

## Questions and responses for shippers

### RFI details

RFI reference	IGT132VV
RFI title	Introduction of IGT Code Credit Rules
Version Number	V0.5
Date issued to Industry	05/11/2019
Response deadline	XX/XX/XXXX
Affected Industry Participant roles	IGTs, Shippers, Suppliers, CDSP

### Summary of Issue

- ▶ In October 2019, BUUK raised a modification - IGT132 - Introduction of IGT Code Credit Rules (now IGT 132VV).
- ▶ The proposal seeks to implement consistent credit cover arrangements within the IGT UNC for all Pipeline Operator parties.
- ▶ On 29 April 2021 the Final Modification Report (FMR) for IGT132VV was submitted to Ofgem for Authority decision.
- ▶ On 2nd July Ofgem took the decision to send back the Final Modification Report (FMR) for IGT132VV.
- ▶ Ofgem determined they could not properly form an opinion on this modification proposal from the information provided in the FMR.
- ▶ Ofgem have directed that the report is revised and resubmitted, to address the issues set out.

## Questions and responses for shippers

### Assessment Request

Ofgem asked four key questions:

#### What Are The Costs Of Intervention?

What costs could be passed through to consumers?

How many more IGT's would be likely to implement credit cover arrangements under new rules?

Will the level of credit cover required by IGT's currently increase or decrease?

What credit cover level will the new rules require IGT's to request from shippers?

#### What Does Credit Cover Currently Cost The Market?

What credit cover costs do shippers currently face?

Do credit cover costs get passed through to consumer bills via shipper fees?

What credit cover costs do consumers currently face?

How many IGT's currently require credit cover?

#### Will The Proposals Hurt Competition?

Will shippers face different levels of additional costs?

Do Smaller shippers face higher costs under new proposals?

#### What Is The Risk Of Not Doing This?

What costs do consumers face when IGT's face bad debt costs?

Are consumers impacted when a supplier fails?

What is the risk that further situations arise where IGT's are exposed to bad debt costs?

What is the risk that bad debt exposure leads to IGT failure?

What impact would an IGT failure have on consumers?

What impact would an IGT failure have on the market?

## Questions and responses for shippers

To obtain this information the IGT UNC Workgroup is asking all industry stakeholders to provide the information below. Where applicable please give detailed explanations, examples and where required high-level cost/benefit assessments where possible.

The information provided will be received by Gemserv, as the Code Administrator, and presented and considered by the IGT UNC Workgroup, in a way that does not identify participants. The information will be added to the Final Modification Report for consideration by the IGT UNC Panel and Ofgem. Answers may be submitted directly to Ofgem if there are concerns by any organisation over the sensitivity of the information being provided.

Thank you in advance for your support and assistance in this matter.

### Respondent contact details

Name	
Company	
Email	
Telephone	
Response Date	
Anonymous response (Y/N)?	
Commercially Confidential response (Y/N)	

### Questions and responses for shippers

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*Unless otherwise stated, when answering these questions, please assume that the question applies per company group as opposed to individual licensed entities i.e. BUUK and not QPL GPL or GTC for example and E.ON UK plc and not POW, EAS or UNI for example.*

### Question 1

**What is the admin cost for introducing credit rules for new entities for your organisation?**

- a) less than £10k
- b) between £10k and £100k
- c) over £100k

Please indicate whether new arrangements would be created or whether arrangements would be added to existing arrangements.

### Question 2

**What is the percentage rate for which you would obtain credit? (Potentially commercially sensitive)**

### Question 3

**What are the anticipated impacts of additional credit cover and what would be the level of impact to your business?**

- a) high
- b) medium
- c) low

Please indicate the impacts to your business e.g. resourcing, refinancing etc.

### Questions and responses for shippers

Question 4	
Are there any reasons why additional costs for IGT transportation credit cover would not be passed onto consumers?	
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Question 5	
What size shipper are you?	
<ul style="list-style-type: none"> <li>a) Small - Less than 100k supply points</li> <li>b) Medium - 100k to less a million supply points</li> <li>c) Large - a million supply points or above</li> </ul>	
Please also indicate whether your portfolio includes domestic and/ or industrial / commercial customers.	
Question 6	
How many IGT licenced entities do you have agreements with? How many companies do they represent?	
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## Questions and responses for shippers

### Question 7

**Will the IGT UNC credit cover Modification (IGT132VV) significantly impact your organisation's overall credit position? Please explain how.**

### Question 8

**Which of these would be options available to you?**

- ☐ Credit rating
- ☐ Parent company guarantee
- ☐ Letter of credit
- ☐ Cash
- ☐ Escrow account deposit
- ☐ Other

## Questions and responses for shippers

### Question 9

**What factors in the credit process described in Modification IGT132VV (Introduction of IGT Code Credit Rules) will impact efficiency and why?**

### Question 10

**What is the cost of maintaining credit cover rules for the Gas Distribution Networks (GDNs) under the UNC?**

- a) less than £10k
- b) between £10k and £100k
- c) over £100k

### Question 11

**What is the percentage rate for which you would obtain credit for the Gas Distribution Networks (GDNs)? (Potentially commercially sensitive)**

## Questions and responses for shippers

### Question 12

**How might Modification IGT132VV (Introduction of IGT Code Credit Rules) impact competition for Shippers and if so, how? (Please provide supporting evidence where possible)**

### Question 13

**Does your organisation believe there are any key areas of concern in this Modification IGT132VV (Introduction of IGT Code Credit Rules) that have not been identified? Does your organisation have any other elements that you would like the Modification to include?**

## Returning the RFI

Please return your RFI response to the Code Administrator at [igtunc@gemserv.com](mailto:igtunc@gemserv.com) alternatively you could submit your response directly to Ofgem at **XXX**