



# Modification 0865 - Permitting DNOs to charge Shippers negative SOLR unit rates

For information

# Change Background

- Currently UNC TPD Section Y part B 11.4 and 11.6 only permits DNOs to charge positive unit rates for SoLR Customer Charges to Shippers
- A multi-stage process for claims by SoLR was introduced by Ofgem in 2021
- The multi-stage process comprises of 2 parts
  - An initial claim
  - A subsequent claim, truing up process
- To date SoLR charges have only been positive charges, but Ofgem's preliminary SoLR report for 24/25 registration year, has highlighted the possibility of negative charges
- It has been identified during the truing up process that there may be a need for Suppliers to refund over-payments which, in turn will require DNOs to make payments to Shippers to refund net negative SoLR claims.
- To facilitate this, UNC TPD Section Y Part B 11.4 and 11.6 will need to be updated

# Central system impacts

- Modification 0797 was implemented on 01 April 2022 with the associated Change Proposal (XRN4992) delivering the central solution
  - This Modification and CP introduced a new charge type to pass Last Resort Supply Payments (LRSP) charges from DNOs to Shippers based on the originating market sector using a volumetric unit rate charging methodology
- Under this change, a solution was created to pass this charge from DNOs to Shippers and as part of the development and testing, both negative and positive SoLR charges were tested during solution set up
- As a result, the system has the capability to process both negative and positive charges and therefore no further change would be required to the current solution as a result of Modification 0865
- The Business As Usual (BAU) process would remain the same for both positive and negative charges
  - A rates template is provided to the CDSP by the DNOs (these can be positive or negative rates)
  - This is loaded into SAP ISU by the CDSP which feeds into the SoLR charges
  - These charges will appear on the CAZ invoice for Shippers

# Next steps

- Modification 0865 is currently out for **industry consultation**, closing on **09 January**
- Following consultation, the Modification will be **voted on by UNC Panel** on **18 January**
- If Modification 0865 is approved, **implementation** is expected to be around the **start of the financial year**
- First invoices that could potentially show the **negative** or positive SoLR rates would be **from May-24**

## ChMC to note

- As there is no further central system impact of 0865, no Change Proposal will be progressed
- We want to make ChMC constituents (mainly Shippers and DNOs) aware that if 0865 is approved, we could start to see negative SoLR charges following the implementation of the Modification
- Any questions?