

DSC Change Proposal Document

Customers to fill out all of the information in the sections coloured

Xoserve to fill out all of the information in the sections coloured

A1: General Details

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| Change Reference: | XRN 5806 | | |
| Change Title: | CDSP Solution to enable exit of application of User Premises Termination Notice (UPTN) (Linked to Modification 0854/XRN 5695 Revision of Virtual Last Resort User (VLRU) and Contingent Procurement of Supplier Demand Event Triggers (CPSD)) | | |
| Date Raised: | 10/06/2024 | | |
| Sponsor Representative Details: | Organisation: | National Gas Transmission | |
| | Name: | Bill Goode | |
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| Xoserve Representative Details: | Name: | Kathryn Adeseye | |
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| | Telephone: | 0121 2292351 | |
| | Business Owner: | Customer Lifecycle and Invoicing | |
| Change Status: | <input checked="" type="checkbox"/> Proposal | <input type="checkbox"/> With DSG | <input type="checkbox"/> Out for Review |
| | <input type="checkbox"/> Voting | <input type="checkbox"/> Approved | <input type="checkbox"/> Rejected |

A2: Impacted Parties

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| Customer Class(es): | <input checked="" type="checkbox"/> Shipper | <input checked="" type="checkbox"/> Distribution Network Operator |
| | <input checked="" type="checkbox"/> NG Transmission | <input checked="" type="checkbox"/> IGT |
| | <input type="checkbox"/> All | <input checked="" type="checkbox"/> Other - Suppliers |
| Justification for Customer Class(es) selection | <p>This Change Proposal has been raised to consider the downstream impacts of the UK Government sanctions being lifted.</p> <p>Modification 0854 covers the process steps required if a User is sanctioned by the UK Government. National Gas Transmission would issue the User with a User Premises Termination Notice (UPTN). Then Virtual Last Resort User (VLRU) and Contingent Procurement of Supplier Demand (CPSD) processes along with the Deed of Undertaking would apply to applicable sites. In the event</p> | |

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| | <p>that the UK Government sanctions are lifted, the relevant User will be able resume normal commercial activities.</p> <p>This Change Proposal has been raised to investigate what the best process would be to manage the lifting of UK Government sanctions.</p> <p>Affected parties are:</p> <ul style="list-style-type: none"> • National Gas Transmission (as the instigator of the UPTN) • Shippers (as potential recipients of an UPTN) • Suppliers (due to the Deed of Undertaking having been invoked due to an UPTN) |
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A3: Proposer Requirements / Final (redlined) Change

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| <p>Problem Statement:</p> | <p>Modification 0854 introduces a new process by which National Gas Transmission can issue a UPTN to a User which is subject to the application of sanctions by the UK Government. This would have the effect of ending all Supply Point Registrations for the User and invoking the Deed of Undertaking for any relevant Supplier/s. It would also allow the utilisation of existing Revision of Virtual Last Resort User ('VLRU') and Contingent Procurement of Supplier Demand ('CPSD) mechanisms (which are only available to the Supplier under DoU). More information on this Modification can be found here.</p> <p>Although Modification 0854 outlines the application of a UPTN on a sanctioned User, it does not address the consequences of the UK Government sanctions against a User being lifted. The proposer of Modification 0854 confirmed within the Modification development that the removal of sanctions would not be in scope of 0854 but would need to be considered under a separate change.</p> <p>Despite this scenario being rare, the industry needs to be prepared to address the consequences of the lifting of sanctions and manage the downstream impacts of this occurring.</p> <p>This Change Proposal has been raised to assess the above and determine what processes would need to be followed if UK Government sanctions on a User were lifted. In the event of this occurring, a UNC Modification and/or Rec Change may be required which is why preparedness in advance of this occurring is essential.</p> |
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| <p>Change Description:</p> | <p>Modification 0854 / XRN 5695 'Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers' was approved by Ofgem on 10th May 2024.</p> <p>The solution for XRN 5695 applies the 'VRLU' and 'CPSD' processes which occur in the event of a Terminated User to a Premises Termination User*.</p> <p><i>(*Premises Termination User means a User who has been sanctioned by the UK Government and has been subsequently issued with a User Premises Termination Notice by National Gas Transmission).</i></p> <p>In practice this means Supply Points 'remain' in the User portfolio (i.e. the terminated / sanctioned User is still recorded against the relevant supply points in the Supply Point Register) although they would be managed by the Supplier under the Deed of Undertaking (DoU) until such a time as the Supply Points are confirmed by a new User.</p> <p>The proposer of 0854's original intent, in the event that sanctions are lifted, was that the previously sanctioned User would re-enter the market as a new User (albeit under the same entity) and would be required to rebuild their portfolio.</p> <p>The CDSP requires advice from DSC parties on how to manage this from a Central System perspective.</p> <p><u>Why?</u></p> <p>For the existing Terminated and Discontinuing User processes, if a Supplier under the DoU does not confirm Supply Points with a new User, these Supply Points will remain against these Users on the Supply Point Register. To ensure that this scenario does not apply to a previously sanctioned User, an alternative solution is required.</p> <p>A number of proposed options are available:</p> <ol style="list-style-type: none"> 1) Remove the sanctioned User from the CSS Register (but then what User would replace the sanctioned User in UKL?) 2) Obligation to be placed on the DoU Supplier to de-appoint the sanctioned User in advance of any 'unsanction' / 'lifting of sanctions' taking effect. This option may cause issues with existing DoU agreements. 3) Ability for the CDSP to de-register the sanctioned User if the Supplier has not done so. This could occur via a CDSP submitted transaction, such as a Change of Shipper. In the |
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| | <p>absence of a valid User, we could enter Shipper of Last Resort territory. This would also need to be considered.</p> <p>Finally, the industry needs to consider whether there would need to be categorisation of Premises Termination Users which could potentially mean different exit routes for different categories of PTU. Alternatively, one exit process from a UPTN could be applied to all PTUs.</p> <p>For the avoidance of doubt, the options outlined above are <u>not</u> an <u>exhaustive</u> list. Other solutions may be proposed during the DSC Change process.</p> <p>To avoid an inefficient use of funds for what is expected to be a rare scenario, it may be determined during the DSC Change process, that the implementation of this change can be managed within tight timescales. In this case, it may be beneficial to hold off implementing the change, until it is required to manage a specific case, to ensure funds are not spent without the benefit being realised.</p> <p>Alternatively, if ChMc determine that implementation within tight timescales will not be feasible due to the complexity of the solution, it may be necessary to implement the change in advance of a sanctioned User becoming unsanctioned, to ensure that the CDSP is able to comply at short notice.</p> <p>ChMc will determine the best course of action as part of the DSC Change process</p> | |
| Proposed Release: | TBC | |
| Proposed Consultation Period: | <input type="checkbox"/> 10 Working Days | <input type="checkbox"/> 15 Working Days |
| | <input type="checkbox"/> 20 Working Days | <input type="checkbox"/> Other [Specify Here] |

A4: Benefits and Justification

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| Benefit Description: | <p>Modification 0854 was approved by Ofgem on 10th May 2024 and is due to be implemented on 22nd May 2024.</p> <p>The requirement to have a plan for exiting the arrangements outlined in Modification 0854 is required to ensure industry readiness.</p> <p>This change proposal seeks to cover this requirement by asking DSC parties to consider the three options highlighted above as</p> |
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| | <p>well as any other options determined by Change Management Committee and determine the preferred solution.</p> <p>By considering this ahead of a previously sanctioned User re-entering the market, this ensures industry readiness to implement a solution which is likely to be required at short notice.</p> <p><i>What, if any, are the tangible benefits of introducing this change? What, if any, are the intangible benefits of introducing this change?</i></p> |
| Benefit Realisation: | <p>It is not possible to pinpoint when the benefit of this Change Proposal would be realised.</p> <p>This is because there are too many dependencies outside of DSC parties' control which would determine when the solution highlighted in this Change Proposal would be required. A few examples of these are:</p> <ul style="list-style-type: none"> • No User is currently subject to UK Government sanctions, and we don't know when National Gas Transmission would be required to issue a UPTN in the future; • When the UK Government will be required to lift sanctions applied to an User is currently unknown; Whether a previously sanctioned User would seek to re-enter the market post the lifting of sanctions is unknown. <p>This Change Proposal is required to ensure the industry can respond quickly if a sanctioned User becomes unsanctioned by the UK Government. <u>Timescales for this cannot be foreseen.</u></p> <p><i>When are the benefits of the change likely to be realised?</i></p> |
| Benefit Dependencies: | <p>As cited above this Change Proposal has many dependencies out of DSC parties' control. They are listed below:</p> <ul style="list-style-type: none"> • No User is currently subject to UK Government sanctions, and we don't know when National Gas Transmission would be required to issue a UPTN in the future; • When the UK Government will be required to lift sanctions applied to a User is currently unknown; • Whether a previously sanctioned User would seek to re-enter the market post the lifting of sanctions is unknown. <p>Timescales for the above cannot be predicted so when the solution highlighted within this Change Proposal will be required is also not known.</p> <p>It is expected that if the solution within this change proposal is required, it will be at short notice so it is important that the industry is prepared to meet this requirement.</p> |

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| | <i>Please detail any dependencies that would be outside the scope of the change, this could be reliance on another delivery, reliance on some other event that the projects has not got direct control of.</i> |
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A5: Final Delivery Sub-Group (DSG) Recommendations – Removed

(see Section C for DSG recommendations)

A6: Service Lines and Funding

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| Service Line(s) Impacted - New or existing | <p><u>Proposed Service Area:</u></p> <p><u>Service Area 8 – Energy Balancing (Credit Risk Management)</u> To confirm, the funding for this Service Area is 100% National Gas Transmission.</p> <p>It is expected that a new Service Line(s) will be required under this Service Area to allow the CDSP to reverse the following:</p> <ul style="list-style-type: none"> • VLRU and CPSD processes; and • User Termination processes; <p>A new Service Line will also be required under this Service Area to allow the CDSP to reverse the breaking of the:</p> <ul style="list-style-type: none"> • Shipper-Transporter Association Data; • Shipper-Supplier Association Data. <p>Please note this is an initial view, and that DSC Change Management Committee will confirm the affected Service Area/s and Service Line/s along with the funding split as part of the DSC Change process.</p> <p>Please note, the funding split shown above is as per the Budget and Charging Methodology for the mentioned Service Areas. The funding split can be proposed as something different by the proposer when a specific change is raised. This would usually be based on impacted and benefitting parties.</p> <p>For the avoidance of doubt, the funding split for this Change Proposal is TBC as impacted and benefitting parties are currently unconfirmed.</p> |
| Level of Impact | TBC |
| If None please give justification | N/A |
| Impacts on UK Link Manual/ Data Permissions Matrix | TBC |
| Level of Impact | TBC |

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| If None please give justification | N/A | | |
| Funding Classes : | Customer Classes/ Funding | Delivery of Change | On-going Budget Amendment |
| | <input type="checkbox"/> Shipper | TBC % | TBC % |
| | <input type="checkbox"/> National Gas Transmission | TBC % | TBC % |
| | <input type="checkbox"/> Distribution Network Operator | TBC% | TBC % |
| | <input type="checkbox"/> IGT | TBC % | TBC % |
| | <input type="checkbox"/> Other <please specify> | TBC % | TBC % |
| ROM or funding details: | This Change Proposal, although linked to Modification 0854 /XRN 5695, has not been raised to facilitate the requirements of either the Mod or XRN. Therefore, the ROM relevant to Modification 0854, is not applicable to this Change Proposal. | | |
| Funding Comments: | <p><u>Proposed Service Area:</u></p> <p><u>Service Area 8: Energy Balancing (Credit Risk Manager).</u> <u>To confirm, the funding for this Service Area is 100% National Gas Transmission.</u></p> <p>Please note, the funding split shown above is as per the Budget and Charging Methodology for the mentioned Service Area.</p> <p>The funding split can be proposed as something different by the proposer when a specific change is raised. This would usually be based on impacted and benefitting parties.</p> <p>For the avoidance of doubt, the funding split for this Change Proposal is TBC as impacted and benefitting parties are currently unconfirmed.</p> | | |

Please send the completed forms to: uklink@xserve.com

Version Control

Document

| Version | Status | Date | Author(s) | Remarks |
|---------|--------|------------|------------------------------|-------------------------|
| V0.1 | DRAFT | 18.04.24 | Kathryn Adeseye | |
| V0.1 | REVIEW | 18.04.24 | Ellie Rogers Dave Addison | |
| V0.2 | REVIEW | 13.05.24 | Kathryn Adeseye | Slight amendments made. |
| V0.2 | REVIEW | 14.05.24 | Ellie Rogers | Slight amendments made. |
| V0.3 | DRAFT | 15.05.24 | Kathryn Adeseye | Changes accepted |
| V0.3 | REVIEW | 20.05.24 | Phil Lucas and Bill Goode | Amendments made. |
| V0.4 | DRAFT | 23.05.24 | Kathryn Adeseye | Changes accepted. |
| V1.0 | FINAL | 10.06.2024 | Bill Goode | Submitted to CDSP |