Extension of 'Virtual Last Resort User' and 'Contingent Procurement of Supplier Demand' Triggers – Pre Mod

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Background (1)

- **NGT raised Mod 0813 in July 2023**

  - Proposal sought to address imbalance risk associated with a Shipper User which is subject to sanctions by the UK Government, and therefore unable to transact in the UK

  - Solution provided for:

    - NGT issue of a notice to cease a sanctioned Shipper User's Supply Point Registrations (in order to trigger SoLR obligations); and

    - availability of the VLRU and CPSD mechanisms for impacted portfolio to enable efficient procurement of gas to meet associated consumer demand (SoLR would **not** be delivering gas to the Total System)

Background (2)

- **NGT raised Mod 0813 in July 2023**

  - NGT's proposed issue of the cessation notice (the 'User Premises Termination Notice (UPTN)') was subject to Ofgem Disapproval

- Ofgem rejected 0813 on 20th July 2023

  - *"our designated regulatory functions do not cover the arrangement in the proposal for the Authority to interpret and come to a view on whether a shipper is or will become sanctioned ...and, ...decide whether to disapprove NGT's issuing of a UPTN. ...we consider that this role, ...is outside the vires of the Authority".*

New Proposal

- **NGT continues to believe there remains a gap in the UNC arrangements i.e. the imbalance risk associated with a Shipper User subject to sanctions by the UK Government**

- NGT intends to raise a further Proposal:

  - solution to reflect that contained in 0813, aside from the opportunity for the Authority to Disapprove the issue of the UPTN which is omitted in the new Proposal

Governance

- Proposal to be raised for initial consideration by the Modification Panel on 17th August 2023

- Sufficient materiality to require Authority Direction

- Refer to Workgroup for a period of up to 3 months (given that 0813 was subject to 6 month Workgroup and the solution in this new proposal is, to a large extent, the same and therefore already well-defined)

Thank you

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