Shippers Responses

1(a) What is the admin cost for introducing credit rules for new entities (e.g. new IGTs) for your organisation? a) less than £10k b) between £10k and £100k c) over £100k	The responses ranged between less than £10k and £10k and £100k. The costs would be for new arrangements as these are new legal entities, Parent Company Guarantees or Letters of Credit (difficult to estimate cost as it depends on how much negotiating is needed) and new processes to monitor (the different collateral in place, the different rules, and the different renewal dates). One respondent stated that once credit cover is set up and it does not change regularly, these costs would be on an ad hoc basis.
1(b) Are there any other factors influencing admin costs for introducing credit rules?	Two respondents agreed that this may vary depending on who takes this up and what type of collateral is required. Initial set up of reports in SAP will be dependent on who chooses to introduce credit cover as this change is not making it mandatory for an IGT to introduce credit cover. Other costs identified were staff resources to implement new procedures.
2. What is the percentage rate for which you would obtain credit for IGTs?	One respondent was not comfortable to disclose this information, one respondent did not have an answer to this question at the time and a third respondent provided a confidential response which will be provided to Ofgem.
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	The responses ranged between £10k and £100k and over £100k. These costs were made up of: • Monitoring credit exposure daily; • Updating credit where necessary and the cost of getting it signed off as there are approximately 6 people involved in every request; and • Letter of Credit coverage. One respondent stated there would be annual running costs for maintaining credit cover.
4. For comparison: What is the percentage rate for which you would obtain credit for the Gas Distribution Networks (GDNs)? (Potentially commercially sensitive)	Two did not respond to this question. One respondent provided a confidential response to be provided to Ofgem.

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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	Two respondents answered low and one answered medium. The respondents stated that it will depend on how many IGT's take this up, whether they will accept PCGs and how much credit is required. Other impacts recognised were additional resources required to monitor and maintain adequate LC facility. Cash requirements would be covered through existing financing set-ups.
6. Are there any reasons why additional costs for IGT transportation credit cover would not be passed onto consumers? Please specify.	One respondent could not see any reason why additional costs could not be passed onto the consumers. Two respondents stated that consumers on a fixed contract could not have costs passed on as they are on fixed prices agreements. It may be that costs could not be passed on to the consumer until they have moved onto a new tariff.
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	Two respondents state that they are a large (a million supply points or above) Shipper organisation, and one was a medium (100k to less than a million supply points) Shipper organisation.
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?	One respondent has agreements with 14 IGT's, one respondent has customer-vendor relationships with 8 IGT groups and the third respondent has 11 -13.
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.	Two respondents considered it unlikely to have a negative material impact to the overall company position or a negligible impact. One respondent stated that there would be a significant impact on their organisation, but it would be difficult to quantify until the amount of credit required is known. The respondent stated that the likelihood is that it will run into millions of pounds of extra credit which would be thousands if not tens of thousands of pounds of extra costs in fees alone as well as needing a member of staff who's role could purely be managing this credit cover, especially in the current times where things are extremely unpredictable.

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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)	All three respondents stated these options would be available to them; credit rating, parent company guarantees, letter of credit and cash. One respondent stated all the options would be available to them and in addition escrow account deposits too.
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	One respondent stated the Modification would have a neutral effect on the efficiency of their organisation. Two stated that it would have a negative impact on their organisations and the reasons for this are: • That there would be no uniformity in the method each IGT uses, so more time will be spent figuring out the rules for each IGT and keeping track of what credit needs renewing and how it can be renewed; • That this will all need to be documented and monitored on almost a permanent basis, there also could be a situation where multiple renewals happen at the same time; and • This would be an added layer of administration for SoLR and given the current energy market crisis this is happening on a much more frequent basis.
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)	One respondent stated that they do not provide or ship to any other Supplier. The respondent stated if this is an issue for a large Shipper, it’s likely to be an even bigger issue for medium and small Shippers as they will have less availability of credit, less cash and may not be able to afford the extra manpower. Another respondent stated the work involved in managing this is almost the same regardless of the size of the Shipper, so the smaller the Shipper the more the impact.

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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?	One respondent provided no further information. One respondent stated that they understood the requirement for cover, but ideally it would be centrally managed. One respondent stated that it needs to be made clear within the Modification that this is for transportation charges only and not include any other charges such as ERC, Rental, Job and Must Read.