

## **Modification Proposal 0088 'Extension of DM Service to enable consumer demand side management': Potential Impacts**

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The development workgroup for Modification Proposal 0088 met on 08 May to consider a number of outstanding issues in relation to responses to the initial modification consultation and legal text. The workgroup had not previously had an opportunity to fully consider all these issues. In advance of the meeting Ofgem provided the group with advice on the key issues we considered helpful for the group to focus on. These issues related to the proposals aim; potential impact; and potential cost.

We note that the group was not able to reach any firm conclusions with regards to these issues. The group acknowledged that further information relating to the proposed modifications potential impact on the UK Link system, system users and customers would assist the UNC Panel and Ofgem in reaching a recommendation/decision on whether the proposal should be implemented.

The group also noted that one of the reasons for the lack of progress in assessing these issues was because of the commercially sensitive nature of certain aspects of the information the group required to fully assess the potential impacts of the proposal. Therefore, Ofgem has agreed to receive and collate any information on the issues related to the potential costs and benefits of the proposal on users of the system. We will then aggregate this information where possible and present it to the UNC Panel to help inform their decision on whether to recommend implementation of modification proposal 0088.

We have set out a series of questions below but would be happy to pass on further information, related to the proposal, if requested. Please only send us information if you are happy for this to be sent to the UNC in an anonymous and aggregated (where possible) form.

Please submit responses to [wholesale.markets@ofgem.gov.uk](mailto:wholesale.markets@ofgem.gov.uk) by **8 June 2007**.

### **All users**

What are the potential administrative, operational and contractual costs to your business of implementing this proposal?

### **Shippers**

1. How many sites within your portfolio currently sit within the proposed DM(AMR) band?
2. How many of these sites, whilst below the DM threshold, already have Daily Read Equipment installed for the purposes of system balancing (and paid for by the GT)?
3. How many of these sites, with AMR technologies, have indicated they would be interested in registering as DM(AMR)? Of these, what are the potential cost savings these sites could make (For example, how much could a customer save by contracting on a daily rate instead of an annual one)?
  - a. In volume terms, how much demand-side response could be expected from these sites?

4. How many sites without AMR technologies have indicated they would be interested in registering as DM(AMR)? Of these, what are the potential cost savings these sites could make (For example, how much could a customer save by contracting on a daily rate instead of an annual one)?
  - a. In volume terms, how much demand-side response could be expected from these sites?
5. The final modification report for this proposal currently states that costs should aim to be recovered through the established price control review or Class 3 UK Link change processes. If this modification were to be classified as class 3 would your views on the proposal change, and if so how?