,000 therms/day; and/or
 - ii. the minimum number of 5 trades per day is not met; and/or
 - iii. the minimum number of 5 counterparties is not met;
 - (c) where Relevant SAP does not meet the criteria, set out in 1.6 (b), the Fall-Back SAP will be the weighted average of;

- i. the median of all executed trades (25% weighting); and
- ii. the volume-weighted average of all executed trades (25% weighting); and
- iii. the last SAP, from the previous days, in which the derivation of SAP met the criteria defined in 1.5 (f) (50% weighting).

GDE Cash-out Summary Table

GDE Stage	Short Cash-Out (SMP(b))	Long Cash-Out
Up to and including Stage 1	Greater of: <ul style="list-style-type: none"> - Highest MBA set by NGG ;and - SAP +Fixed Diff 	SMP(s)
Stage 2	Greater of: <ul style="list-style-type: none"> - Prevailing SMP(b) set upon entry to stage 2; and - SAP+Fixed Diff; and - DR Involuntary DSR price 	SAP
Stage 3 – new Network Isolation initiated	Greater of: <ul style="list-style-type: none"> - Prevailing cash-out price upon entry to Stage 3; and - SAP+Fixed Diff; and - DR Involuntary DSR price; and - NDM VoLL 	SAP
Stage 3 – no new Network Isolation initiated	Greater of: <ul style="list-style-type: none"> - Prevailing cash-out price upon entry to Stage 3; and - SAP+Fixed Diff; and - DR Involuntary DSR price 	SAP
Stage 4	<ul style="list-style-type: none"> - SAP+Fixed Diff 	SAP
Market restored	<ul style="list-style-type: none"> - SMP(b) (normal operations) 	SMP(s)

2. Involuntary DSR Payments to End Consumers

- 2.1. Demand eligible for DSR payments will be referred to as DR (DM sites that are eligible for DSR payments) and NDR (NDM sites that are eligible for DSR payments).
- 2.2. In the event that an End Consumer is Firm Load Shed (FLS) during GDE Stage 2+ the End Consumer will be entitled to receive an involuntary DSR payment for the volume of demand curtailed at the following unit prices:
- 2.3. DR sites FLS at GDE Stage 2 will receive a DSR payment based on a unit price of 30 day average SAP price per kWh, Entitlement of this payment will be for each day of the GDE (subject to the stage 3 isolation arrangements prescribed in para 2.5).
- 2.4. NDR sites at GDE stage 3 will receive a DSR payment based on a unit price of NDM VoLL @ 47.77p/p/kWh (£14 per therm). Entitlement of this payment will be for the first day of involuntary DSR curtailment only.
- 2.5. Where Network Isolation has occurred, curtailed sites (both DR and NDR) within the affected area will receive DSR payments for Day 1 of the Network Isolation only. DSR Payments will continue to be made for each day where a relevant site (that is curtailed due to DR Firm Load Shedding) is NOT within the area of an LDZ that is subject to Network Isolation.
- 2.6. During Stage 2+ SAP will NOT be derived from any prices or volumes associated with either DR or NDR involuntary DSR.
- 2.7. Storage and interconnector Users will not be entitled to DSR payments.

3. Market Imbalance Calculation applicable in the event of a GDE

- 3.1. During a GDE Stage 2+, the calculation to determine each Users market imbalance that is associated with FLS, will be calculated using the following:
 - (a) The DR ECQ methodology will be used to calculate DR volumes;
 - (b) A new NDR ECQ methodology will be used to calculate NDR volumes (described below).
- 3.2. Where NDR demand has been curtailed, a new NDR ECQ methodology will be implemented that will 'uplift' a NDR Users UDQO to account for the drop in demand that would have been allocated to that specific User were no NDR curtailment to have taken place. This uplift in demand volume will be the NDR ECQ. The NDR ECQ quantity will be based on the difference between the forecast NDR demand for the gas flow day and the NDR allocation for the gas flow day.
- 3.3. The NDR ECQ will be enacted in the form of a 'deemed' trade with the SO; and will be used to determine payment for additional gas that is 'contracted' to be delivered by NDR Users.
- 3.4. The User will be paid the NDR ECQ volume multiplied by the average of the previous 30 days SAP.
- 3.5. In respect of Stage 3 - The NDR ECQ used in the calculation of market imbalances for NDR Users will only be used for Day 1 of the NDR demand curtailed as part of a Network Isolation. If additional Network Isolation is initiated on Day 2, only demand curtailed as part of this additional Day 2 Network Isolation will be included in the calculation.

- 3.6. In respect of Stage 2, where NDR demand has been curtailed and is likely to reduce the total LDZ's NDR allocation quantities, the NDR ECQ will be calculated for each day that the relevant NDR demand is curtailed, or affects the NDR allocation.
- 3.7. LDZ Forecasts provided by DNs shall reflect the reduction in demand associated with NDR reduction in the LDZ.
- 3.8. Where a Supply Point with a commercially interruptible contract is curtailed as part of FLS, the DR ECQ process will not apply for the contracted volume and no corresponding DSR Payment will be allocated for the contracted volumes.

4. DSR Funding and Payment Arrangements

- 4.1. During GDE Stage 2+ all payments, required to be made to End Consumers for DR and NDR involuntary DSR, will be funded through the **DSR Fund**.

For Clarity:

*“As specified in the UNC section F1.1.2 (d) **“Balancing Neutrality Charges”** are amounts payable by or to National Grid NTS, so that it does not gain or lose by the payment and receipt of Market Balancing Action Charges, Daily Imbalance Charges, Scheduling Charges*”

- 4.2. The total DSR Fund will be included as a Balancing Neutrality Charge, however, the DSR payments from the account to the Users, to pay End Consumers DSR costs, will not be settled within the timescales of the relevant Energy Balancing Invoice payment due date.
- 4.3. The DSR Fund will reside in the Neutrality account and be settled under separately prescribed timescales of 4th EBI following the relevant EBI.
- 4.4. In accordance with the Neutrality arrangements, all Balancing Neutrality Charges, payments and receipts, are netted off. Any residual negative (shortfall) imbalance in the net neutrality position will be deemed to be a DSR Fund Imbalance and recovered in accordance with paragraph 5.4.
- 4.5. Any DSR Fund Imbalance Charges will be accounted for and settled within the same Energy Balancing Invoice as the relevant Balancing Neutrality Charges.
- 4.6. The DSR Fund will be calculated using the following formula:

$$\text{DSR Fund} = \text{DR curtailment Funds} + \text{NDR curtailment Funds}$$

Where:

DR Curtailment Funds = 30 day avrg SAP (average over the 30 days prior to the start of GDE Stage 2) x applicable DR curtailment volume

And:

NDR Curtailment Funds = NDM VoLL x applicable NDR curtailment volume

Applicable DR and NDR curtailment volume is calculated as in Appendix A.

- 4.7. Each User will receive, on behalf of each curtailed End Consumer, a DSR Payment for each applicable Supply Point curtailed during Stage 2 and 3 of a GDE in line with the following;

$$\text{User DSR Payment} = \text{Users DR curtailment Payment} + \text{Users NDR curtailment Payment}$$

Where:

Users DR curtailment Payment = 30 day avrg SAP (average over the 30 days prior to the start of GDE Stage 2) x Users DR curtailment payment volume

Users DR curtailment payment volume is calculated using the DR ECQ methodology.

And:

Users NDR curtailment Payment = NDM VoLL x Users NDR curtailment payment volume

Users NDR curtailment payment volume =

- (i) Domestic NDR = a single average SOQ for all Domestic Load
- (ii) Non-domestic =
 - c. For site within the 3 non domestic load bands 0-73.2, 73.2 – 293, 293 – 732 MWh the average SOQ for the relevant Load Band will apply;
 - d. Non domestics > 732 MWh will be calculated on their individual SOQ
- (iii) Priority Loads = will receive DSR payments based on the volumes calculated using the ECQ methodology.

- 4.8. For the avoidance of doubt, for each day within Stage 2 and above of a GDE, where a User's Supply Point, with a commercially interruptible contract, is curtailed as part of Firm Load Shedding, the End Consumer will receive no DSR Payment for the contracted volume.
- 4.9. Xoserve will determine each Users aggregate DSR Payment for all Supply Points across all days of the GDE in accordance with the DSR Payment calculation (see para 4.7).
- 4.10. NDR Supply Points which may be subject to FLS in GDE Stage 2 shall provide information to prove that the flow of gas to the Supply Point was reduced or curtailed to the level determined in accordance with paragraph 4.7. If no proof is provided, DSR payment will not be made.
- 4.11. Where there is more up to date information on what sites have been curtailed, the following will apply:
- a. Where additional sites have been identified as having been curtailed above that identified in the initial Distribution Networks DSR curtailment information provision, the additional payment will be calculated using para 4.7, and shall be recovered through neutrality. These additional funds will be passed onto the relevant User as an additional DSR Payment;

- b. Where it has been identified that there is a reduction in the number of sites that have been curtailed, the DSR Fund will return the equivalent money to neutrality. If a DSR Payment has been made to a User that should not have been made, this will be recovered from the User.

This process will be run each month, for the first 4 months following the end of an emergency and then on an ad-hoc basis dependent on information received.

4.12. Interest accrued by the DSR Fund will be passed through neutrality.

5. Processing the DSR Fund through the Neutrality Mechanism

5.1. The total DSR Fund account will be defined as a Balancing Neutrality Charge, however the “DSR payments” from the account to the Users, for the settlement of End Consumers DSR costs, will not be settled within the timescales of the relevant Energy Balancing invoice payment due dates defined within the UNC TPD Section S.

5.2. The DSR Funds will reside in the Neutrality account and settled separately in prescribed timescales of 4th EBI.

5.3. As part of the Neutrality mechanism all Balancing Neutrality Charges, payments and receipts, are netted off:

- (a) A residual of the net neutrality position which is in surplus will be paid, through the Neutrality mechanism, to Users based on throughput for the relevant gas day
- (b) A residual of the net neutrality position that is in shortfall will be deemed to be a DSR Fund Imbalance and recovered in accordance with paragraph 5.4.

5.4. Where there is a DSR Fund Imbalance the following arrangements will apply:

- (a) Users with a negative Daily Imbalance Volume shall pay a DSR Fund Imbalance Charge, (in accordance with paragraph 5.5);
following the application of the DSR Fund Imbalance Charge;
- (b) where there continues to be a shortfall in DSR Fund the shortfall in funds will reduce the payments made to all relevant end consumers on a prorated basis.
- (c) where there is a surplus in DSR Fund Imbalance the surplus will be smeared back to all Users through Neutrality mechanism.

For the duration of the GDE the Neutrality mechanism arrangements described in section 6 will apply.

5.5. For the purpose of calculating the DSR Fund Imbalance Charge; a Unit DSR Fund Imbalance Price will be determined as;

- (a) The Unit DSR Fund Imbalance Price shall be the sum of the DSR Fund Imbalance divided by the greater of; the total volume of DSR curtailed through Firm Load Shedding or Network Isolation for the relevant day; and the total volume of Users short imbalance.
- (b) The DSR Fund Imbalance Charge will be the Unit DSR Fund Imbalance Price multiplied by the User’s total negative Daily Imbalance volume.

- 5.6. Users with a negative Daily Imbalance will pay National Grid NTS a DSR Fund Imbalance Charge. The DSR Fund Imbalance Charge will be in addition to the emergency imbalance charge.
- 5.7. Shortfall in the Neutrality account may occur as a result of a Shipper default. This type of shortfall will not present itself until the initial Energy Balancing Invoice, for the relevant day;
- has been generated; and
 - the payment due date has lapsed; and
 - the defaulting Shipper has either only part or not settled the outstanding invoice.

In this instance the prevailing Neutrality Mechanism and Energy Balancing Debt Recovery arrangements will apply, with the exception that the neutrality apportionment will be based on shippers' throughput described in section 6.

6. Relevant UDQI and UDQO during GDE Stage 2+

- 6.1. In respect of a relevant day within GDE Stage 2+ the Balancing Neutrality mechanism will smear all outstanding Balancing Neutrality Charges and Adjustment Neutrality charges over the sum of each relevant User's User Daily Quantities Inputs (UDQI) and User Daily Quantity Outputs (UDQO) for the preceding 365 days. This represents a change to the prevailing neutrality arrangements which currently smear neutrality charges/credits across Users' total UDQI/O for the relevant day.

7. Settlement Timing

- 7.1. Imbalance Charges and DSR Fund Imbalance Charges will be included within the same relevant Energy Balancing Invoice.
- 7.2. DSR Payments to Users, for the settlement of End Consumers payments for involuntary DSR curtailment, shall be invoiced in a subsequent Energy Balancing Invoice within the defined DSR payment timescales of 4th EBI following issue of the relevant EBI.
- 7.3. If a GDE spans across two or more calendar months, the Imbalance Charges calculated in paragraph 2 shall be included within the relevant (separate) Energy Balancing Invoice and not invoiced together.
- 7.4. Users will be obliged to pass the relevant DSR Payments on to their suppliers (as soon as reasonably practicable), which in turn will be obliged to pass these on to customers (as soon as reasonably practicable), e.g. through a rebate on the next energy bill. This process will be enforced through licence conditions.
- 7.5. Xoserve will administer the reconciliation outlined in para 4.12.

8. Demand Side Reduction Information

This section explains the process to identify the supply points curtailed in the event of a GDE escalating.

For Firm Load Shedding (as part of stage 2);

- 8.1. In the event of curtailment associated with FLS in Stage 2; the relevant Gas Transporter (NTS and DN) shall determine each site affected for each day of the GDE and identify for each site;
- (a) Meter Point Reference Number; and
 - (b) For DR sites, volume of demand curtailed (it is expected that this volume will be the same as that calculated for DR ECQ);
 - (c) For NDR sites, User name(s).
- 8.2. This information will be passed onto Xoserve no later than 5 business days after the curtailment has occurred.

For Network Isolation (as part of stage 3):

- 8.3. In the event of a Network Isolation occurring within an LDZ as part of a GDE the relevant Gas Transporter (DN) shall determine each NDR property affected by the Network Isolation for each day of the GDE and identify for each property;
- (a) Meter Point Reference Number; and
 - (b) Postcode and house number;
 - (c) Market Sector Flag

Xoserve will use this information to determine the following:

Meter Point specific Supply Offtake Quantity (SOQ).

- 8.4. No later than 5 business days following the start of a GDE, all Gas Transporters will confirm to Xoserve whether or not Network Isolation occurred within one or more of its Local Distribution Zones and, if Network Isolation has occurred, provide the accompanying Network Isolation information as stated in paragraph above
- 8.5. If, following the submission of the information described in section 8, the relevant Transporter is aware of an amendment to this information the relevant Transporter shall submit an amended version of this information to Xoserve as soon as is reasonably practical. This information shall feed into the process outlined in para 4.11.
- 8.6. If National Grid NTS is unable to process the relevant DSR Payments before submitting the 'final' Energy Balancing Invoice as described in paragraphs 7.1 and 7.2, these payments will be processed within a proceeding Energy Balancing Invoice and shall be funded by Neutrality.
- 8.7. National Grid NTS will, where a User has received a Demand Side Response Payment for one or more of its smaller NDR Supply Points, provide to each User the relevant supporting information to support the onward payment of the DSR Payment to the End Consumer. This supporting information will include the information described in this section 8.

9. Commercial Interruption Contract

Where a Supply Points with a commercially interruptible contract is curtailed as part of Firm Load Shedding

- 9.1. Suppliers shall, where a commercially interruptible contract has been agreed between the Supplier and end consumer, submit to National Grid NTS, 30 days prior to the start of October each year, or, as soon as is reasonably

practical after the information is known but prior to the emergency occurring, the following information relating to the relevant Supply Point;

- (a) The quantity of gas calculated as available for reduction or discontinuance per day “Daily Curtailment Volume” (*maximum can be no more than SOQ*);
 - (b) Details of the specific site, i.e. site name, postcode, LDZ site is located and meter point reference number;
 - (c) Relevant User / supplier name and contact information; and
 - (d) Any other remarks that will need to be known e.g. limitations in time to turn down.
- 9.2. For sites with partial commercially interruptible contracts, the same process will be used as outlined in para 9.1. In addition to the information outlined in para 9.1, the following additional information will be required:
- (a) The quantity of gas calculated as available for reduction or discontinuance per day “Daily Curtailment Volume” as a proportion or percentage of the overall demand; or
 - (b) The quantity of gas demand remaining post curtailment.
- 9.3. The information submitted in 9.1 and 9.2 will be used to determine the volume of demand that will be assumed to be interrupted prior to the curtailment of firm demand in Stage 2.
- 9.4. Xoserve will maintain a register of all Supply Points submitted to it by Users in accordance with paragraph 9.1.
- 9.5. Where a Supply Point with a commercially interruptible contract is curtailed as part of FLS, the relevant User shall receive no Demand Side Response Payment for the volume of contracted commercial demand interruption as calculated in 9.3. The DR ECQ methodology will not apply to this volume of contracted commercial interruption and as such the DR demand shall be assumed to have been reduced by this volume.

10. Process Closeout

- 10.1. The process will close out in line with the current provisions in Section S1.8, i.e. 18 months after the invoice due date. The close out of the process will mean:
- (a) No additional curtailment information will be taken into account post close out date;
 - (b) Any surplus / deficit in the DSR Fund will be recovered from / passed onto neutrality at the next settlement date;
 - (c) No additional DSR Payments will be made to Users or onto consumers;
 - (d) No additional payments will be recovered from Users or Neutrality.

APPENDIX A

Emergency Curtailment Volume Calculation

A1. DSR Volumes

A1.1 The daily Emergency Curtailment Volumes will be calculated using the following formula:

Applicable DR curtailment volume + Applicable NDR curtailment volume

A1.2 The following information is required:

- (a) DM metered volumes;
- (b) LDZ metered volumes;
- (c) Forecast demand prior to NEC demand curtailment instruction.

A1.3 For DR applicable curtailment volume :

DR demand side curtailment volume = The expected offtake for the relevant day, using same methodology as the DR ECQ process – Emergency Curtailment Volume

For days of part curtailment, pro-rated volumes shall be used

A1.4 For NDR demand applicable curtailment volume:

Applicable NDR curtailment volume = (Forecast demand – End of day metered demand)

End of day metered demand = LDZ metered at the end of the day – DM demand

Forecast demand = Forecast demand prior to NEC demand curtailment instruction