

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:	XRN5458		
Change Title:	Urgent Modification 0791 - Contingency Gas Procurement Arrangements when a Supplier acts under a Deed of Undertaking		
Date Raised:	07/12/2021		
Sponsor Representative Details:	Organisation :	National Grid NTS	
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Xoserve Representative Details:	Name:	Ellie Rogers	
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	Telephone:	+44 1212 292 185	
	Business Owner:	TBC	
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 type="checkbox"/> Other <Please provide details here>
Justification for Customer Class(es) selection	<p>National Grid NTS are impacted as the responsible party for securing the delivery of the gas to the Total System (for the required volumes) in a Shipper Termination scenario in its new role as "Contingency Procurer of Supplier Demand" (CPoSD).</p> <p>Shippers will be impacted through the two-stage cost recovery of the incurred CPoSD costs.</p>	

A3: Proposer Requirements / Final (redlined) Change

<p>Problem Statement:</p>	<p>Information from the Modification – ‘Why’ Section Where a shipper has been terminated and a Supplier operates under its ‘deed of undertaking’ the Supplier will not have established commercial arrangements to secure delivery of gas to the Total System to balance the demand of its consumers. Hence the Energy Balancing Charges (payable by Supplier pursuant to the undertaking) operate on the assumption of the relevant Supplier delivering no (zero) gas to the Total System on each of the relevant days. Consequently, the Supplier is effectively required to pay for all its consumers’ gas demand at the SMP Buy cashout price and assuming other shippers are balanced, National Grid would need to buy the shortfall in its role as residual balancer which could generate higher system prices for all shippers and a material cashflow impact for National Grid before costs were recovered through Balancing Neutrality</p>
<p>Change Description:</p>	<p><u>UNC Modification 0791 - Contingency Gas Procurement Arrangements when a Supplier acts under a Deed of Undertaking</u> has been raised with Urgent status.</p> <p>The Modification seeks to introduce new arrangements to enable National Grid NTS to procure gas where, following the termination of a Shipper User providing shipping services to one or more Gas Suppliers, no new Shipper User (a ‘Registered User’) is appointed and one or more of the Suppliers acts in accordance with its deed of undertaking until such time a new Registered User is in place.</p> <p>The Modification proposes to create a new role for National Grid NTS, separate to its role as residual balancer, under which it would be obliged to procure gas to meet the forecast demand of Terminated Supply Meter Points that are temporarily without a Registered User (i.e. a Shipper). The target quantity of gas to be procured for each Day by National Grid NTS as the Contingency Procurer of Supplier Demand (CPoSD) in the period for which the arrangements apply would be the aggregate forecast demand of the Terminated Supply Meter Points, net of any trades enacted against the terminated shipper’s imbalance account provided for under Modification 0788 ‘Minimising the Market Impacts of Supplier Undertaking Operation’.</p> <p>This Change Proposal has been raised to deliver the requirements associated with the Modification 0791 proposed process.</p> <p>In summary, please see at high level what is required from the CDSP to deliver the Modification solution:</p> <ul style="list-style-type: none"> • The CDSP will ensure a new account is set-up within Gemini for the new National Grid NTS role of CPoSD which is exempt from Balancing Charges and Balancing Neutrality Charges. • If a shipper has been terminated and the associated supplier(s) is to operate under its deed of undertaking, the CDSP will be required to provide the following information to National Grid NTS:

- The seasonal normal demand forecast for NDM sites within the Terminated Shipper's portfolio for each day remaining in the current month (M) and each day of the following month (M+1). As soon as reasonably practicable within month M+1, the CDSP shall provide this information for the next month M+2. This process shall be repeated until National Grid notifies the CDSP that it is no longer required.
Note – DM demand forecast will be obtained by National Grid NTS from Gemini based on the D-7 Nomination or AQ divided by 365 in the absence of the D-7 Nomination.
- Number of Terminated Supply Meter Points (TSMPs) that are expected to have their demand fulfilled by another Shipper under the Modification 0788 arrangements until a new Registered User is in place.
- A forecast, provided on each business day, of the TSMPs migrating to other Shippers (away from the Terminated Shipper portfolio).

- Following the National Grid NTS procurement of gas as the CPoSD, the CDSP will be required to undertake a two-stage cost recovery process.
- The CPoSD Month commences on the 23rd calendar day of a month (falling in calendar month M-1) and ends at the conclusion of the 22nd calendar day of the following month (falling in calendar month M);
- Net amounts payable by the CPoSD in respect of trades for Gas Days in the CPoSD month shall be recovered via Balancing Neutrality Charges on the Energy Balancing invoices issued in the first month subsequent to the end of the CPoSD Month (i.e. issued within calendar month M+1), with the apportionment of costs based on Users' UDQIs and UDQOs in the calendar month coinciding with the start of the CPoSD month (i.e. calendar month M-1);
- A subsequent Energy Balancing Invoice will include an adjustment to reflect the apportionment of gas procurement costs incurred by the CPoSD in the latter proportion of the CPoSD month (falling within calendar month M) on the basis of Users UDQIs and UDQOs in the calendar month coinciding with the end of the CPoSD month (i.e. calendar month M). This shall be issued on a monthly basis in the second month subsequent to the end of the CPoSD Month (i.e. issued within calendar month M+2).
- In respect of any month in which the above cost apportionment applies, the CDSP shall publish the aggregate Balancing Neutrality charges including 0791 trades and also what the

	aggregate Balancing Neutrality charges would have been in the absence of any 0791 trades.	
Proposed Release:	To align with the proposed timescales associated with the Urgent Modification, we are looking to implement a solution as soon as possible (following Modification approval). Based on this, we are looking to minimise system changes where possible and delivering outside of a scheduled release. Please note, we are not anticipating any system changes required for DSC Customers but please let us know if based on the CP you believe there is an impact to customers.	
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:	Information from the Modification: Modification 0791 would enable more economic gas procurement by National Grid than in its residual balancer role, the costs of which would not feed into cashout prices, thereby resulting in lower system prices than would otherwise be the case, ultimately resulting lower costs being passed through to consumers. Modification 0791 also reduces the risk (though not eliminating it), of a material balancing neutrality account deficit which could represent an unsustainable cashflow risk for National Grid NTS and which would subsequently be recoverable from Suppliers under their deed of undertaking and/or Shipper Users in the event of default by those Suppliers.
	<i>What, if any, are the tangible benefits of introducing this change? What, if any, are the intangible benefits of introducing this change?</i>
Benefit Realisation:	Following the approval and implementation of Modification 0791 and following a Termination of a Shipper User and a Supplier is operating under its Deed of Undertaking and Modification 0788 arrangements are not taken up in respect of some or all of the Terminated Supply Meter Points.
	<i>When are the benefits of the change likely to be realised?</i>
Benefit Dependencies:	Urgent Modification 0791 must be approved by Ofgem in order for this CP to be implemented and the benefits realised.
	<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>

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	TBC but we anticipate there are likely to be new Service Line(s) required to reflect the proposed new process under Modification 0791.
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Level of Impact	Unclear		
If None please give justification	n/a		
Impacts on UK Link Manual/ Data Permissions Matrix	TBC		
Level of Impact	Unclear		
If None please give justification	n/a		
Funding Classes :	Customer Classes/ Funding	Delivery of Change	On-going Budget Amendment
	<input type="checkbox"/> Shipper	XX %	XX %
	<input checked="" type="checkbox"/> National Grid 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:	n/a		
Funding Comments:	<p>In light of the Urgent timetable proposed for Modification 0791, the aim is to implement a solution with as minimal system changes as possible.</p> <p>A high-level indicative estimate has been provided to National Grid NTS regarding the two-stage cost recovery element of the process. This was estimated at £9,000 - £18,000. The high-level indicative estimate for the additional elements of the process has not be assessed and provided yet. This assessment will be carried out under this CP.</p>		

A7: ChMC Recommendation – Initial Review

Change Status:	<input checked="" type="checkbox"/> Approve	<input type="checkbox"/> Reject	<input type="checkbox"/> Defer
DSC Consultation Issue:	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No

A8: ChMC Recommendation – Solution Review

Change Status:	<input type="checkbox"/> Approve	<input type="checkbox"/> Reject	<input type="checkbox"/> Defer
Industry Consultation:	<input type="checkbox"/> 10 Working Days		<input type="checkbox"/> 15 Working Days
	<input type="checkbox"/> 20 Working Days		<input type="checkbox"/> Other [Specify Here]
DSC Consultation Issue:	<input type="checkbox"/> Yes		<input type="checkbox"/> No
Date Issued:	Click here to enter a date.		
Comms Ref(s):			

Number of Responses:		
Solution Voting:	<input type="checkbox"/> Shipper	Please select.
	<input type="checkbox"/> National Grid Transmission	Please select.
	<input type="checkbox"/> Distribution Network Operator	Please select.
	<input type="checkbox"/> IGT	Please select.
Meeting Date:	Click here to enter a date.	
Release Date:	Release: Feb / Jun / Nov XX or Adhoc DD/MM/YYYY or NA	

A9: ChMC Recommendation – Detailed Design

Change Status:	<input type="checkbox"/> Approve	<input type="checkbox"/> Reject	<input type="checkbox"/> Defer
Industry Consultation:	<input type="checkbox"/> 10 Working Days	<input type="checkbox"/> 15 Working Days	
	<input type="checkbox"/> 20 Working Days	<input type="checkbox"/> Other [Specify Here]	
DSC Consultation Issue:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Date Issued:	Click here to enter a date.		
Comms Ref(s):			
Number of Responses:			
Solution Voting:	<input type="checkbox"/> Shipper	Please select.	
	<input type="checkbox"/> National Grid Transmission	Please select.	
	<input type="checkbox"/> Distribution Network Operator	Please select.	
	<input type="checkbox"/> IGT	Please select.	
Meeting Date:	Click here to enter a date.		
Release Date:	Release: Feb / Jun / Nov XX or Adhoc DD/MM/YYYY or NA		
