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17th July 2026

Dear Colleague,

RE: GAS DEMAND SIDE RESPONSE (DSR) 2026/27 MARKET NOTIFICATION

National Gas Transmission (NGT) acting in its role as the Transmission System Operator of the National Transmission System (NTS) wishes to notify all interested parties of its intention to launch the Annual DSR Option Invitation by Friday 31st July 2026.

Following Ofgem's decision not to approve UNC Modification 0923, the forthcoming DSR Option Invitation will continue to operate under the existing DSR framework. As a result, the arrangements and process for the 2026 DSR Option Invitation remain largely unchanged from those applied in the 2025 tender.

To summarise, the key elements of this year's DSR Option Invitation are:

- The duration of NGT's option assessment period will depend on the number of offers received.
- NGT may take into account the relative value of offers received when assessing options, including:
 - Quantity (larger quantities may be considered more attractive).
 - Option price (which would be paid to a successful tenderer regardless of whether the option is exercised)
 - Exercise price (lower likelihood of payment being required).
- The determination of the Winter Average Demand (WAD) shall be based on 3 years demand history rather than one.
- Tenderers may elect to provide their own forecast demand with accompanying evidence supporting such WAD forecast, which are subject to further terms and conditions.
- In respect of Within Day options:
 - Tenderers may specify a minimum number of hours that shall apply.
 - For Within Day the minimum Option Quantity must be higher than 100,000 kWh taking into account the lead time.
- Class 2 Consumers can contract directly with NGT for DSR Options as well as Class 1 Consumers; and
- Consumers that would otherwise be required to provide credit support for their DSR option may instead elect to receive their option fee after the end of the relevant winter period.

As part of the DSR Option Invitation, NGT will be seeking commitments from shippers and eligible Consumers to offer DSR options which may be exercised Within Day, and/or at D-1 (day ahead of delivery) and/or at D-5 (5 days ahead of delivery) (DSR Option Offers) for the

forthcoming Winter Period (1st November 2026 to 30th April 2027) and for the next two Winter Periods, thereafter, as described in UNC TPD section D7.¹

Whilst aggregate DSR quantities offered have increased year on year since 2022, they remain relatively small compared to the likely level of system demand on a day when DSR might be called.

For the DSR Option Invitation, the following shall apply:

If an aggregate Option Quantity which is capable of acceptance of less than **25,000,000 kWh** (2.3 mcm/d²) is received, then:

- **NGT would anticipate rejecting all offers**
- **NGT will continue to assess its position** related to DSR
- The **pre 2022 DSR arrangements** 'on the day, shipper only DSR' would be **retained** to provide industrial consumers with a potential route to market.

A standard set of terms and conditions applies to all DSR options where NGT contracts directly with a consumer and are available on the DSR webpage of NGT's website.³

Eligibility

Tenderers will offer a level of demand in respect of a site that would not be exceeded if DSR were called for that site. The option payment will be based on the Option Quantity which is the difference between the average daily winter demand for that site (or forecast as the case may be) and the tendered quantity. The Option Quantity must be at least 100,000 kWh.

The DSR Option Invitation Process

Once the DSR Option Invitation is launched, a link will be made available on our DSR webpage where interested parties can download the DSR Offer documents.

The DSR Option Invitation documentation will consist of two offer packs, whereby parties will be invited to complete the offer pack relevant to their organisation: -

- Offer pack one for Shippers to complete.
- Offer pack two for Direct Contracting Consumers to complete.

The key dates for this event are as follows:

¹ [UNC TPD D7](#)

² 2.3 mcm/d would represent a ~70% increase in aggregate quantity offered from the 2025 tender

³ [DSR Consumer Contract](#)

Less than 15 DSR Option Offers were received	10 Business Days Assessment
Activity	Date
Market Notification (10 days before Tender launched)	by Friday 17th July 2026
DSR Option Invitation commences (UNC obligation)	by Friday 31st July 2026
Offers Submission Deadline	13:00 (BST) Friday 11th September 2026
Offer Assessment period*	Monday 14th September to Friday 25th September 2026
Offer and Acceptance letters sent**	Friday 25th September 2026
Rejection letters sent**	Friday 25th September 2026
Deadline for publication of tender outcomes	Friday 2nd October 2026
DSR Options effective (01 Nov 26 to 30 April 27)	Saturday 1st November 2026

*NGT may extend these dates by either 1-week or 2-weeks dependant on the number of offers received.

**If aggregate option fees that NGT accept exceed £36m, a referral to Ofgem is required which will extend these dates by up to 2 weeks.

If any shipper or consumer is interested in participating in this DSR Option Invitation and wishes to know their daily winter average demand of a site in respect of which they are the Registered User or Consumer or wish to know its current annual contract limit before submission of its DSR offer, please e-mail Brendan.Mullan@nationalgas.com and Jamie.mullally@nationalgas.com

Yours Sincerely,

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