

# Gas Demand Side Response (DSR)

Tender Outcome Report

October 2026

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## 1.0 Executive Summary

UNC TPD section D7.6.7 requires National Gas Transmission (NGT) to publish aggregated information relating to a Demand Side Response (DSR) tender within 5 business days from the date on which notifications were given to tenderers about whether NGT had accepted their DSR Option Offer. This document fulfils that obligation and provides a summary of the outcome of the recent DSR Invitation to Offer event that was launched on the 31st July 2026.

Through the Invitation to Offer event, NGT sought offers from Shippers and eligible Consumers to reduce their gas demand if certain national supply/demand conditions are experienced. Three DSR products were offered which could be exercised for the forthcoming Winter Period (1 November 2026 to 30 April 2027), and the following next two Winter Periods (1 November 2027 to 30 April 2028 and 1 November 2028 to 30 April 2029); within-day, D-1 (day ahead of delivery) or D-5 (5 days ahead of delivery).

NGT began the first annual DSR tender process in 2022, therefore this is the fifth time the process has been run. Earlier this year, NGT communicated to industry and potential consumer participants that while market growth had been achieved year on year, aggregate volumes tendered to date remain below what is required for gas DSR to fulfil its primary purpose – to mitigate the risk of a national gas supply shortage progressing to a Network Gas Supply Emergency (NGSE) or at least materially limit the extent and duration of such emergency. NGT is also mindful that decisions about which offers to accept or reject in previous tenders have sought to balance stimulation of this nascent market with our obligation to procure balancing services economically and efficiently.

Following closure of this year's tender, NGT considered what level of aggregate volume offered, that would be capable of acceptance, would, in its view, be the minimum needed to consider acceptance of any offers this year, in accordance with our obligation to procure balancing services in an economic and efficient manner. Consistent with our approach to the 2025 tender, NGT determined that an aggregate option quantity threshold of ~2.3 mcm/d (~25,000,000 kWh) would be needed for DSR to fulfil its primary purpose and that acceptance of offers which in aggregate fall short of this value would not be economic or efficient.

**The aggregate quantity offered that was capable of acceptance in this year's tender was 1.42 mcm/d, therefore NGT has not accepted any DSR offers from this year's tender**

## 2.0 DSR Invitation to offer event.

On 06 February 2026, NGT raised the modification proposal (UNC 0923) 'Disapplication of TPD Section D7 (DSR Options) for 2026 only' which would temporarily defer the 2026 DSR tender for pre-contracted DSR. NGT sought a temporary deferral of the DSR tender process to enable NGT to undertake a robust industry engagement programme and to fully assess the outcome of the DESNZ Gas System in Transition: Security of Supply consultation. The UNC 0923 modification was considered through the Joint Office Transmission Workgroup process, and the final Ofgem decision was that the modification should not be implemented, therefore the DSR tender event was completed as per UNC TPD section D7.6.7.

The launch of the DSR Invitation to Offer Event (for winters 26/27, 27/28 and 28/29) was communicated to the market via the Joint Office on the 31st July 2026 and the tender closed on the 11<sup>th</sup> September 2026.

Responses were submitted either by a Shipper that is the Registered User at an eligible supply point or by an eligible Consumer at a supply point.

Tenderers were invited to offer a quantity of daily demand that would not be exceeded if DSR was called upon ('DSR Reduced Quantity'). The quantity to calculate payment would 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.

### 3.0 DSR Offers received

Summary of the offers received this year compared to the last five years:

| Year of Tender | Winter Periods for which offers received | Number of Tenderers | Number of offers received | Aggregate Quantity (kWh/day) of Offers received | Weighed Average Price of offers received (p/kWh/day) | Aggregate quantity of offers kWh/day (mcm/d) capable of acceptance |
|----------------|------------------------------------------|---------------------|---------------------------|-------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------|
| 2022           | 2022-23                                  | 2                   | 2                         | 2,100,000                                       | 0.63p                                                | 2,100,000 (0.19 mcm)                                               |
| 2023           | 2023-24                                  | 9                   | 16                        | 12,752,026                                      | 0.60p                                                | 8,065,483 (0.73 mcm)                                               |
| 2024           | 2024-25 2025-26 2026-27                  | 15                  | 25                        | 19,871,489                                      | 0.88p                                                | 14,016,080 (1.27 mcm)                                              |
| 2025           | 2025-26                                  | 16                  | 18                        | 21,633,151                                      | 0.47p                                                | 14,546,415 (1.32 mcm)                                              |
| 2026           | 2026-27 2027-28 2028-29                  | 14                  | 17                        | 19,467,862                                      | 0.49p                                                | 15,580,176 (1.42 mcm)                                              |

### 4.0 DSR Offers accepted

Summary of the offers accepted:

| Year of Tender | Number of Offers accepted | Volumes Accepted (kWh) | Total Accepted Offers (£) |
|----------------|---------------------------|------------------------|---------------------------|
| 2022           | 2                         | 2,100,000 (0.19 mcm)   | £1,463,000                |
| 2023           | 6                         | 6,396,722 (0.58 mcm)   | £6,638,417                |
| 2024           | 6                         | 4,290,638 (0.39 mcm)   | £3,666,242                |
| 2025           | 0                         | 0                      | 0                         |
| 2026           | 0                         | 0                      | 0                         |

## 5.0 Explanation for our decision

Similar to the 2025 tender, NGT informed industry and potential consumer participants via its pre-tender communications that if an aggregate Option Quantity which is capable of acceptance of less than **25,000,000 kWh** (2.3 mcm/d) 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.

Despite year-on-year volume growth in capable of acceptance DSR, volumes tendered remained below what is required for DSR to fulfil its purpose as a pre-emergency tool to mitigate a potential NGSE.

**This year's DSR summer tender failed to achieve this target, falling short by ~1 mcm/d.** NGT therefore concluded that no DSR Option Offer should be accepted this year as doing so could not be considered economic and efficient given the minimum requirement NGT set for DSR to fulfil its primary purpose.

## 6.0 Next Steps

Introduction of an aggregate volume threshold has been unable to achieve DSR volume offers that could allow NGT to consider acceptance in accordance with our obligation to do so in an economic and efficient manner. National Gas will therefore engage with industry, DESNZ and Ofgem to discuss the findings from this year's tender process in order to understand how best to achieve the aims of the product.

In accordance with UNC TPD section D7.6.7, offers received are summarised below;

**Winter 2026/2027, 2027/2028, 2028/2029**

|     |                                                                                                                                                                                                                                                                                                                          |                 |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| (a) | Total Option quantities offered under all DSR Option offers                                                                                                                                                                                                                                                              | 19,467,862 kWh* |
| (b) | Total Option quantities for which offers were accepted                                                                                                                                                                                                                                                                   | 0               |
| (c) | The number of DSR Participants submitting DSR Option offers                                                                                                                                                                                                                                                              | 14              |
| (d) | The number of supply points in respect of which DSR option were submitted                                                                                                                                                                                                                                                | 17              |
| (e) | The weighted average option price under all accepted DSR option offers                                                                                                                                                                                                                                                   | n/a             |
| (f) | The Lowest and the Highest option prices for which DSR Option offers were accepted                                                                                                                                                                                                                                       | n/a             |
|     | Lowest                                                                                                                                                                                                                                                                                                                   |                 |
|     | Highest                                                                                                                                                                                                                                                                                                                  |                 |
| (g) | The Lowest and the Highest Exercise prices for which DSR Option offers were accepted separately for Exercise Prices                                                                                                                                                                                                      | n/a             |
|     | Lowest                                                                                                                                                                                                                                                                                                                   |                 |
|     | Highest                                                                                                                                                                                                                                                                                                                  |                 |
|     | Lowest                                                                                                                                                                                                                                                                                                                   |                 |
|     | Highest                                                                                                                                                                                                                                                                                                                  |                 |
| (h) | the total amount in respect of Daily Option Fees payable in respect of all accepted option offers                                                                                                                                                                                                                        | n/a             |
| (i) | the number of Consumers participating that submitted DSR Option Offers,                                                                                                                                                                                                                                                  | 14              |
| (j) | The number of Consumers that have had DSR Option Offers accepted                                                                                                                                                                                                                                                         | 0               |
| (k) | the number of Users that submitted DSR Option Offers                                                                                                                                                                                                                                                                     | 0               |
| (l) | the number of Users that have had DSR Option Offers accepted                                                                                                                                                                                                                                                             | 0               |
| (m) | Subject to the number of accepted DSR Option Offers for each of the Within Day option, Day - Ahead option and 5 day Ahead Option being greater than or equal to 3 , the weighted average option and exercise prices accepted per DSR product (within-day, D-1,D-5)                                                       | n/a             |
|     |                                                                                                                                                                                                                                                                                                                          | <b>Option</b>   |
|     | Within Day                                                                                                                                                                                                                                                                                                               |                 |
|     | D-1                                                                                                                                                                                                                                                                                                                      |                 |
|     | D-5                                                                                                                                                                                                                                                                                                                      |                 |
|     |                                                                                                                                                                                                                                                                                                                          | <b>Exercise</b> |
|     | Within Day                                                                                                                                                                                                                                                                                                               |                 |
|     | D-1                                                                                                                                                                                                                                                                                                                      |                 |
|     | D-5                                                                                                                                                                                                                                                                                                                      |                 |
| (n) | Subject to the number of accepted DSR Option Offers for each of the following sectors (being categorised as chemicals, food and drink, Steel and Glass (Heavy Industry) other manufacturing, public services and other) being greater than or equal to 3 , the number of accepted DSR Option Offers for each such sector | n/a             |
|     | Within Day                                                                                                                                                                                                                                                                                                               |                 |
|     | D-1                                                                                                                                                                                                                                                                                                                      |                 |
|     | D-5                                                                                                                                                                                                                                                                                                                      |                 |
|     | * This is total quantity of offers and not what NGT could accept as there were offers for more than one product - In accordance with the DSR methodology NGT are unable to take those further as the methodology/rules state that only one such offer can be accepted.                                                   |                 |