national gas transmission

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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).

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

To summarise the key elements for 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 forecasts, 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.

Registered office Warwick Technology Park, Gallows Hill, Warwick CV34 6DA
Registered in England and Wales No. 02006000

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 must be 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 2026 to 30th April 2027) 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 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/d[3]) 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.

DSR OPTION INVITATION DOCUMENTATION

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

Documentation	Contract Years	All	Direct Contracting Customers Only
Invitation to offer Letter.		x	
Consumers Offer Pack 1 – Within Day Option Offer	2026/27, 2027/28, 2028/2029	x	
Consumers Offer Pack 2 – Day Ahead Option Offer	2026/27, 2027/28, 2028/2029	x	
Consumers Offer Pack 3 – D-5 Option Offers	2026/27, 2027/28, 2028/2029	x	
Shippers Offer Pack 4 – Within Day Option Offers	2026/27, 2027/28, 2028/2029	x	
Shippers Offer Pack 5 – Day Ahead Option Offers	2026/27, 2027/28, 2028/2029	x	
Shippers Offer Pack 6 – D-5 Option Offers	2026/27, 2027/28, 2028/2029	x	
NGT-Consumer DSR Contract (template)			x
Parent Company Guarantee (template)			x
Letter of Credit (template)			x
Deposit Deed (template)			x

[1] UNC TPD D7
[2] Consumer DSR contract
[3] 2.3 mcm/d would represent a ~70% increase in the aggregate quantity offered from the 2025 tender

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.

DSR OPTION INVITATION TIMETABLE

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

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 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 Directly Contracting 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 jamie.mullally@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, a participant may submit a forecast of its WAD as part of its DSR Option Offer for the relevant Winter Period with accompanying rationale/evidence supporting such WAD Forecast. Please note Option Fee

Instalments shall be retained by NGT until actual demand data for such Winter Period is available, 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 of which they are the Registered User or Consumer before submission of an offer, please e-mail brendan.mullan@nationalgas.com and jamie.mullally@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 jamie.mullally@nationalgas.com no later than **13:00 BST on Friday 11th September 2026.**

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 Emma.Lowrie@nationalgas.com.

Yours sincerely,

Brendan Mullan

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Commercial and Incentives
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