



Mod0687 – Clarification of Supplier of Last Resort Cost Recovery Process

Distribution Workgroup on 27th June 2019

Purpose of Presentation

- The purpose of Mod0687 is to provide clarity on how any costs incurred by the Gas Distribution Networks (Transporters), as part of a Last Resort Supply Payment arising from a Supplier of Last Resort event (SOLR), are recovered from Shippers
- We would like to collect your thoughts on three invoicing options which would enable SOLR supporting information to be included on invoices paid by the Shippers to the Gas Distributions Networks
- Furthermore, we would like to use this session to document any high-level requirements for the change to be implemented by this modification

Invoicing Options

- We have identified three invoicing options which would enable the presentation of a SOLR related charge on invoices paid by the Shipper to the Gas Distribution Networks; the options are:-
 1. Add a new charge type to Core Invoices
 2. Add a new charge type to Scheduled Ancillary Invoices
 3. Add a new charge type to Unscheduled Ancillary Invoices

Option 1: Add a New Charge Type to Core Invoices

What does this option mean?

- Transportation Invoices would be sent as a generic invoice via IX
- Examples of core invoices include the LDZ Capacity, Commodity and Amendments invoices
- 1st Level Supporting Information would be mandatory
- 2nd Level Supporting Information would be optional

Advantages	Disadvantages
<ul style="list-style-type: none"> • This would meet the Mod originator's request (to add the charge type to a core invoice) • Less manual effort than the other options, and thus a reduced possibility of human error 	<ul style="list-style-type: none"> • Major system change required – cost, resource effort , and timescales for implementation are considerable • Previous changes of this nature are only available for a Major Release

Cost	Resource Effort	Timescales for Delivery
High (greater than 120k)	High to implement	Long (12 months +) – not including change scheduling
	Low to operate once implemented	

Option 2: Add a new charge type to Scheduled Ancillary Invoices

What does this option mean?	
<ul style="list-style-type: none"> • Transportation Invoices would be sent as a generic invoice via IX • Ad-hoc invoice issued on specific days to be agreed by the industry • 1st Level Supporting Information would be optional • 2nd Level Supporting Information would not be available • Invoice would enter the billing calendar 	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Low cost solution • Solution is not complex to implement • Low timescale implementation • Potential to be implemented in a Minor Release (TBC) 	<ul style="list-style-type: none"> • Greater risk of human error as it is a manual solution • Shippers don't like ancillary invoices as a generalisation • Supporting information and invoices may require manual checking by Shippers

Cost	Resource Effort	Timescales for Delivery
Low (20 to 30 k)	Medium to implement	Short (less than six months) – not including change scheduling if Minor Release
	Medium to operate once implemented (resource cost expected due to manual effort)	

Option 3: Add a New Charge Type to Unscheduled Ancillary Invoices

What does this option mean?		
<ul style="list-style-type: none"> • Transportation Invoices would be sent as a generic invoice via IX • Ad-hoc invoice issued via RTB upon request • 1st Level Supporting Information would be optional • 2nd Level Supporting Information would not be available • Invoice would not enter the billing calendar, and would be implemented on an ad-hoc basis • Supporting Information would be submitted via email 		
Advantages	Disadvantages	
<ul style="list-style-type: none"> • Low cost solution • Solution is not complex to implement • Low timescale implementation • Potential to be implemented in a Minor Release (TBC) 	<ul style="list-style-type: none"> • Greater risk of human error as it is a manual solution • Shippers don't like ancillary invoices as a generalisation • Supporting information and invoices may require manual checking by Shippers 	
Cost	Resource Effort	Timescales for Delivery
Low (20 to 30 k)	Medium to implement	Short (less than six months) – not including change scheduling if Minor Release
	Medium to operate once implemented (resource cost expected due to manual effort)	

Discussion Points for Requirement Gathering

- Invoices would be submitted via the IX
 - Should Xoserve submit the SOLR supporting information via IX as well or via an alternative means e.g. email? If IX is preferred by Shippers, then option 3 would not be available
- Is there any other requirements Distribution Workgroup would like Xoserve to record?