





Final 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> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div>
<p>Purpose of Modification:</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>Panel consideration was due on 22nd November 2019</p> <p>The Panel recommends implementation of this self-governance modification.</p>
	<p>High Impact:</p> <p>None</p>
	<p>Medium Impact:</p> <p>None</p>
	<p>Low Impact:</p> <p>Pipelines Users</p>

Contents

1 Summary	3
2 Governance	3
3 Why Change?	4
4 Code Specific Matters	4
5 Solution	5
6 Impacts & Other Considerations	5
7 Relevant Objectives	6
8 Implementation	7
9 Legal Text	7
10 Consultation	7
11 Panel Discussions	10
12 Recommendations	10

Timeline

Initial consideration by Workgroup

Workgroup Report presented to Panel	18 th October 2019
Draft Modification Report issued for consultation	22 nd October 2019
Consultation Close-out for representations	12 th November 2019
Variation Request presented to Panel	dd month year
Final Modification Report available for Panel	15 th November 2019
Modification Panel decision	22 nd November 2019



Any questions?

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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; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation agreements with other relevant gas transporters) and relevant shippers	None
(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 Consultation

Panel invited representations from interested parties with the Consultation closing on 12th November 2019. Three representations were received following a full 15-day consultation period.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
Indigo Pipelines	Support	C - Positive F - Positive	<ul style="list-style-type: none"> We support this proposal as it is in the best interest of consumers and utilises existing arrangements so should have minimal impact on parties. We agree that this should be progressed as Self-Governance change. We feel that this modification supports Objectives C and F by enhancing existing arrangements and clarifying responsibilities. We support that this modification is suitable for self-governance modification rules. We feel that this modification supports Objectives C and F enhancing existing arrangements and clarifying parties' responsibilities. We believe that the change should be implemented in the next release of the IGT UNC. We feel that the proposed legal text will deliver the intent of the modification.
ESP	Support	C –Positive F- Positive	<ul style="list-style-type: none"> We support the implementation of this modification as it places a clear obligation on Pipeline Users to pass voluntary Transporter compensation payment through to the relevant supplier, for onwards payment to consumers. This makes the transporter payment process to consumers more efficient. We believe that this modification fits within the remit of self-governance criteria. We believe the modification achieves objective F and leads to better administration of the code. Objective C is facilitated as Shippers will now be mandated to transfer transporter payments to the relevant supplier or end consumer to a standard time-frame, thus making the process more descriptive and leaving little room for variation. We do not expect to face any development and ongoing costs on implementation of this modification. We would expect implementation to be line with

			<p>the next scheduled code release.</p> <ul style="list-style-type: none"> We believe the legal text accurately communicates the intent of the modification and its subsequent requirements.
BUUK	Support	C -Positive F-Positive	<ul style="list-style-type: none"> The proposer supports the implementation of this change proposal because it will help close the loop in obligations alongside UNC change 0695 and SPAA change SCP 476. This will provide reinforcement to existing obligations and processes to ensure that end consumers receive their due compensation from IGTs. The proposer agrees that Self-Governance arrangements are suitable as there are no changes to processes or final impacts. The proposer agrees that relevant objectives C and F are better achieved by this change as it will improve clarity and transparency of the code and help discharge licensee obligations. The proposer anticipates no impacts or costs associated with this change. The proposer indicates that the implementation should be aligned to that of SCP 476. The proposer highlighted that during workgroup sessions it was felt that a defined term would be more suitable to help explain and provide weight to the obligation proposed. The proposer indicates that the current proposed text is deemed sufficient enough to meet the requirements of the change.

In Summary:

- Three responses were received to the consultation for IGT129, incorporating three responses from Pipeline Operators.
- All respondents offered support for this modification.
- All respondents agreed that this modification better facilitates Relevant Objective C and F.
- All respondents agreed that this modification meets the criteria for Self-Governance.
- All respondents agreed that the Legal Text supported the requirements of the solution.

11 Panel Discussions

Discussion

It was noted that there were three responses received from Pipeline Operators, all of which provided full support for the implementation of this modification.

It was noted that respondents were not consistent on when the modification should be implemented. Panel members questioned the reliance on SCP 476 (Obligations to pass Transporter compensation payments received from Shipper on to consumers) for the implementation of IGT129. It was determined that IGT129 did not need to align with the implementation of SCP476 although associated with it. It was agreed that IGT129 could be implemented in the next scheduled Code release.

Consideration of the Relevant Objectives

All Panel members agreed this modification better facilities relevant objective C and F as well as the published criteria for Self-Governance modifications.

Determinations

The vote was carried out with three Pipeline Operators and two Pipeline Users. The Panel agreed by unanimous vote that this modification should be implemented. All Panel members agreed that this modification should be implemented in the February 2020 release. This modification is subject to a 15-day appeal window as per the Self-Governance process.

12 Recommendations

Panel Determination Self-Governance

Members agreed:

- that Modification 129 should be implemented