Section G: Change Pack

# G1: Communication Detail

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| Comm Reference: | 2973.2 - MT - PO |
| Comm Title: | XRN4992a - Modification 0797 (Urgent) – Last Resort Supply Payments Volumetric Charges (Interim Solution) |
| Comm Date: | 14/02/2022 |

**G2: Change Representation**

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| Action Required: | For Information Only |
| Close Out Date: | 28/02/2022 |

# G3: Change Detail

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| Xoserve Reference Number: | XRN4992a |
| Change Class: | Functional System and File Format Changes |
| ChMC Constituency Impacted: | Shipper Users  Distribution Networks (DNs) |
| Change Owner: | Ellie Rogers  [ellie.rogers@xoserve.com](mailto:ellie.rogers@xoserve.com)  +44 1212 292 185 |
| Background and Context: | ***Please be aware that, as previously agreed at ChMC in January-22, this Detail Design Change Pack is being issued for information only. An original detail design change pack was issued out in January-22 that outlined the detailed solution/process that included both proposed modifications, but since issuing, an Ofgem decision has been made to approve UNC Modification 0797, so a revised Detail Design Change Pack is being issued for information only.***  ***At ChMC on the 9th February 2022, it was approved to move XRN4992a into delivery for implementation under the November 2021 Major Release within its PIS period (planned for April-22) for the introduction of an Invoicing process that supports UNC Modification 0797 implementation.***  ***Please also note a title change for XRN4992 as a result of approval to UNC Modification 0797:***   * ***Old Title: XRN4992 - Modification 0687 - Creation of new charge to recover Last Resort Supply Payments*** * ***New Title: XRN4992 - Modification 0797 (Urgent) - Last Resort Supply Payments Volumetric Charges***   UNC Modification [0797](https://www.gasgovernance.co.uk/0797) seeks to introduce a new Supplier of Last Resort (SoLR) Customer Charge through which the Distribution Networks (DNs) will look to recover any Last Resort Supply Payment (LRSP) arising from a SoLR event. To provide some context, the SoLR Supplier can make a claim for a LRSP to cover its costs once the customers have been transferred into their portfolio. This can include credit balances outstanding for domestic customers.  Change Proposal XRN4992 was originally raised to deliver the system requirements for UNC Modification 0687 but was placed on hold by ChMC until a decision was made by Ofgem on the Modification. Over recent months, UNC Modification 0687V & 0797 have been proposed to be considered by Ofgem and as per ChMC discussions and agreement, XRN4992 has been re-visited to consider the process and solution from these Modifications.  In recent weeks, Ofgem have approved UNC Modification 0797 for an implementation date of 1st April 2022.  XRN4992 has also, in light of the implementation timescales and industry need, been agreed to be split into two parts, with an interim solution (Part A - RTB Invoicing) being delivered initially and an enduring solution (Part B - Core Invoice) to be considered by ChMC subsequently under a later release.  All details relating to XRN4992 can be found on our website (link below).  [Link to XRN4992 Change Proposal](https://www.xoserve.com/change/change-proposals/xrn-4992-modification-0797-urgent-last-resort-supply-payments-volumetric-charges/)  This Detail Design Change Pack is for **XRN4992a interim solution only**, XRN4992b enduring solution will be progressed separately in accordance with ChMC governance procedures and will be considered as a Major Release candidate at a later point in time, as per previous ChMC discussions. |

# G4: Change Impact Assessment Dashboard (UK Link)

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| Functional: | Invoicing |
| Non-Functional: | None |
| Application: | AMT, SAP ISU, SAP PO |
| User(s): | Shipper Users  Distribution Network (DN) |
| Documentation: | Comprehensive Invoices Charge Types Lists |
| Other: | None |

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| --- | --- | --- | --- | --- |
| Files | | | | |
| File | Parent Record | Record | Data Attribute | Hierarchy, File Format or Record |
| n/a | n/a | n/a | n/a | n/a |

# G5: Change Design Description

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| The below details outline the end to end process for the introduction of the new Supplier of Last Resort (SoLR) Customer Charge being implemented under XRN4992a in accordance with approved UNC Modification 0797.  **Overview**  Currently, DNs recover the LRSP costs through the invoicing of Transportation Charges via the Shippers, however this is largely invisible and not transparent. XRN4992a proposes to introduce and implement a new invoice charging process (as per UNC Modification 0797) which will make it clear where the Shippers are being charged for SoLR LRSP Claims to be recovered by DNs.  XRN4992a is seeking to implement an interim solution that will introduce a new process for invoicing the SoLR Customer Charges to Shippers via the Request To Bill (RTB) Invoice.  **High-Level Process**  The below outlines the high-level process relating to SoLR LRSP Claims and the newly introduced SoLR Customer Charge. In subsequent sections these high-level steps are expanded on to provide additional detail.   1. *Supplier ‘fails’, triggering the SoLR process, Ofgem confirm the SoLR and agree to the LRSP* 2. *DNs receive SoLR LRSP Claim from SoLR Supplier for the LRSP* 3. *DNs calculate SoLR Customer Charges for individual SoLR LRSP Claims* 4. *DNs publish Aggregated SoLR Customer Charge rates* 5. *CDSP Recover LRSP Charges (via SoLR Customer Charge) on behalf of the DNs*   **1. Supplier ‘fails’, triggering the SoLR process, Ofgem confirm the SoLR and agree to the LRSP**  Where a Supplier ‘fails’, Ofgem receives and assesses SoLR requests for the ‘failed’ Supplier portfolio as well as proposals for the LRSP. Ofgem then appoints a SoLR by way of Gas Direction and approves the associated LRSP. This step will remain the same as per existing SoLR process for all parties.  However, for XRN4992a, the CDSP will be introducing an additional step in the SoLR process to provide the DNs with a new report. This report will assist them in the calculation of the SoLR Customer Charges (details provided in a subsequent section).   * Modification **0797**: Snapshot of the DN portfolio *(excluding IGT/NTS SMPs)*   + *Summary:* Count of Supply Meter Points & Sum of Quantity Values split by Market Sector Code, Class & LDZ for the DN’s as at 1st December each year   + *Frequency:* Annually - Snapshot as of 1st December   + *Delivery Timelines:* In line with existing DN reporting (e.g. BOPRI) to aid in rate calculation activities to feed into the DN Charging Statements   + *Delivery Method:* Email to the DN Pricing Managers (in line with existing process)   **2. DNs receive SoLR LRSP Claim from SoLR Supplier for the LRSP**  Once all SoLR activities have been completed (e.g. portfolio has been moved over to the SoLR), the DNs may then receive a claim from the SoLR for the LRSP costs (SoLR LRSP Claim). Ofgem will, in accordance with Modification 0797, provide the DNs the LRSP details that are needed to be recovered split by Domestic & Non-Domestic, if no split of Domestic/Non-Domestic is provided by Ofgem, the DNs will use the reports provided by the CDSP in the calculation of the SoLR Customer Charge rates. *Please note that not all SoLR events will result in a SoLR LRSP claim to the DNs.*  No changes to this element of the process are being made as part of XRN4992a.  **3. DNs calculate SoLR Customer Charges for individual SoLR LRSP Claims**  Where an SoLR LRSP Claim is made by a SoLR, the DNs are required to calculate the SoLR Customer Charge rates for each individual SoLR LRSP Claim. The way the DNs are required to calculate the SoLR Customer Charge rates are set out within UNC Modification 0797 documentation and legal text.  The DNs are required, using the report(s) provided by the CDSP (along with other data) to calculate an appropriate SoLR Customer Charge for each SoLR LRSP Claim that will look to recover the LRSP. Each claim is required a Domestic SoLR Customer Charge rate and a Non-Domestic SoLR Customer Charge rate from each DN *(rates are not to be split/provided by individual LDZ but are to cover all LDZs within a recognised DN network area, i.e. GT2, GT3, GT4, GT5 & TGT (EOE, LDN, NW & WM).*  The DNs will then aggregate the SoLR Customer Charge rates for all qualifying SoLR LRSP Claims into a single rate for Domestic and a single rate for Non-Domestic. This is then needed to be provided to the CDSP to facilitate the recovery of all LRSP costs over a 12-month period (details in the following section).  **4. DNs publish Aggregated SoLR Customer Charge rates**  The DNs are required to publish the SoLR Customer Charge rates within their annual Changing Statements that cover the forthcoming Financial Year (April-March). To achieve this, they will take all calculated SoLR Customer Charge rates for all qualifying SoLR LRSP Claims that have been received/approved up to the deadline for publication (generally Mid/End-January) and aggregate these into a single SoLR Customer Charge rate for Domestic and a single SoLR Customer Charge rate for Non-Domestic.  Please note:   1. The CDSP will have no visibility on the number of SoLR LRSP Claims being worked on/ processed by the DNs for the forthcoming Financial Year (not all SoLR events result in a SoLR LRSP Claim), the CDSP will only receive two rates (Domestic & Non-Domestic) for each Network Area from each DN covering all SoLR LRSP Claims to be recovered from the Shippers. 2. If no qualifying SoLR LRSP Claims are received/processed to feed the SoLR Customer Charge rate Calculations or claims only apply to one particular Market Sector Code, then it is expected that the DNs will publish rate(s) of Zero (0.0000) for the SoLR Customer Charge rates within their Charging Statements. *The CDSP will still run the invoicing cycle, but no invoice/charge will be issued from applying the Zero rate.*   The DNs will, along with the publication of their Charging Statements, be required to submit to the CDSP the aggregated Domestic & Non-Domestic SoLR Customer Charge rates via a new Pricing Template. This new Pricing Template will be created and provided to the DN Pricing Managers for use of updating the SoLR Customer Charge rates throughout the period of the interim solution being in situ. Changes to the rates expected to be once per annum with the publication of the DN Charging Statements.  Once received, the Pricing Template will be validated against the individual DN Charging Statements, with queries being raised if discrepancies occur. If the provided SoLR Customer Charge rates pass validation, these will be loaded into UK Link, ready to be used in downstream invoicing processing (details in the following section).  Example Pricing Template can be found [***here***](https://umbraco.xoserve.com/media/42935/dn_solr_customer_charge_pricing_template_v01fa-1.pdf) for information purposes only.  **5. CDSP Recover LRSP Charges (via SoLR Customer Charge) on behalf of the DNs**  Once the SoLR Customer Charge rates have been published and provided to the CDSP, the recovery process will commence. The LRSP recovery period is defined as, in accordance with the Charging Statements, the proceeding Financial Year (April-March) with the invoicing cycle being carried out monthly, so a full 12 invoicing runs will be observed to recover the LRSP charges.  The LRSP charges (via the SoLR Customer Charge) will be recovered in line with the Capacity Invoice process in relation to **timelines only**. This is because, as for XRN4992a interim solution, the SoLR Customer Charges will appear on a Request To Bill (RTB) invoice and not the Core Capacity Invoice. However, the SoLR Customer Charges will be issued out on the 4th Business Day in line with the Capacity Invoice.  **Invoice Summary**  The SoLR Customer Charges will be invoiced a month in arrears, so the RTB invoice for a given billing month will be issued out on the 4th Business Day of the following month.  *Example:* April invoice covering the Billing Period of 1st – 30th April will be invoiced to Shippers on the 4th Business Day of May.  To facilitate the invoicing of the SoLR Customer Charges, there will be two new Charge Types created and added to the Comprehensive Invoices Charge Types list for Shippers and DNs (and also to the Request to Bill Template), these are as follows:  **LRD** – LRSP Domestic Charge (20% VAT)  **LRI** – LRSP Industrial Charge (20% VAT)  The new LRSP Charge Types (to invoice SoLR Customer Charges) are being added to the **ANC** (Ancillary Invoice) section for the interim solution, however they will be invoiced via the Generic Request To Bill Invoice (**INR**) Invoice Type and issued out to Shippers (via the IX) on the **.INV** file (as per standard Request to Bill invoices).  Please see the below section “Approved File Formats” for the approved Comprehensive Invoices Charge Types list to be set live in line with UNC Modification 0797 in preparation for implementation of XRN4992a.  **Calculation Summary**  For the monthly calculation of the SoLR Customer Charges to be invoiced to the Shippers, the CDSP will take a Shipper portfolio snapshot once per month. **This Shipper Snapshot will be the portfolio position as of the 1st of the Billing Period Month.**  Example, Billing Period 1st – 30th April, will have the Shipper Portfolio snapshot as of the 1st April.  The Shipper Portfolio will contain the counts of the Supply Meter Points along with the sum of the Rolling & Formula Year SOQ values split between Domestic & Non-Domestic. The CDSP will use this information within the invoice calculation.  SoLR Customer Charge Calculation:  **Unit** x **number of days in that billing period** x **Rate** / **100**  Modification 0797 will use the ***Sum of SOQ*** as the **Unit** *(please be aware that for Class 1 & 2 SMPs the Rolling SOQ will be used and for Class 3 & 4 the Formula Year SOQ will be used)*  Please also note that IGT and NTS sites will be out of scope and not included within the count/sum within the Shipper portfolio snapshot.  **Supporting Information**  Shippers will not receive supporting information as part of the interim RTB solution being implemented under XRN4992a.  DNs will receive confirmation on what has been invoiced to the Shippers as per the existing process via the Accounts Receivable files (SIF and SIR). No reporting is being providing as part of XRN4992a for total recovered costs as part of the invoicing of LRSP Charges.  **Key things of note**   1. Any under or over recovery through the SoLR Customer Charge will be managed by the Distribution Networks via the K balancing mechanism. The CDSP will not be involved in this process. 2. If a Shipper takes on a Supply Meter Point midway through a Billing Month, this will not be reflected in the SoLR Customer Charges until the following Billing Month. Unlike the Core Capacity Invoice process, the SoLR Customer Charge calculation will be driven from a single snapshot of a Shipper portfolio as at the 1st on the month. This snapshot will be used for the entire Billing Month and therefore any changes to a Shippers portfolio post this snapshot date will not be taken into account until next month’s snapshot is taken. 3. If a new Shipper joins the market during the LRSP recovery period, they will still be charged based on their portfolio count/sum at the time that we take the Portfolio Snapshot to feed the SoLR Customer Charge calculation.   **Approved File Formats**  Please see below links to the amended Comprehensive Invoices Charge Types lists that have been marked up with track changes to include the new SoLR Customer Charge (LRSP recovery) Charge Types. These have been approved at ChMC on the 9th February 2022 and will be set live in line with UNC Modification 0797 in preparation for implementation of XRN4992a.  [Comprehensive Invoices Charge Types V8FA](https://umbraco.xoserve.com/media/42874/xoserve_comprehensive_invoices_charge_master_v8fa.pdf)  [Xoserve Comprehensive Invoices Charge Types GT2 V4FA](https://umbraco.xoserve.com/media/42875/xoserve_comprehensive_invoices_charge_types_gt2_v4fa.pdf)  [Xoserve Comprehensive Invoices Charge Types GT3 V4FA](https://umbraco.xoserve.com/media/42876/xoserve_comprehensive_invoices_charge_types_gt3_v4fa.pdf)  [Xoserve Comprehensive Invoices Charge Types GT4 V4FA](https://umbraco.xoserve.com/media/42877/xoserve_comprehensive_invoices_charge_types_gt4_v4fa.pdf)  [Xoserve Comprehensive Invoices Charge Types GT5 V4FA](https://umbraco.xoserve.com/media/42878/xoserve_comprehensive_invoices_charge_types_gt5_v4fa.pdf)  [Xoserve Comprehensive Invoices Charge Types TGT V4FA](https://umbraco.xoserve.com/media/42879/xoserve_comprehensive_invoices_charge_types_tgt_v4fa.pdf) |

# G6: Associated Changes

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| Associated Change(s) and Title(s): | Modification 0797 - (Urgent) - Last Resort Supply Payments Volumetric Charges |

# G7: DSG

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| Target DSG discussion date: | N/A |
| Any further information: | XRN4992a has previously been discussed and developed at DSG with a proposed option and approach recommended to ChMC. |

# G8: Implementation

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| Target Release: | AdHoc Release (April 2022) *Ready for first invoice to be issued in May 2022* |
| Status: | For Information |

Please see the following page for representation comments template; responses to [uklink@xoserve.com](mailto:uklink@xoserve.com)

Section H: Representation Response

H1: Change Representation

(To be completed by User and returned for response)

# *Please consider any commercial impacts to your organisation that Xoserve need to be aware of when formulating your response*

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| --- | --- | --- | --- |
| User Contact Details: | Organisation: | Northern Gas Networks | |
| Name: | Helen Chandler | |
| Email: | hchandler@northerngas.co.uk | |
| Telephone: | 07580704123 | |
| Representation Status: | Support | | |
| Representation Publication: | Publish | | |
| Representation Comments: | As per our response to the January 2022 Change Pack for XRN4992a, Northern Gas Networks supports the solution for MOD0797 and agrees with the targeted implementation date. | | |
| Confirm Target Release Date? | Yes | | «h1\_userDataAlternative» |

# H1: Xoserve’ s Response

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| Xoserve Response to Organisations Comments: | Thank you for your representation, we will feed this into ChMC for a final decision. |