

Questions and responses for shippers

RFI details

RFI reference	IGT132VV
RFI title	Introduction of IGT Code Credit Rules
Version Number	V0.6
Date issued to Industry	25/10/2021
Response deadline	22/11/2021
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. All responses will be destroyed once the Modification has been closed.

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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?

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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 to 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.

Gemserv are committed to maintaining confidentiality and once the modification has been closed, all confidential survey responses will be deleted.

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)	

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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 IPL for example and E.ON UK plc and not POW, EAS or UNI for example.

Question 1
<p>A) What is the admin cost for introducing credit rules for new entities (e.g. new IGTs) for your organisation?</p> <ul style="list-style-type: none"> a) less than £10k b) between £10k and £100k c) over £100k <p>Please indicate whether new arrangements would be created or whether arrangements would be added to existing arrangements and what has been included.</p>
<p>B) Are there any other factors influencing admin costs for introducing credit rules?</p>

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Question 2

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

Question 3

For comparison: 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

Please indicate what has been included.

Question 4

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

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Question 5

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.

Question 6

Are there any reasons why additional costs for IGT transportation credit cover would not be passed onto consumers? Please specify.

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Question 7

What size is your shipper organisation(s) (in total)?

- a) Small - Less than 100k supply points
- b) Medium - 100k to less than a million supply points
- c) Large - a million supply points or above

Please also indicate whether your portfolio includes domestic and/ or industrial / commercial consumers.

Question 8

How many IGT licenced entities do you have agreements with? How many registered companies do they represent? How many company groups do they represent?

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Question 9

Will the IGT UNC credit cover Modification (IGT132VV) significantly impact your organisation's overall credit position? Please explain how and whether that would be positive or negative.

Question 10

Which of these would be options available to you? Multiple options may be applicable

- ☐ Credit rating
- ☐ Parent company guarantee
- ☐ Letter of credit
- ☐ Cash
- ☐ Escrow account deposit
- ☐ Other (please specify)

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Question 11

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

- ☐ Positively
- ☐ Negatively
- ☐ Neutral

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)

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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 alternatively you could submit your response directly to Ofgem at Licensing@ofgem.gov.uk.