










UNC Final Modification Report	At what stage is this document in the process?
<div>UNC 0865S:</div> <div>Permitting DNOs to charge Shippers negative Supplier of Last Resort (SoLR) unit rates</div>	<div><div>01Modification</div><div>02Workgroup Report</div><div>03Draft Modification Report</div><div>04Final Modification Report</div></div>
<div><b>Purpose of Modification:</b></div> <div>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.</div>	
<div><b>Next Steps:</b></div> <div>Panel consideration is due on 18 January 2024 <i>(at short notice by prior agreement)</i></div>	
<div><b>Impacted Parties:</b></div> <div>High: Shippers on DNO networks (if Shipper internal systems need amending)</div> <div>Low: DNOs, CDSP, Consumers</div> <div>None: NTS</div>	
<div><b>Impacted Codes:</b></div> <div>None</div>	

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Timetable		
<b>Modification timetable:</b>		Contact: <b>Joint Office of Gas Transporters</b>
Pre-Modification Discussed	23 November 2023	 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
Date Modification Raised	05 December 2023	 0121 288 2107
New Modification considered by Panel	14 December 2023	Proposer: <b>Tom Stuart</b>
Draft Modification Report issued for consultation	15 December 2023	 <a href="mailto:Tom.Stuart@WUutilities.co.uk">Tom.Stuart@WUutilities.co.uk</a>
Consultation Close-out for representations	09 January 2024	 07964 937739
Final Modification Report available for Panel (at short notice)	10 January 2024	Transporter: <b>Wales &amp; West Utilities</b>
Modification Panel decision	18 January 2024	 <a href="mailto:Richard.Pomroy@WUutilities.co.uk">Richard.Pomroy@WUutilities.co.uk</a>
		 07832 973337
		Systems Provider: <b>Xoserve</b>
		 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>

## 1 Summary

### What

UNC TPD Section Y part B paragraphs 11.4 to 11.6 currently only permit SoLR Customer Charges to be positive. There is now a distinct possibility that DNOs may be in a position of a net refund requiring negative SoLR Customer Charges for 24/25. This Modification makes the necessary changes.

This Modification only addresses the UNC issue, the process for making the transactions and compliance with legislation and licences are the subject of separate discussions between the appropriate parties.

### Why

Ofgem introduced a multi-stage process for claims by SoLRs in late 2021. This comprised of an initial claim, subsequent claim (if made) 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” positions published by Ofgem on 20 October 2023 shows that the net repayment in gas is £4.1M. This means that the UNC needs to provide for negative SoLR Customer Charges. If the final decision is that the net claims are not negative, then this change is not required for 2024/25; however, we will not have enough time once the final position is known to raise a change if one is then found to be needed.

### How

Relatively simple changes are required to TPD Section Y part B paragraphs 11.4 to 11.6 to permit negative SoLR Customer Charges and to recognise that Shippers will be recipients of payments.

## 2 Governance

### Justification for Self-Governance

The Modification should be subject to Self-Governance. The only area it might impact is competition between Shippers, but this will have a beneficial effect on competition. The materiality of the expected refund (£4.1M on Ofgem’s minded to position) is small.

### Requested Next Steps

This Modification should be considered a non-material change and subject to Self-Governance.

## 3 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 £ 11M 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 this change DNOs would not be permitted to make payments to Shippers to refund net negative SoLR claims. This at best would delay refunds of amounts already charged to Shippers and may lead to challenges

to whether the DNOs had complied with the Standard Special Condition A48 Last Resort Supply: Payment Claims.

This is a Code matter because changes to TPD Y part B paragraphs 11.4 to 11.6 are required to permit DNOs to charge Shippers negative SoLR Customer Charges and for Shippers to receive payments. This text was introduced in the UNC by Modification 0797.

## 4 Code Specific Matters

### Reference Documents

TPD Section Y [UNC TPD Y](#)

Ofgem minded to position on 2023 SoLR claims [Last Resort Supply Payment claims minded-to positions 2023 | Ofgem](#)

UNC 0797 Last Resort Supply Payments Volumetric Charges [Modification 0797 v1.0.pdf \(gasgovernance.co.uk\)](#)

### Knowledge/Skills

Wider knowledge of SoLR arrangements including Gas Act, and relevant Transporter and Supplier licence conditions are useful to appreciate the wider context but not necessary to understand the reason for this Modification.

## 5 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 permits the DNOs to set negative SoLR Customer Charges.

## 6 Impacts & Other Considerations

### Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

### Consumer Impacts

Consumers will benefit as this Modification will enable the required transfers to take place in a timely manner.

### What is the current consumer experience and what would the new consumer experience be?

Consumers have currently funded SoLR claims that have turned out to be too high and this Modification will enable this to be rectified if the net claims are negative. If the net claims are positive, then this change is not required for 23/24.

The current claims all relate to domestic consumers; however, the changes will apply to both claims relating to domestic and non-domestic consumers.

### Impact of the change on Consumer Benefit Areas:

Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case Should net claims be negative this change will enable the negative net claims to be paid to Shippers, without it negative net claims could not be paid.	Positive
Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole	None

### Cross-Code Impacts

None. IGTs do not receive SoLR claims but their customers benefit from existing arrangements for setting DNO charges to CSEPs.

### EU Code Impacts

None.

### Central Systems Impacts

None. The CDSP has already confirmed that their systems can process negative SoLR Customer Charges. Shippers should confirm that their internal systems can also process negative SoLR Customer Charges.

## 7 Relevant Objectives

### Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	Positive
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or	Positive

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Table below included because there is a change to Section Y (Charging Methodology):

### Impact of the Modification on the Transporters' Relevant Charging Methodology Objectives:

Relevant Objective	Identified impact
a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;	None
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: <ul style="list-style-type: none"> <li>(i) no reserve price is applied, or</li> <li>(ii) that reserve price is set at a level - <ul style="list-style-type: none"> <li>(I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and</li> <li>(II) best calculated to promote competition between gas suppliers and between gas shippers;</li> </ul> </li> </ul>	None
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	None
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	Positive
d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None
e) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Relevant Objective (c) effective discharge of the licensee's obligations is furthered as it enables the DNO to pay net negative SoLR claims if required in accordance with valid claims that may be submitted by Suppliers under Standard Special Condition A48 Last Resort Supply: Payment Claims.

It also furthers Relevant Objective (d) because it furthers competition by ensuring that payments are made to Shippers in a timely manner. For the same reason, it furthers Relevant Charging Methodology Objective (c).

It does not further Relevant Charging Methodology Objective (a) because SoLR charges are not related to the costs incurred by the licensee in its transportation business.

## 8 Implementation

This Modification will not impose any extra costs on DNO or the CDSP as their systems can accommodate negative SoLR Customer Charges. If Shippers’ systems are not able to process negative SoLR charges, then they will need to make the necessary changes.

This Modification needs to be implemented before the first Capacity invoice is issued for ‘24/25 which will be in early May 2024.

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

## 9 Legal Text

### Text Commentary

The changes to 11.4 and 11.5 permit Shippers to receive payments related to SoLR charges. The change to 11.6 permits the DNOs to set negative SoLR Customer Charges.

### Text

Additions in red

11.4 Each Shipper User shall pay **to or receive from** a DN Operator SoLR Customer Charges in the Relevant Year the unit rate for which shall be calculated separately for Relevant DSP Sites and Relevant NDSP Sites by reference to:

- (a) for Relevant DSP Sites, the Domestic Component (expressed in pence) and the aggregate peak day SOQ for all Relevant DSP Sites;
- (b) for Relevant NDSP Sites, the Non-domestic Component (expressed in pence) and the aggregate peak day SOQ for all Relevant NDSP Sites.

11.5 SoLR Customer Charges shall be calculated separately for each valid claim received by a DN Operator; provided for the purposes of invoicing the DN Operator may aggregate such charges where SoLR Customer Charges in respect of more than one valid claim are payable **or receivable** by Shipper Users in the same Relevant Year.

11.6 The “Relevant Year” is the year (as defined for the purposes of Condition A48) in respect of which a DN Operator is, following receipt of a valid claim, entitled to increase **or decrease** its transportation charges pursuant to Condition A48.

## 10 Consultation

Representations were invited from interested parties on 14 December 2023. All representations are encompassed within the Appended Representations section, including any initial representations.

The following table provides a high-level summary of the representations.

Implementation was unanimously supported in the 6 representations received.

Representations were received from the following parties:			
Organisation	Response	Relevant Objectives	Relevant Charging Methodology Objectives

Cadent Gas Ltd	Support	c) positive d) positive	c) positive
Northern Gas Networks	Support	c) positive	
Scotland Gas Networks Ltd & Southern Gas Networks Ltd	Support	c) positive d) positive	c) positive
Scottish Power	Support	c) positive d) positive	c) positive
SSE Energy Supply Ltd	Support	c) positive d) positive	c) positive
Wales & West Utilities	Support	c) positive d) positive	c) positive

Please note that late submitted representations may not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

12 Recommendations

Panel Recommendation

13 Appended Representations

- Initial Representations – None
- Representation - Cadent Gas Ltd
- Representation - Northern Gas Networks
- Representation - Scotland Gas Networks Ltd & Southern Gas Networks Ltd
- Representation - Scottish Power
- Representation - SSE Energy Supply Ltd
- Representation - Wales & West Utilities

## Representation - Draft Modification Report UNC 0865S

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

Responses invited by: **5pm on 09 January 2024**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

Please note submission of your representation confirms your consent for publication/circulation.

<b>Representative:</b>	Edward Allard
<b>Organisation:</b>	Cadent Gas Limited
<b>Date of Representation:</b>	08/01/2023
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	c) Positive d) Positive
<b>Relevant Charging Methodology Objective:</b>	c) Positive

#### Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

Cadent support implementation of this modification, as it will amend existing provisions within the Uniform Network Code to permit distribution networks to make payments to shippers in the event of negative SoLR customer charges.

Although Ofgem's 14<sup>th</sup> December Decision on LRSP Claims confirmed positive SoLR charges for 2023, there remains the possibility of negative charges in future years; implementation of this modification will ensure that an enduring regulatory mechanism is in place.

We have outlined our rationale to support our views on the impacts on the Relevant Objectives and Relevant Charging Methodology Objective (above):

Relevant Objective c) "*Efficient discharge of the licensee's obligations*" =

We agree with the proposer's assessment of their modification's meeting of Relevant Objective C. The implementation of modification 0865 will enable Distribution Networks to pay negative SoLR Customer Charges in adherence with Standard Special Condition A48.

Relevant Objective d) "*Securing of effective competition....*" =

We believe that implementation of modification 0865 will further this Relevant Objective relating to securing of effective competition, as it will introduce a mechanism for overpayments to suppliers to be recovered by shippers, creating a financial benefit that may be in turn passed onto customers.

Relevant Charging Methodology Objective c) *“That so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers”* =

Similar to the principle behind furthering Relevant Objective C above, implementation of this modification may facilitate effective competition between gas shippers, as it would allow recovery of previously overpaid LRSP.

**Self-Governance Statement:** *Please provide your views on the self-governance statement.*

Cadent agrees with the proposer’s recommendation that this modification should be subject to self-governance. The principle and framework for SoLR payments was designed through modification’s 0797 process and was subject to authority direction.

Modification 0865 proposes a relatively simple amendment to the UNC, and retains the high-level principles agreed in 0797. Additionally, the modification acts as an enabler, in that it introduces a mechanism for payments to shippers in the event of future negative SoLR claims; Ofgem determine if shippers have made overpayments and to what extent.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

The modification’s required timelines were discussed at UNC panel on December 14<sup>th</sup>, 2023, and shortened timelines were recommended to allow for implementation as close to January 31<sup>st</sup>, 2024, as possible.

Industry were working on the basis of Ofgem’s October 2023 minded-to-position at this time and weren’t yet aware of the decision document confirming positive 2023 SoLR payments.

Given Ofgem’s confirmation of positive 2023 SoLR payments, the time-sensitivity around implementation of this modification has been removed and as such, the modification should be implemented as soon as reasonably practicable, rather than for a targeted date.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

No costs or impacts resulting from implementation of the modification identified. The modification will allow for the repayment of LRSP to shippers as part of the truing up process.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

We are satisfied that the Legal Text will deliver the intent of the solution.

**Modification Panel Members have requested that the following questions are addressed:**

Q1. Consider unintended consequences of allowing positive and negative SOLR charges.

Cadent have not identified any unintended consequences that would result from implementation of this modification.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

None

**Please provide below any additional analysis or information to support your representation**

Nothing further to add.

We trust that this information will assist in the completion of the Final Modification Report.

Please contact me on 07891670444 ([Edward.allard@cadentgas.com](mailto:Edward.allard@cadentgas.com)) should you require any further information.

Joint Office

[enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

8<sup>th</sup> January 2024

Dear Sir or Madam,

**Re: 0865 - Permitting DNOs to charge Shippers negative Supplier of Last Resort (SoLR) unit rates**

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this change.

**NGN supports this Modification Proposal.**

**Reason for support/opposition:**

Ofgem published their minded to position in relation to the Last Resort Supplier Payment (LRSP) claims, which included net negative figures. The UNC wording was originally written on the basis that these would only be positive. Since the raising of this modification the final position as been published confirming that these claims will all be net positive, however it seems prudent to facilitate the change to UNC to ensure this is future proofed. This would therefore be positive for Relevant Objective c) Efficient discharge of the licensee's obligations as it permits DNOs to process claims from Suppliers in accordance with Standard Special Condition A48.

**Implementation:**

We agree that this modification should be self-governance and that implementation should as soon as practicable.

**Impacts and Costs:**

None identified.

**Legal Text:**

We believe that the legal text provided should deliver the Solution set out in the proposal.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?**

None identified.

**Please provide below any additional analysis or information to support your representation.**

None.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Tracey Saunders (via email)  
Markets Regulation Manager  
Mobile: 07580 215743

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Service on 0800 111 999

## Representation - Draft Modification Report UNC 0865S

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

Responses invited by: **5pm on 09 January 2024**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

<b>Representative:</b>	David Mitchell
<b>Organisation:</b>	Scotland Gas Networks Ltd & Southern Gas Networks Ltd
<b>Date of Representation:</b>	9 <sup>th</sup> January 2024
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	c) Positive d) Positive
<b>Relevant Charging Methodology Objective:</b>	c) Positive

#### Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

SGN supports the implementation of this modification as it addresses a gap that currently exists in the Uniform Network Code whereby Distribution Network Operators are unable to make net negative Supplier of Last Resort (SoLR) payments to Shippers. When the resulting legal text from modification 0797 was introduced into the UNC it didn't envisage net negative payment refunded to Shippers. This modification will be positive for relevant objective c) efficient discharge of the licensee's obligations as it will allow DNO's to process claims from suppliers as obligated by Standard Special Condition A48. This modification is also positive for Relevant Objective d) Securing of effective competition between shippers as it allows net negative claims to be refunded to the Shippers. We also agree that this modification is positive for relevant charging methodology objective c).

#### Self-Governance Statement: *Please provide your views on the self-governance statement.*

We believe that this modification meets the self-governance criteria.

#### Implementation: *What lead-time do you wish to see prior to implementation and why?*

We believe that this modification could be implemented as soon as possible in line with the existing self-governance implementation guidelines.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

None identified.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

We believe that the legal text will facilitate the solution set out in the modification proposal.

**Modification Panel Members have requested that the following questions are addressed:**

Q1. Consider unintended consequences of allowing positive and negative SOLR charges.

We are not aware of any unintended consequences of implementing this modification.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

None identified.

**Please provide below any additional analysis or information to support your representation**

We have no further analysis or information to provide in support of our representation.

## Representation - Draft Modification Report UNC 0865S

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

Responses invited by: **5pm on 09 January 2024**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

Representative:	Claire Louise Roberts
Organisation:	ScottishPower
Date of Representation:	09 January 2024
Support or oppose implementation?	Support
Relevant Objective:	c) Positive d) Positive
Relevant Charging Methodology Objective:	c) Positive

#### Reason for support: Please summarise (in one paragraph) the key reason(s)

ScottishPower supports implementation of this modification, as the changes introduced by UNC0797 did not allow for DNO's to issue payments to Shippers for negative SOLR charges. This modification acts as an enabler as it introduces a mechanism for payments to be made to Shippers for negative SOLR.

#### Self-Governance Statement: *Please provide your views on the self-governance statement.*

We believe the modification meets the self-governance criteria

#### Implementation: *What lead-time do you wish to see prior to implementation and why?*

Since Ofgem have published their decision that SoLR claims are to be net positive for 2024/25, there is less of a time critical dependency to have this implemented by May 2024.

#### Impacts and Costs: *What analysis, development and ongoing costs would you face?*

We do not anticipate any additional impacts or cost as a result of this change.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes, we are satisfied that the legal text will deliver the intent of the solution.

**Modification Panel Members have requested that the following questions are addressed:**

Q1. Consider unintended consequences of allowing positive and negative SOLR charges

None identified.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

No

**Please provide below any additional analysis or information to support your representation**

No further comment

## Representation - Draft Modification Report UNC 0865S

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

Responses invited by: **5pm on 09 January 2024**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

<b>Representative:</b>	Mark Jones
<b>Organisation:</b>	SSE Energy Supply Limited
<b>Date of Representation:</b>	05 January 2024
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	c) Positive d) Positive
<b>Relevant Charging Methodology Objective:</b>	c) Positive

#### Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

When Ofgem introduced a multi-stage process for claims by SoLRs in 2021, it comprised of an initial claim, a subsequent claim (if any) and a truing up process. The truing up process could lead to negative SoLR customer charges and, therefore, the UNC needs to provide for these negative charges. Without this change DNOs would not be permitted to make payments to Shippers to refund net negative SoLR claims.

#### Self-Governance Statement: *Please provide your views on the self-governance statement.*

We believe the modification meets the self-governance criteria.

#### Implementation: *What lead-time do you wish to see prior to implementation and why?*

The modification should be implemented as soon as possible in line with self-governance timescales.

#### Impacts and Costs: *What analysis, development and ongoing costs would you face?*

We would incur some small development costs.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes.

**Modification Panel Members have requested that the following questions are addressed:**

Q1. Consider unintended consequences of allowing positive and negative SOLR charges

No unintended consequences identified.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

No.

**Please provide below any additional analysis or information to support your represent**

## Representation - Draft Modification Report UNC 0865S

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

Responses invited by: **5pm on 09 January 2024**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

<b>Representative:</b>	Tom Stuart
<b>Organisation:</b>	Wales & West Utilities
<b>Date of Representation:</b>	29 December 2023
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	c) Positive d) Positive
<b>Relevant Charging Methodology Objective:</b>	c) Positive

#### Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As proposer we offer our support for this modification. This modification was raised as a result of Ofgem publishing their minded-to position in October 23 that LRSP claims are likely to be net negative and therefore a change to the UNC was required to permit DNOs to make payments to Shippers to refund net negative claims. This change was required to be made prior to January 24 so that negative charges could be included in the DNOs charging statement, to be published by 31<sup>st</sup> January 2024.

Ofgem have since published their decision that SoLR claims are to be net positive for the coming regulatory year. Whilst this decision means that this modification is less time critical, Ofgem have not ruled out the possibility of future net negative claims and therefore provisions to deal with this are likely to be needed.

We believe this modification furthers Relevant Objective c) Efficient discharge of the licensee's obligations as it permits DNOs to process claims from Suppliers in accordance with Standard Special Condition A48, and positive for Relevant Objective d) Securing of effective competition (i) between relevant shippers because it allows net negative claims to be paid back to Shippers.

This modification also furthers Relevant Charging Methodology Objective c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging

methodology facilitates effective competition between gas shippers and between gas suppliers.

**Self-Governance Statement:** *Please provide your views on the self-governance statement.*

We believe this modification meets the criteria for self-governance.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

This modification can be implemented without delay.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

None

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes

**Modification Panel Members have requested that the following questions are addressed:**

Q1. Consider unintended consequences of allowing positive and negative SoLR charges

None identified.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

None.

**Please provide below any additional analysis or information to support your representation**

None.