# Mod0687 – Clarification of Supplier of Last Resort Cost Recovery Process

Distribution Workgroup on 27th June 2019

Purpose of Presentation

- The purpose of Mod0687 is to provide clarity on how any costs incurred by the Gas Distribution Networks (Transporters), as part of a Last Resort Supply Payment arising from a Supplier of Last Resort event (SOLR), are recovered from Shippers

- We would like to collect your thoughts on three invoicing options which would enable SOLR supporting information to be included on invoices paid by the Shippers to the Gas Distributions Networks

- Secondly, we would like to validate the high-level Last Resort Supply Payment process (on slide 3) with Distribution Workgroup

- Furthermore, we would like to use this session to document any high-level requirements for the change to be implemented by this modification

Last Resort Supply Payment Process
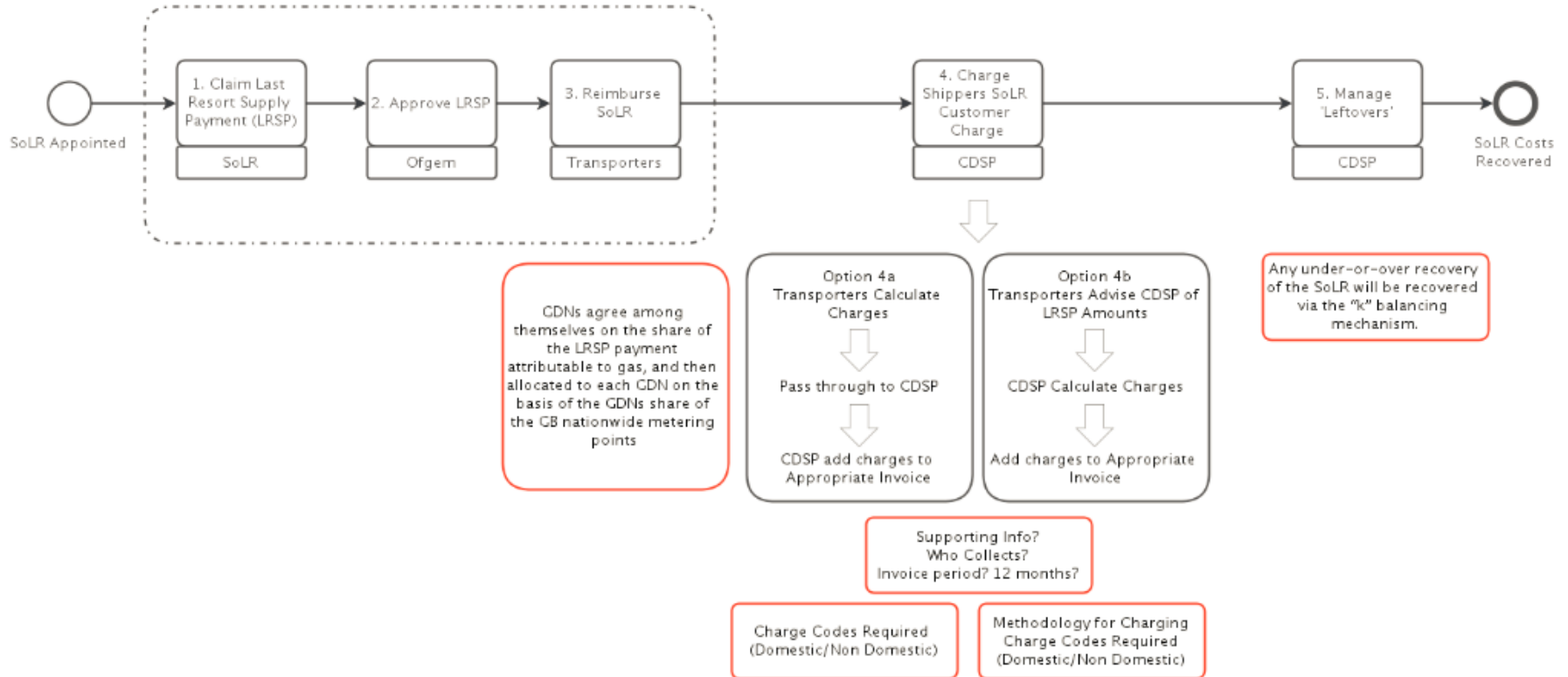
Invoicing Options

- We have identified three invoicing options which would enable the presentation of a SOLR related charge on invoices paid by the Shipper to the Gas Distribution Networks; the options are:-

   1. Add a new charge type to Core Invoices
   2. Add a new charge type to Scheduled Ancillary Invoices
   3. Add a new charge type to Unscheduled Ancillary Invoices

Option 1: Add a New Charge Type to Core Invoices

What does this option mean?

- Transportation Invoices would be sent as a generic invoice via IX
- Examples of core invoices include the LDZ Capacity, Commodity and Amendments invoices
- 1st Level Supporting Information would be mandatory
- 2nd Level Supporting Information would be optional

Advantages	Disadvantages
• This would meet the Mod originator's request (to add the charge type to a core invoice) • Less manual effort than the other options, and thus a reduced possibility of human error	• Major system change required – cost, resource effort , and timescales for implementation are considerable • Previous changes of this nature are only available for a Major Release

Cost	Resource Effort	Timescales for Delivery
High (greater than 120k)	High to implement	Long (12 months +) – not including change scheduling
	Low to operate once implemented	

Option 2: Add a new charge type to Scheduled Ancillary Invoices

What does this option mean?

- Transportation Invoices would be sent as a generic invoice via IX
- Ad-hoc invoice issued on specific days to be agreed by the industry
- 1st Level Supporting Information would be optional
- 2nd Level Supporting Information would not be available
- Invoice would enter the billing calendar

Advantages	Disadvantages
- Low cost solution - Solution is not complex to implement - Low timescale implementation - Potential to be implemented in a Minor Release (TBC)	- Greater risk of human error as it is a manual solution - Shippers don't like ancillary invoices as a generalisation - Supporting information and invoices may require manual checking by Shippers

Cost	Resource Effort	Timescales for Delivery
Low (20 to 30 k)	Medium to implement	Short (less than six months) – not including change scheduling if Minor Release
	Medium to operate once implemented (resource cost expected due to manual effort)	

Option 3: Add a New Charge Type to Unscheduled Ancillary Invoices

What does this option mean?

- Transportation Invoices would be sent as a generic invoice via IX
- Ad-hoc invoice issued via RTB upon request
- 1st Level Supporting Information would be optional
- 2nd Level Supporting Information would not be available
- Invoice would **not** enter the billing calendar, and would be implemented on an ad-hoc basis
- Supporting Information would be submitted via email

Advantages	Disadvantages
• Low cost solution • Solution is not complex to implement • Low timescale implementation • Potential to be implemented in a Minor Release (TBC)	• Greater risk of human error as it is a manual solution • Shippers don't like ancillary invoices as a generalisation • Supporting information and invoices may require manual checking by Shippers

Cost	Resource Effort	Timescales for Delivery
Low (20 to 30 k)	Medium to implement Medium to operate once implemented (resource cost expected due to manual effort)	Short (less than six months) – not including change scheduling if Minor Release

Discussion Points for Requirement Gathering

- Invoices would be submitted via the IX
  - Should Xoserve submit the SOLR supporting information via IX as well or via an alternative means e.g. email? If IX is preferred by Shippers, then option 3 would not be available

- Is there any other requirements Distribution Workgroup would like Xoserve to record?