Section D: High Level Solution Options

# D1: Solution Options

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| Solution Option Summary: | **Background:**  ***SGN is facilitating this change on behalf of all the Gas Distribution Networks (DNs)***  The revised Ofgem RIIO-GD2 Failure to Supply Gas (FSG) arrangements will reduce the timescale for the FSG process e.g. compensation payments will be weekly rather than fortnightly.  This change requirement**\*** is to automate the existing manual workaround for the ‘Failure to Supply Gas Response’ (FSR); Standard Liability process. The key business driver is the manual process is no longer sustainable from an economic nor, an efficiency perspective.  Automation will ensure the DNs have sight of those MPRNs > 73,200 kWh that were subsequently transferred to the Standard Liability process.  **\***This was descoped from XRN5080 to expedite the delivery of the RIIO-GD2 GSOP1/12 arrangements for 1st April ’21.  **Solution Summary:**  This is a single solution option that will provide DNs and Xoserve with the ability to clearly identify all Standard Liability (SL) MPRNs following an FSG event; notwithstanding the MPRN SL payments are recalculated, accepted or rejected. |
| Xoserve preferred option:  (including rationale) | The single option identified will automate the manual FSR Standard Liability process between Xoserve and the DNs. Xoserve will no longer be required to manually intervene when producing the FSR response files; prior to issuing them to the DNs.  The HLSO can be found [***here.***](https://umbraco.xoserve.com/media/41959/xrn5309-hlso-assessment-v11.pdf) |
| DSG preferred solution option:  (including rationale) | To be confirmed at DSG on 26TH April ‘21 |
| Consultation closeout: | 26/04/2021 |
| Impact on Service Line(s) and funding (A6) for each Solution Option: | DSC Service Area 7: NTS Capacity, LDZ Capacity, Commodity, Reconciliation, Ad-Hoc Adjustment and Energy Balancing Invoices  (Service Line ASGT – CS SA7 03) – DN funded through DSC Investment Line |

**Section E: Industry Response Solution Options Review**

**E1: Organisation’s preferred solution option**

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| User Contact Details: | Organisation: | Northern Gas Networks |
| Name: | Helen Chandler |
| Email: | hchandler@northerngas.co.uk |
| Telephone: | 07580704123 |
| Organisation’s preferred solution option, including rationale taking into account costs, risks, resource etc. | Whilst we see the need to automate a manual process for efficiency, all FSG payments that are outside GSoP (I&C or >73,200kWh) are paid in accordance with UNC Section J 3.5.10      3.5.10 For the purposes of Section V10, the rules in paragraphs 3.5.3 and 3.5.5 (but not paragraph 3.5.8, but without prejudice to paragraph 3.5.9(a)) are Compensation Rules within Compensation Group J; and in relation thereto the 'payment month' is the second month following the month in which the relevant failure commenced.      Based on this, speeding up the payments may put us in breach of UNC. | |
| Implementation Date: | Defer | |
| Xoserve preferred solution option: | Defer | |
| DSG preferred solution option: | Defer | |
| Publication of consultation response: | N/A | |

**E2: Xoserve’ s Response**

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| Xoserve Response to Organisations Comments: | Thank you for your response.  The solution option will automate the manual process to ensure all ‘Standard Liability’ MPRNs are included within the relevant Failure to Supply Gas response file (FSR file). The timing of the Standard Liability payments will remain ‘as is’; in accordance with UNC Sections J 3.5.10 and V10 and the associated Compensation Rules.   Your response will be further discussed at the Change Management Committee. |

**E1: Organisation’s preferred solution option**

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| User Contact Details: | Organisation: | SGN |
| Name: | Sally Hardman |
| Email: | Sally.hardman@sgn.co.uk |
| Telephone: | 07970 019027 |
| Organisation’s preferred solution option, including rationale taking into account costs, risks, resource etc. | Single solution option therefore no preference | |
| Implementation Date: | Approve | |
| Xoserve preferred solution option: | Single solution option therefore no preference | |
| DSG preferred solution option: | Single solution option therefore no preference | |
| Publication of consultation response: | N/A | |

**E2: 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. |