

Consultation Response

IGT132VV: Introduction of IGT Code Credit Rules

Responses invited by: 16 March 2022

Respondent Details

Name: Chris Barker

Organisation: BUUK Infrastructure

Support Implementation	<input checked="" type="checkbox"/>
Qualified Support	<input type="checkbox"/>
Neutral	<input type="checkbox"/>
Do Not Support	<input type="checkbox"/>

Please briefly summarise the key reason(s) for your support / opposition

The workgroup has spent a long time and directed a lot of resource to this change and have been able to effectively assess each of the potential risks and impacts from the change. As well as the benefits of the change’s implementation. Benefits which will enable IGTs to effectively manage financial risk of their networks, while implementing code credit rules common to other codes including Shippers which currently must adhere to similar rules within the UNC. It is also considered that by enabling IGTs to protect a portion of their debt it may also allow Shippers to better manage their Transportation outflow and thus provide enhanced protection against market volatility.

Self-Governance Statement

Do you agree with the Modification Panel's determination with respect to whether or not this should be a self-governance modification?

As noted by the workgroup report it is appropriate to resubmit the modification to Ofgem for considerations.

Please state any new or additional issues that you believe should be considered

The workgroup has done well to review and assess issues which could arise.

Relevant Objectives

How would implementation of this modification impact the relevant objectives?

Agree with the workgroup that objectives B and F will have a positive impact, ultimately meaning that the IGT UNC utilises a standardised form of code credit rules across IGT parties enabling for efficient discharge of other regulatory requirements. No negative outcomes were identified by the workgroup, including around competition where the workgroup have addressed the concern raised by Ofgem in their send back letter.

Impacts and Costs

What development and ongoing costs would you face if this modification was implemented?

As noted previously it is difficult to attribute direct costs as they will be commercially sensitive and unique for each Shipper/ IGT relationship. The workgroup RFI and related work through should help provide a sense of the foreseeable impact and change of costs affecting both the market and ultimately the consumer from the change.

Implementation

What lead time would you wish to see prior to this modification being implemented, and why?

Agreed with the workgroup that this change should be implemented alongside the next release of the IGT UNC.

Legal Text

Are you satisfied that the legal text will deliver the intent of the modification?

Yes, following the example of other codes the legal text achieves the required solution of the modification while accounting for topics of debate and clarification required from the workgroup. As proposer a housekeeping modification can be raised after assumed release to support any additional clarity required.

Further Comments

Is there anything further you wish to be taken into account?

It should be reinforced from workgroup discussions that the regulator has a duty to allow networks to finance their activities, including provisions which allow for effective management of risk. Provisions already in place for all other networks in both the Gas and Electricity energy sectors with just IGTs lacking such means. Recent years have highlighted the volatility within the market making such measures even more necessary. The workgroup have agreed with these principles despite potential costs related to the change, and now it is hoped Ofgem will too.

Responses should be submitted by email to IGTUNC@gemserv.com