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13th June 2025

Dear Colleague,

RE: GAS DEMAND SIDE RESPONSE (DSR) 2025/26 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 on Friday 27th June 2025.

The forthcoming DSR Option Invitation will follow the same process as last year; no changes to the DSR regime have been made since the 2024 tender.

To summarise some of the main elements for this year's DSR Option invitation are:

- The NGT option assessment period is dependent on the number of offers received.
- NGT may take into account the relative value of offers received, based upon:
 - Quantity (a larger quantity is 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.
- Changes to within-day options:
 - Tenderers may specify a minimum number of hours that shall apply.
 - The minimum Option Quantity must be higher than the 100,000 kWh that applies to D-1 and D-5 options.
 - For Within Day the minimum Option Quantity must be higher than the 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.

A full description of the DSR reforms that have been implemented since the 2023 DSR Option Invitation can be found in section 5 'Solution' of the Final Modification Report for UNC Modification 0866S.

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 2025 to 30th April 2026) 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 this year's DSR Option Invitation the following will therefore apply:

If an aggregate Option Quantity which is capable of acceptance of less than **25,000,000 kWh** (2.3 mcmd²) is received, then;

- **NGT Shall accept no offers**
- NGT shall take steps to **withdraw the Annual DSR Option Invitation from the Uniform Network Code**
- 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.

¹ [UNC TPD D7](#)

² 2.3 mcmd would represent an exponential increase in aggregate quantity offered from the 2024 tender

³ [DSR Consumer Contract](#)

The key dates for this event are as follows:

Activity	Date
Market Notification	Friday 13th June 2025
DSR Option Invitation commences	Friday 27th June 2025
Offers Submission closes	13:00 (BST) Friday 29th August 2025
Offer Evaluation period*	Monday 1st September to Friday 10th September 2025
Offer and Acceptance letters sent**	Friday 10th September 2025
Rejection letters sent**	Friday 10th September 2025
Deadline for publication of DSR Option outcomes	Friday 17th September 2025
DSR Options effective (01 Nov 25 to 30 April 26)	Saturday 1st November 2025

*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 Abi.Silver@nationalgas.com

Yours Sincerely,

Brendan Mullan

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