

# 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

Change Reference:	XRN 5695		
Change Title:	Modification 0854 Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers		
Date Raised:	29/07/2023		
Sponsor Representative Details:	Organisation:	National Grid NTS	
	Name:	Phil Lucas	
	Email:	phil.lucas@nationalgrid.com	
	Telephone:	07825 592518	
Xoserve Representative Details:	Name:	Kathryn Adeseye	
	Email:	kathryn.adeseye3@xoserve.com	
	Telephone:	0121 2292351	
	Business Owner:	Customer Lifecycle and Invoicing	
Change Status:	<input type="checkbox"/> Proposal	<input checked="" 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

Customer Class(es):	<input checked="" type="checkbox"/> Shipper	<input type="checkbox"/> Distribution Network Operator
	<input checked="" type="checkbox"/> NG Transmission	<input type="checkbox"/> IGT
	<input type="checkbox"/> All	<input checked="" type="checkbox"/> Other <Please provide details here>
Justification for Customer Class(es) selection	<p>This change introduces a new process by which National Gas Transmission can issue a User Premises Termination Notice (UPTN) to a User which is subject to the application of sanctions by the UK Government. This would have the effect of ending all the Supply Point Registrations for that User.</p> <p>In respect of any Supplier acting under its Deed of Undertaking (DoU) as a consequence of the ending of these Registrations, this change would additionally allow utilisation of the existing Revision of Virtual Last Resort User ('VLRU') and Contingent Procurement</p>	

	<p>of Supplier Demand ('CPSD') mechanisms (by the Supplier and National Gas Transmission respectively). This would facilitate the efficient balancing of the Total System.</p> <p>Based on this, the impacted Customer Classes are National Gas Transmission as the party responsible for issuing the UPTN, Shippers as the party that could be subject to the UPTN and Suppliers due to the Deed of Undertaking being invoked.</p>
--	---

### A3: Proposer Requirements / Final (redlined) Change

<p>Problem Statement:</p>	<p>The application of sanctions to a User by the UK Government will prevent that User's active participation in the UK market. However, as it does not constitute a 'User Default' under the UNC, a Transporter is not able to issue a Termination Notice to that User as a consequence.</p> <p>This potentially presents an immediate material imbalance risk as the impacted User will not be in a position to deliver gas to the system to meet the demand of its customers who will continue to offtake gas.</p> <p>The VLRU and CPSD mechanisms (which are only available where a Supplier is acting under its DoU) are in place to facilitate balancing of the Total System in a similar scenario i.e. where a User is the subject of a Termination Notice (and as a consequence a Supplier is operating under its DoU).</p> <p>As the DoU only comes into effect where arrangements between the Transporter and the relevant User at the relevant premises to 'come to an end' the impacted User's Supply Point Registrations must also come to an end.</p>
<p>Change Description:</p>	<p>This change has been raised to deliver the requirements set out under <u>UNC Modification 0854 – Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers</u>.</p> <p>This Modification has been raised to allow the utilisation of Revision of Virtual Last Resort User ('VLRU') and Contingent Procurement of Supplier Demand ('CPSD') mechanisms where a User is subject to UK Government sanctions.</p> <p>The Change Proposal will implement a process to deliver the Modification 0854 requirements which involve the following:</p>

	<ul style="list-style-type: none"> <li>- National Gas Transmission can issue a User Premises Termination Notice (UPTN) when a User is sanctioned by the UK Government..</li> <li>- Once National Gas Transmission have issued the UPTN, the CDSP will issue a notice to the industry (on NG NTS's behalf) stating that the relevant User has become a Premises Termination User (PTU).</li> <li>- The existing User Termination process will be mirrored for a Premises Termination User with the exception that the User MUST be suspended and not terminated (i.e. it will remain party to the UNC).</li> <li>- In respect of the relevant Supply Points, the VLRU and CPSD processes will be available to Supplier (acting under a DoU) and National Gas Transmission respectively.</li> <li>- All CDSP systems and services will be suspended for the Premises Termination User from the UPTN effective date which is anticipated to fall in line with the start of the next applicable Gas Day.</li> <li>- RECCo and the Central Switching Service will be responsible for determining next steps re. their own systems and services for the Premises Termination User.</li> <li>- For NTS Supply Meter Points the NTS Exit Capacity should not allow the Premises Termination User to offtake gas.</li> </ul> <p>Please note, Modification 0854 is subject to Authority Decision which means the decision on approval or rejection is with Ofgem. The timescale for a final decision on Modification 0854 is currently unknown.</p> <p><i>For further details on the 0854 process, please see the Modification which can be found here: <a href="https://www.gasgovernance.co.uk/0854">https://www.gasgovernance.co.uk/0854</a></i></p>	
Proposed Release:	Ad hoc delivery anticipated – in line with the Modification implementation based on the current understanding of the change.	
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

Benefit Description:	<p>This change creates a process by which the Supplier acting under the DoU and National Gas Transmission (respectively) can utilise the existing VLRU and CPSD mechanisms.</p> <p>This will mitigate the increased financial risks this scenario would otherwise present to Users (arising in respect of National Gas Transmission role as Residual Balancer) as any consequential residual balancing costs would be subject to Balancing Neutrality.</p> <p>By suspending and not terminating the sanctioned User, the User can re-enter the market under the same entity and short codes if sanctions are lifted. However, given the inability of a PTU to operate in the market (including the payment of invoices) it is anticipated that in practice a User Default event may occur relatively quickly following the application of sanctions/issue of the UPTN.</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>The Final Modification Report is expected to be issued to Ofgem in December 2023.</p> <p>In the event of an Ofgem direction to implement the Proposal, the CDSP would be expected to implement this process as soon as reasonably practicable because:</p> <ul style="list-style-type: none"> <li>a) It utilises existing processes already in place for the User Termination process and;</li> <li>b) The low volumes associated with this change mean the solution is anticipated to be manual</li> </ul> <p><i>When are the benefits of the change likely to be realised?</i></p>
Benefit Dependencies:	<p>Modification 0854 is Authority Decision which means it will be approved or rejected by Ofgem. If approved this will be expected to be implemented as soon as reasonably practicable.</p> <p><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></p>

## A5: Final Delivery Sub-Group (DSG) Recommendations – Removed

(see Section C for DSG recommendations)

## A6: Service Lines and Funding

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></p> <p><u>To confirm, the funding for this Service Area is 100% National Grid.</u></p>
---	--

	<p>It is expected that a new Service Line(s) will be required under this Service Area to allow the CDSP to act 'as an agent of National Gas Transmission by issuing an industry-wide notice stating a User Premises Termination Notice has come into effect for a sanctioned User.</p> <p>Further amendments to existing Service Lines will be required to allow existing processes to be utilised in the event a User Premises Termination Notice is issued. For example (but not limited to) Service Lines pertaining to:</p> <ul style="list-style-type: none"> <li>• VLRU and CPSD processes;</li> <li>• User Termination processes;</li> <li>• Shipper-Transporter Association Data;</li> <li>• Shipper-Supplier Association Data.</li> </ul>		
Level of Impact	Minor		
If None please give justification	N/A		
Impacts on UK Link Manual/ Data Permissions Matrix	TBC		
Level of Impact	TBC		
If None please give justification	No impacts to the UK Link Manual / DPM however this will be assessed during design.		
Funding Classes :	Customer Classes/ Funding	Delivery of Change	On-going Budget Amendment
	<input type="checkbox"/> Shipper	XX %	XX %
	<input checked="" type="checkbox"/> National Gas Transmission	100 %	XX %
	<input type="checkbox"/> Distribution Network Operator	XX %	XX %
	<input type="checkbox"/> IGT	XX %	XX %
	<input type="checkbox"/> Other <please specify>	XX %	XX %
ROM or funding details:	<p>Due to the limited number of Users expected to be in scope of this process, it is anticipated that this change will be managed via a manual process, utilising existing resource.</p> <p>If the number of Users in scope of the process exceeds the limited anticipated volume, we will need to assess the proposed solution.</p>		
Funding Comments:	<p>As this change is anticipated to be managed by manual processes and existing resource, we currently do not expect an implementation or additional ongoing cost. <b>Please note – this must be assessed as part of the change process.</b></p>		

	<p>Although we are anticipating no implementation or ongoing costs associated with this change, based on the proposed Service Area (8), if there were to be a cost, it is proposed to be 100% National Gas Transmission funded.</p> <p>This is to be discussed and confirmed by the ChMC when the change is presented.</p>
--	--

Please send the completed forms to: [uklink@xserve.com](mailto:uklink@xserve.com)

# Version Control

---

## Document

Version	Status	Date	Author(s)	Remarks
1.0	Approved	09/11/23	KL	Approved at ChMC 08/11/23