

Consultation Response

IGT132VV: Introduction of Code Credit Rules

Responses invited by: DD MMM YYYY

Respondent Details
 Name: Gethyn Howard
 Organisation: Last Mile Asset Management

| | |
|------------------------|--------------------------|
| Support Implementation | Y |
| 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

We are supportive of this proposal on the basis it will enable a consistent framework in which credit cover arrangements can be applied. It will better insulate IGTs from bad debt and provide parity with other network operators under the UNC and DCUSA.

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?

We agree that this is not a self-governance modification

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

-

Relevant Objectives

How would implementation of this modification impact the relevant objectives?

- a. We believe this objective is fulfilled on the basis it will allow us to better manage our cash flow from Shippers and to a degree will lower the risk of bad debt occurring which we currently do not have a mechanism to recover.
- b. As this modification would introduce a framework in which credit cover can be provided for all IGT entities, we believe that the benefits realised under objective a will apply to all IGTs should they utilise such provisions and objective b will therefore be satisfied.
- c. IGTs are required to operate an efficient and economic pipeline system under their licence and by taking steps to lower the risk of bad debt from materialising, would satisfy objective c.
- d. N/A
- e. N/A
- f. N/A
- g. N/A

Impacts and Costs

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

We would see a small increase in costs to track and administer the credit cover provisions but this will be outweighed by the benefits this change would bring.

Implementation

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

We acknowledge that Shippers may prefer a grace period but we would request this is no more than 3 months from the date of implementation.

Legal Text

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

Yes, though we acknowledge a house keeping change may be raised at a later date to provide additional clarification that the cover relates to Transportation Charges only. In addition, a further modification could be raised to align with the payment history changes recently approved under DCP349.

Further Comments

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

We would highlight that the lack of credit cover provision under the IGT UNC was raised by investors as part of our recent refinancing exercise. On a point of parity with other industry agreements, we see no reason why credit cover arrangements should not be introduced and the same protections offered for IGTs.

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