

Senior Contracts Officer
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27th June 2025

Dear Colleague,

RE: ANNUAL DEMAND SIDE RESPONSE (DSR) OPTION INVITATION

National Gas Transmission (NGT), acting in its role as the Transmission System Operator of the National Transmission System (NTS), is today launching an DSR Option Invitation event for Demand Side Response (DSR) options in accordance with its obligations under the Uniform Network Code (UNC).

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 DSR Option Invitation.

To summarise the key elements for this year's DSR Option invitation are:

- The NGT option assessment period is dependent upon 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 a forecast WAD with accompanying evidence which is subject to further terms and conditions.
- Tenderers may specify a maximum number of consecutive days on which an option may be exercised.
- Changes to within-day options:
 - Tenderers may specify a minimum number of hours that shall apply.
 - For Within Day the Option Quantity must be equal to or greater than the 100,000-kWh taking into account the lead time.
- Class 2 Consumers may now 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.

Eligibility

Responses to this DSR Option Invitation may be submitted either by a Shipper that is the Registered User at an eligible supply point or by the Consumer at the supply point where the WAD minus the DSR Reduced Quantity is equal to at least 100,000 kWh.

As part of the DSR Option Invitation, NGT will be seeking commitments from shippers and eligible Consumers who place a DSR offer to reduce their flows when 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 to 30th April) and the next two Winter Periods, thereafter, as more particularly described in UNC TPD section D7.¹ A standard set of terms and conditions applies to all DSR options where NGT contracts directly with a consumer, this contract is available on the DSR webpage of NGT's website.²

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 mcmd³) 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.

DSR OPTION INVITATION DOCUMENTATION

The documentation relating to this DSR Option Invitation are listed below:

Documentation	All	Direct Contracting Consumers Only
This DSR Option Invitation Letter	X	
DSR Option Invitation Guidance Document	X	
Consumers Offer Pack 1 – Within Day Option Offers 2025/2026, 2026/2027, 2027/28	X	
Consumers Offer Pack 2 – Day Ahead Option Offers 2025/2026, 2026/2027, 2027/28	X	
Consumers Offer Pack 3 – D-5 Option Offers 2025/2026, 2026/2027, 2027/28	X	
Shippers Offer Pack 4 – Within Day Option Offers 2025/2026, 2026/2027, 2027/28	X	
Shippers Offer Pack 5 – Day Ahead Option Offers 2025/2026, 2026/2027, 2027/28	X	
Shippers Offer Pack 6 – D-5 Option Offers 2025/2026, 2026/2027, 2027/28	X	
NGT-Consumer DSR Contract (template)		X
Parent Company Guarantee (template)		X
Letter of Credit (template)		X
Deposit Deed (template)		X

These documents are all available now for download using the link below which can be found on the National Gas DSR homepage

[Demand Side Response \(DSR\) | National Gas](#)

¹ [UNC TPD D7](#)

² [Consumer DSR contract](#)

³ 2.3 mcmd would represent an exponential increase in aggregate quantity offered from the 2024 DSR option Invitation

DSR OPTION INVITATION TIMETABLE

The key dates for the DSR Option Invitation are as follows:

Activity	Date
Market Notification	Friday 13th June 2025
DSR Option Invitation commences	Friday 27th June 2025
Offers Submission Deadline	13:00 (BST) Friday 29th August 2025
Offer Assessment period*	Monday 1st September to Friday 12th September 2025
Offer and Acceptance letters sent**	Friday 12th September 2025
Rejection letters sent**	Friday 12th September 2025
Deadline for publication of tender outcomes	Friday 19th September 2025
DSR Options effective (01 Nov 25 to 30 April 26)	Saturday 1st November 2025

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

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

CREDIT SECURITY (For Direct Consumers Only)

During the assessment period, NGT will procure a credit assessment via Creditsafe on each Consumer that has submitted a DSR Option Offer directly to NGT. This assessment will return a recommended annual contract limit based upon the credit agency's guidance.

Alternatively, where a Consumer submits a DSR Option Offer and does not satisfy the credit conditions of the DSR Contract, the consumer may elect to receive its option fee after the Winter Period to which its offer applies instead of providing credit support.

Security may be provided in the form of a Parent Company Guarantee, Deposit Deed or Letter of Credit, the forms of which are published on the DSR webpage located in the Offer documentation section and subject, at all times, to such security being provided by a financial institution or security provider (as the case may be) acceptable to NGT (acting reasonably).

Should a Consumer wish to know its current annual contract limit before submission of its offer, again, please email brendan.mullan@nationalgas.com and abi.silver@nationalgas.com

WINTER AVERAGE DEMAND (WAD)

Following a DSR Option Invitation, NGT will determine and notify the WAD to each DSR Participant whose DSR Option was accepted.

Alternatively, if a prospective DSR Participant considers that WAD as calculated will not accurately reflect demand for the Winter Period in respect of which a DSR Option Offer is being submitted, such party may submit a forecast of its WAD ("Winter Average Demand Forecast") as part of its DSR Option Offer but Option payments will be retained, further details are available in the DSR Option Invitation guidance document.

Quantity offered

Tenderers are invited to offer a quantity of daily demand that would not be exceeded if DSR was called ('DSR Reduced Quantity'). The quantity to calculate payment will then be based on the difference between the average daily winter demand ('Winter Average Demand') for that site and the tendered DSR Reduced Quantity. The difference between these two values is termed the 'Option Quantity' and must be a minimum of 100,000 kWh.

If any Shipper or Consumer is interested in participating in this DSR Option Invitation and wishes to know the WAD of a site in respect of which they are the Registered User or Consumer before submission of an offer, please e-mail brendan.mullan@nationalgas.com and abi.silver@nationalgas.com

DSR OPTION INVITATION SUBMISSION DATE

Participants of this DSR Option Invitation event must submit their DSR Offer pack(s) via email to brendan.mullan@nationalgas.com and abi.silver@nationalgas.com no later than **13:00 BST on Friday 29th August 2025**.

If a tenderer wishes to submit any additional information in relation to its offer, a cover letter can be attached to the DSR offer pack. NGT shall carry out an offer assessment of all offers received and may accept compliant DSR Option offers in accordance with UNC TPD section D7.6

DSR CONTRACTUAL RELATIONSHIP

Where a Shipper wishes to participate in a DSR Option Invitation and / or post a DSR Market Offer the Shipper must seek agreement via the Supplier with the relevant Consumer.

Where a DSR Market Offer is accepted by NGT:

The DSR Market Offer acceptance will be a contractual arrangement between the Shipper and NGT through the existing OCM Market Rules and UNC contractual arrangements.

Where a Consumer wishes to directly participate in a DSR Option Invitation and has a DSR Option Offer accepted by NGT, the terms of the DSR Contract published by NGT shall apply to that DSR Option. NGT will produce and publish an offer outcome report which will be shared with Ofgem and the industry on an anonymous basis within 5 working days from notification of accepted / rejected option offers to tenderers.

If you would like to discuss the DSR Option Invitation event further or have any questions, please contact brendan.mullan@nationalgas.com and abi.silver@nationalgas.com or Philip.hobbins@nationalgas.com

Yours sincerely,

Brendan Mullan

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