

UNC 0865:

Permitting DNOs to charge Shippers negative
Supplier of Last Resort (SoLR) unit rates



Proposer: Tom Stuart

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Why change?



- Ofgem introduced a multi-stage process for claims by SoLRs in 2021. This comprised of an initial claim, subsequent claim (if any) and a truing up process.
- For some claims, the truing up process has identified the need for Suppliers to refund over-payments.
- The “minded to” position issued by Ofgem on 20 October is that net claims are negative. For the gas sector, there are positive claims of £6.8M and negative claims of £11.0M giving a net negative claim of £4.2M.
- These values could change when Ofgem makes its final decision in mid-December 2023 but the UNC needs to provide for negative SoLR Customer Charges.
- Without a change DNOs would not be permitted to make payments to Shippers to refund net negative SoLR claims.
- UNC TPD (Transportation Principal Document) Section Y part B only permits Distribution Network Operators (DNOs) to charge positive unit rates to Shippers, this modification permits negative rates.

Options



1. Do nothing and wait for Ofgem's decision – If the final decision is that the net claims are negative, we will not have enough time once the final position is known to raise a change if one is then found to be needed.
2. Introduce provisions in code to facilitate Negative SoLR charges ahead of the Ofgem decision, proceed as a self governance modification.

Solution



- Paragraphs 11.4 to 11.6 of TPD Section Y part B need to be amended to permit Shippers to receive payments related to SoLR charges and to permit the DNOs to set negative SoLR Customer Charges, in compliance with Standard Special Condition A48
- Shippers may need to change their internal systems to accept negative SoLR charges, though feedback has been received from one shipper who confirmed their systems are able to deal with negative SoLR charges
- Introduce the ability to have Negative SoLR charges in time for April 2024 invoices issued in May

Recommended Steps



- The Proposer recommends that this modification should be:
Subject to Self-Governance due to low materiality.



Document Control to be removed upon completion of the template.

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