Re-assignment of Supplier Identity in the event of an appointment of a Supplier of Last Resort (SoLR).

September 2021

Background - SoLR

- In the event of a Supplier failure Ofgem will appoint a Supplier of Last Resort (SoLR) to ensure continuity of supply for consumers
  - It is not a frequent event – 17 instances since November 2018
  - Average number of impacted Meter Points is c73k per SoLR, but can be greater (for example, 5 SoLRs >100k in this period)

- DB4 envisaged that the Market Participant Identity (MP Id) of the failed Supplier would transfer to the SoLR
- This thinking would have helped shape the Non Functional Requirements for the Central Switch System (CSS) – including the defined Peak of Peak transactions in excess of a 'normal' day of Switch processing
  - PERF140 – average daily volume of Switch Requests = 42,300
  - PERF160 – "the system shall be capable of processing 250,000 Switch Requests in additional to a normal day's volume"
- We anticipate that the gas allocation is [45%] of PERF160 – [112,500 Switches]

Background - SoLR

- Currently, as a rule the Supplier MP Id does not transfer within the gas sector – unless where a full transfer of rights and obligations occurs (such as in a Trade Sale)

- SoLRs are currently enacted by Registration activities initiated by the Shipper

- As a consequence gas industry participants (specifically Shippers and DNs) can rely on notifications generated from UKLink systems if they need to identify the change in Supplier identity

- UK Link systems can rely on receipt of these flows to define Supplier effective dates to determine which parties are entitled to data

- Shipper identity will also need to be amended (if applicable) registration transactions in UKL (pre CSS) or via CSS (post CSS)

Options Considered

- A paper was produced by Xoserve to assess options, the shortlisted options were:

  1. MPID / Supplier Short Code Re assignment as per DB4 baseline / implement XRN5144

  2. Submission and processing of switch requests by the SoLR over a number of days, but below the CSS NFR daily Peak of Peaks, to give effect to the SoLR

  3. Retain separate process within UKL for maintaining Supplier in the event of SoLR event – retrospectively insert a break into the UKL history AND revert to original Supplier Id for SoLR

  Our view is that the preferred option is Option 2, but this needs to be confirmed with Market Participants

Option 2: Submission and processing of switch requests by the SoLR over a number of days, but below the CSS NFR daily Peak of Peaks, to give effect to the SoLR

- The SoLR Effective Date would be notified by Ofgem and utilised for Settlement – As Is
- The change to the effective date would be enacted in systems by Switch Requests submitted by the SoLR to transfer from the failed Supplier identity
  - Volumes of Switches per day would not exceed the allocated gas Peak of Peak volumes
  - The registration of the SoLR may take longer than one day where the number of Meter Points subject to SoLR exceeds the Switch Request capacity of CSS / UKL / Supplier
- Settlement may require a period of manual intervention – as today - until the Registrations are concluded
- Switch Requests will be able to amend the Shipper identity as well as the SoLR Supplier Identity

- Provided that each SoLR event can be concluded within a short period, this option should limit changes to CSS systems, central systems and Market Participant systems
  - This opinion needs to be verified by Market Participants

Option 1: MPID / Supplier Short Code Re assignment as per DB4 baseline / implement XRN5144

- This process will reallocate the Supplier Identity, but will require changes to central systems to ensure that:
  - Changes to UK Link systems to amend Organisation / Market Participant Roles and to allow effective dates to ensure that data release is only to the authorised party
  - Changes to fulfil notices to market participants currently generated by Registration activity
- Settlement would require a period of manual intervention – as today - until the Change of Shipper activity is undertaken (if applicable)
- Shippers have sought assurances that this option would be optional – presumably reserving the right to utilise Switch Requests to enact this

- This will require significant change to central systems and market participant systems (Transporters, and potentially Shippers / Suppliers, if mandated).

Option 3: Retain separate process within UKL for maintaining Supplier in the event of SoLR event – retrospectively insert a break into the UKL history AND revert to original Supplier Id for SoLR

- Retain the As Is process in UKL to allow retrospective update of the Supplier Identity using an existing industry file to update the MP Id in UK Link
    - This will create the registration event to notify Market Participants and the break in UKL history
- Allow MP Id reallocation in CSS
- This would still require reallocation of the MP Id – Market Participants would still need to impact assess this
- This option would create inconsistency [for a short period] between CSS and UKL

- This will require detailed Impact Assessment to central systems and regression testing (as this process was expected to be decommissioned).
- For the same reason, the extent of impacts to market participant systems would need to be determined.

Summary

- The following was assessed as the preferred option as it was anticipated that this limits impacts to Market Participants:
  - Option 2 (Submission and processing of switch requests by the SoLR over a number of days, but below the CSS NFR daily Peak of Peaks, to give effect to the SoLR) was Assessment is required by the industry of this option

- Is the above option supported?
- Are there any specific impacts that need to be considered with respect to this option?

- Next steps:
  - Collate immediate feedback
  - Raise CR