

Draft Modification Report	At what stage is this document in the process?
<h1>IGT129:</h1> <h2>Obligations on Shippers to pass Transporter compensation payments on to consumers, via Suppliers</h2>	<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p><b>Purpose of Modification:</b></p> <p>Introduction of new obligations on Pipeline Users to ensure that Pipeline Operator compensation payments, aimed at consumers, are passed onto registered Suppliers for onward transmission to Consumers.</p>	
	<p>This Draft Modification Report is issued for consultation responses at the request of the Panel. All parties are invited to consider whether they wish to submit views regarding this self-governance modification.</p> <p>The close-out date for responses is 12<sup>th</sup> November 2019, which should be sent to <a href="mailto:IGTUNC@Gemserv.com">IGTUNC@Gemserv.com</a>. A response template, which you may wish to use, is at the <a href="#">IGT UNC website</a>.</p> <p>The Panel will consider the responses and agree whether or not this self-governance modification should be made.</p>
	<p>High Impact:</p> <p>None</p>
	<p>Medium Impact:</p> <p>None</p>
	<p>Low Impact:</p> <p>Pipelines Users</p>

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**Any questions?**

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## Timetable

Initial consideration by Workgroup	6 <sup>th</sup> August 2019
Workgroup Report presented to Panel	18 <sup>th</sup> October 2019
Draft Modification Report issued for consultation	22 <sup>nd</sup> October 2019
Consultation Close-out for representations	12 <sup>th</sup> November 2019
Variation Request presented to Panel	dd month year
Final Modification Report available for Panel	15 <sup>th</sup> November 2019
Modification Panel decision	22 <sup>nd</sup> November 2019

## 1 Summary

### What

Currently where a Transporter is required to make a payment under the Gas (Standards of Performance) Regulations 2005 (as amended), known as Guaranteed Standards of Performance (GSoP), there is an ability to make payment via the registered Shipper and Supplier for the payment to be passed to the relevant consumer through their gas bill. A corresponding obligation is placed on Suppliers in the Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015 for these payments to be passed to the consumer within 10 working days of receipt of the distributed payment. There is currently no specific obligation for this to take place where compensation payments are outside the Regulations noted above. This Modification aims to codify the arrangements for any consumer compensation payment made by Transporters.

### Why

While the arrangements for GSoP are tried and tested, there remains a gap for voluntary compensation that is not subject to the regulations. During large scale incidents there are often queries from consumers to chase their compensation as it has not been processed in a timely way through the entire supply chain. This Modification will place a specific obligation on the registered Shipper to pass the payment to the registered Supplier for onwards transmission. In addition to statutory compensation there may be other compensation payments that Transporters wish to pass on to consumers. This will close the gap for voluntary compensation payments made either alongside GSoP or for other specific purposes.

### How

While the UNC equivalent change looks to utilise current CDSP processes by clarifying the obligations and potentially introduce new charge codes for non-GSoP compensation payments, this IGT UNC Modification looks to focus on the obligation for Shippers to pass these payments on to their Supplier, and thus onwards to the consumer. The Transporter billing around this will utilise the existing arrangements but requiring action by the Shipper within determined timescales under the Code.

## 2 Governance

### Justification for Self-Governance Procedures

Compensations payments made by Transporters are intended to be on a pass-through basis, and clarity on obligations to pass-through these payments using existing mechanisms will not have a material impact on Parties. This clarity will not have a material impact on existing or future gas consumers and will improve the efficiency of consumer compensation arrangements in the event of network failures under guaranteed and voluntary standards.

### Requested Next Steps

This modification should:

- be assessed by a Workgroup
- proceed to Consultation

- While we request this is assessed by a Workgroup as a matter of good governance, it is not anticipated that there is a requirement for extended discussions but should be considered alongside the UNC and SPAA changes (UNC 695 and SCP 476 respectively).

## Workgroup Comments

The Workgroup agreed with the Proposers view that this Modification should be Self-Governance.

### 3 Why Change?

Existing arrangements are in place for making payments to Shippers where a Transporter fails to meet some of the existing Gas (Guaranteed Standards of Performance) Regulations 2005 (as amended). The successful processing of the credit invoice is deemed to be sufficient for the discharge of the Transporter obligations within the regulations. As these payments are aimed at redress for consumer detriment, the registered Shipper, who has obligations under section 15 of the Gas Shipper Standard Licence Conditions, should pass this onto the relevant Supplier who has obligations in The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015 for these payments to be passed to the consumer within 10 working days of receipt of the distributed payment.

During large scale incidents there are often queries from consumers to chase their compensation as it has not been processed in a timely way through the entire supply chain. Following these incidents there have been many cases of consumers contacting Transporters advising they have not yet received their payment; this can be months after the Transporter payment has been made. The Gas Shipper Licence Conditions do not give a specific timescale for payments to be passed through, therefore this Modification aims to remove this ambiguity by matching the time scales in The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015. This Modification will place a specific obligation on the registered Shipper to pass the payment to the registered Supplier for onwards transmission, within defined timescales.

There may also be additional times where a transporter would like to pay non-statutory compensation to a consumer, which is not under a specific GSoP. There is currently no specific obligation for this to take place where compensation payments are outside the Regulations and Licence conditions noted above and this Modification aims to codify the arrangements for any consumer compensation payment made by Transporters. This will close the gap for non-statutory compensation payments made either alongside GSoP or for other specific purposes.

### 4 Code Specific Matters

#### Technical Skillsets

N/A

#### Reference Documents

- The Gas (Standards of Performance) Regulations 2005
- The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015
- Gas Shipper Standard Licence Conditions

## 5 Solution

In order to ensure that consumers receive their compensation in a timely manner it is proposed that the 10 business day model included in the Supplier Regulations, is replicated for Shippers. These are intended to be on a pass-through basis.

New obligations to ensure that Shippers pass both statutory and non-statutory consumer payments to the relevant Supplier are to be added to Section K, Clause 18.

For the avoidance of doubt, the intention is to utilise existing functionality for GSoP payments, so there should be minimal impacts on parties.

### Workgroup Comments

The Workgroup were satisfied with solution for this modification.

## 6 Impacts & Other Considerations

**Does this modification impact a Significant Code Review (SCR) or other significant industry change projects including the Retail Energy Code, if so, how?**

N/A

### Consumer Impacts

Improved certainty of receiving Transporter compensation in a timely manner.

### Environmental Impacts

N/A

### Workgroup Comments

The workgroup agreed that there were no other impacts.

## 7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
(A) Efficient and economic operation of the pipe-line system	None
(B) Co-ordinated, 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;	None

(ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation agreements 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	Positive
(G) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators	None

Gas Transporter Standard Licence Condition 20 (and Gas Shipper Standard Licence Condition 15) facilitates the passing of payments through the supply chain, this Modification is to enhance this licence obligation and extend the operational arrangements to non-statutory compensation, therefore Relevant Objective C is better facilitated by this change.

### Workgroup Comments

The workgroup agreed that IGT129 satisfies relevant objective C and also satisfies relevant Objective F by providing greater clarity on Pipeline User responsibilities with regard to distributed payments that are facilitated by existing processes.

## 8 Implementation

As self-governance procedures are proposed, implementation could be within the following release of the IGT UNC. While the workgroup will need to be aware and consider the equivalent UNC change (UNC mod 0695), this change needs to align with the SPAA change (SCP 476) for implementation as this will allow effective delivery of the obligations.

### Workgroup Comments

The Workgroup were satisfied with the implementation date and the requirement for alignment with SPAA Change SCP 476 – Obligations to pass Transporter compensation payments received from Shipper on to consumers.

## 9 Legal Text

### Text Commentary

The proposed changes are meant to be in line with the proposed UNC changes. This approach should provide consistency for the Shippers while also ensuring the required relationship with the Supplier is provided for onward transmission of distributed payments to consumers.

## Suggested Text

Section K update

### 18 Suppliers and Consumers

18.4 Where a Pipeline User receives a distributed payment for consumer compensation it will relay the distributed payment to the Supplier, or in the absence of any Supplier direct to the end consumer, within 10 working days of receipt of the distributed payment.

## Workgroup Comments

The Workgroup agreed that the legal text supports the intent of the modification solution.

## 10 Recommendations

### Panel's Recommendation to Interested Parties

The Panel have recommended that this modification should proceed to consultation.