





Modification	At what stage is this document in the process?
<h1>IGT162:</h1> <h2>Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas)</h2>	<div style="display: flex; flex-direction: column; align-items: flex-end;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; margin-bottom: 5px;">01 Modification</div> <div style="border: 1px solid blue; padding: 5px; margin-bottom: 5px;">02 Workgroup Report</div> <div style="border: 1px solid purple; padding: 5px; margin-bottom: 5px;">03 Draft Modification Report</div> <div style="border: 1px solid orange; padding: 5px;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>To enable Central Data Service Provider (CDSP) to be appointed as Scheme Administrator for implementation and administration of the payment scheme for part of the Government's Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas) scheme within Great Britain, which takes effect from 1st October 2022.</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> treated as urgent and should proceed as such under a timetable agreed with the Authority. <p>This modification will be presented by the Proposer to the Panel on 28 October 2022.</p> <p>The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
<p>Impacted Parties and Codes</p>	
	<p>High Impact:</p> <p>Consumers, CDSP, Suppliers</p>
	<p>Medium Impact:</p> <p>None</p>
	<p>Low Impact:</p> <p>Distribution Network Operators, Independent Gas Transporters, Transmission</p>

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 Any questions?

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Timetable

The Proposer recommends the following timetable:

Modification sent to Ofgem	143 October 2022
Ofgem decision on Urgency	147 October 2022
Consultation commences (<i>5 Business Day consultation</i>)	14 October 2022
Consultation Close-out for representations	244 October 2022
Final Modification Report available for Panel	245 October 2022
Modification Panel recommendation	28 October 2022
Ofgem decision	4 November 2022

The Proposer raised v1.0 of this Modification on 13th October 2022. Following discussion with Ofgem they decided to amend the Modification, specifically regarding justification for Urgency in Section 2 of this document. This Proposer submitted an Amended Modification (v2.0) on 14th October 2022, which was issued to Ofgem on the same date. The timetable above therefore reflects the proposed progression of the Amended Modification.

1 Summary

UNC0824 - Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas) was raised by Northern Gas Networks on 15th September 2022 to support the assigning of the function of Scheme Administrator to the Central Data Service Provider (CDSP) for the EPG (Gas) Scheme within the UNC, and was approved by Ofgem on 22nd September, and implemented on 26th September. This Modification has been raised to assign the function of the EPG Scheme Administrator within the IGT UNC for the same purposes as delivered by the UNC Modification.

What

An unprecedented volatility of and rises in gas prices in the United Kingdom has resulted in increased Supplier costs leading to instability of the UK energy market with materially increased costs to consumers. As a result of these concerns the Government has proposed the EPG (Gas) Scheme for domestic customers, to secure reductions in the energy bills of domestic consumers in Great Britain. The intention is for the CDSP to perform the function of the EPG (Gas) Scheme (the 'Scheme') Administrator and that the scheme be implemented by 1st October 2022.

It will be necessary to ensure that information can be provided to the Department for Business, Energy and Industrial Strategy (BEIS) to monitor and audit the effective management of the Scheme. BEIS will be added to the Data Permissions Matrix to ensure that the relevant information can be shared to support this. Information will need to be passed to Shippers and Suppliers as part of this Scheme. Suppliers will be added to the Data Permissions Matrix to ensure that the relevant portfolio wholesale data can be provided to Suppliers to enable each industry participant to fulfil their activities under the Scheme.

The CDSP will be required to run and analyse the data, and process the receipt and payments of monies in accordance with the scheme.

Why

This Modification is required to support the appointment of the CDSP as the Scheme Administrator to enable the implementation of the EPG (Gas) as soon as possible and to ensure it delivers in line with the Government Direction as soon as possible. The CDSP has been instructed by BEIS to administer the Scheme and it is believed that this service can be provided efficiently and economically, by leveraging the data that the CDSP has access to and potentially utilising synergies with existing processes operated by the CDSP.

How

This Modification will assign the function of the Scheme Administrator to the CDSP for the EPG (Gas) Scheme. Under the Scheme Shippers and Suppliers with domestic portfolios in EUC bands 1 & 2 (i.e. 1ND, 1PD, 2ND & 2PD) will be eligible, and are expected to join. The object of the Scheme is to ensure that consumers' energy bills are lower than they would otherwise be under the current price cap arrangements. The intention is for Suppliers to reduce the tariffs that would otherwise be charged to consumers by the value of the support payments made under the Scheme.

The Scheme Document established by the Secretary of State, which will include the Scheme Agreement will set out the details of the Energy Price Guarantee Scheme and the obligations of the Scheme parties. Suppliers will need to accede to the Agreement to become a party to the Scheme and to be eligible to receive payments. The Scheme Document will detail the payment calculations, payment timetable and reconciliation processes.

2 Governance

Justification for Urgency

This Modification is proposed to be subject to Urgency

The United Kingdom has been described in many quarters as being subject to an Energy Crisis. Due to the imminent application of the increased Energy Price Cap from 1st October 2022 and the significant impact to domestic consumers the Government has intervened to limit the increase in prices that consumers would have otherwise experienced. This intervention was undertaken to avoid a significant proportion of UK households becoming subject to fuel poverty and to reduce the risk to consumers health and wellbeing as a consequence of the increased costs.

Therefore, in order to be able to ensure that the EPG (Gas) Scheme (implemented on 1st October 2022) can operate fully and completely going forwards across all supply points (including those on IGT networks) Urgency Status will need to be granted and a suitable urgent timeline will need to be followed. This will ensure that the CDSP can meet its requirements across all supply points (including those on IGT networks) being managed within the scheme, particularly where supply point level data is expected to be used imminently.

In the same way that Urgency was deemed necessary for the UNC (covering Supply Points governed under the UNC) and for the BSC (covering Supply Points governed under the BSC, including Independent Distributor Network Operator Supply Points), Urgency is deemed as necessary for this modification to cover governance of the EPG scheme application for IGT Supply Points under the IGT UNC.

Rationale for Urgency Status

This change meets the Urgency criteria in the following way, whilst addressing a current issue:

- **Significant Commercial Impact**
The cost of the CDSP's administration of the EPG Scheme will likely be recovered by parties including IGTs
- **A party to be in breach of any relevant legal requirements**
Currently, the IGT UNC does not cover the ability for the CDSP to administer the scheme on behalf of IGT Supply Points

In determining the rationale for Urgency, consideration has been given to the Urgency application to retrospective elements and, whilst it is recognised that urgency status is not encouraged in respect of retrospective elements, the circumstances requiring this modification are unprecedented and, therefore, led to confusion as to whether a corresponding modification to the IGT UNC was required. Ultimately, the conclusion of the requirement for an IGT UNC modification has further reduced timescales that were already challenging. Once the requirement was identified, parties have progressed in such a way so as to ensure that the modification enabling the EPG Scheme to be administered by the CDSP in respect of IGT Supply Points, be implemented as soon as is possible.

Consideration has also been given as to whether the modification could be progressed under Self-Governance or Fast Track Self-Governance. The Self-Governance criteria consisting **if implemented, is**

unlikely to have a material effect on: i. existing or future gas consumers; would not be met for either of these approaches.

IGT UNC Panel Discussion re UNC0824 and the need for an equivalent IGT UNC Modification

Friday 23rd September 2022

UNC0824 (Urgent) - Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas)

The Panel were advised that since UNC0824 has been raised, discussions had been had with the Modification Proposer regarding the potential impact of the Modification on the IGT UNC. At the time of the discussions, a Modification was not felt to be entirely necessary.

It was explained that the data for the scheme is to be aggregated at capacity level, and capacity level data is covered in the UNC rather than the IGT UNC. Supply Point level data is covered under the IGT UNC. Data for the scheme is to be provided via the Data Permissions Matrix, the governance of which is under the UNC (though changes to it can carry through to the IGT UNC). As the data is aggregated at capacity level for the scheme, the IGT UNC was not seen as being directly impacted and a Modification was not necessary. The Panel were asked if they agreed with the rationale for not having an IGT UNC Modification.

A Panel member questioned whether a Modification was needed to allow the CDSP to pass the necessary data and how this worked from a funding perspective. It was advised that the CDSP are running the scheme and so they will have to receive money for each Supply Point and that will come from the Government and will be given to the CDSP. They added that BEIS will need to be added to the Data Permissions Matrix so they may see relevant site information.

A Panel member asked if there was something in Code which allows the Authority / Government to request data without changes to the Code being required. The Chair advised that there are such provisions but there is an expectation that this is not simply given, but that there needs to be a written request for the data.

A Panel member suggested the Panel go through the Legal Drafting as logic seems to dictate that some level of change is needed to the IGT UNC.

Following review of the legal drafting for UNC0824, a Panel Member felt that it may be pragmatic to acknowledge the role of the CDSP and the IGT UNC for completeness. The Code Administrator acknowledged this view and advised that an Urgent Modification may not be needed as the scheme can operate at capacity level and it could even be a Self-Governance Modification as what has been suggested would be to acknowledge the scheme and roles.

A Panel Member advised that they would be happy to sponsor the Modification but felt that if UNC0824 was urgent then the Modification raised under the IGT UNC should also be done requesting urgency.

Other Panel members agreed that the potential Modification should be urgent to mirror the progression of UNC0824. The Panel unanimously agreed that the Modification should request urgency.

In determining whether a separate modification for the IGT UNC was required, the Proposer discussed the rationale with the CDSP, and both concluded that, in order for the CDSP to undertake the administration of the EPG Scheme in respect of IGT Supply Points, reference was required within the IGT UNC, in the same way as has been included within the UNC.

Requested Next Steps

This Modification should:

- be treated as urgent and should proceed as such under a timetable agreed with the Authority.

This Modification needs to be implemented as soon as possible. To ensure that the CDSP can fully perform the role required of it, by including the IGT supply points within its remit, and to support the CDSP in implementing the system changes and operational processes necessary to undertake the Scheme.

3 Why Change?

European energy prices have increased dramatically, following the ending of lockdown and the gas crisis initiated by Russia's invasion of Ukraine. On 26 August 2022 Ofgem announced that the energy price cap will increase to £3,549 per year for a typical household's gas and electricity bill in Britain from October 2022.

Further rises are expected in the future and, as we approach winter, there are concerns over the wellbeing of those who may not be able to afford their energy costs.

The increase in wholesale energy costs could also have wider economic impacts. There has already been an impact on inflation, and Bank of England have predicted that the cost of living crisis is expected to cause a recession. It is also possible that the increased energy costs could cause further Supplier failures. Previously, rising wholesale gas costs caused several Suppliers to fail, as the price cap meant they were unable to pass the increasing costs on to customers. With increasing numbers of customers unable to make payments or who may begin to refuse to pay their bills, there are concerns that additional Supplier failures may be triggered.

The unprecedented volatility and increase to gas prices in the United Kingdom has resulted in increased Supplier costs leading to instability of the UK energy market through Supplier failure and materially increased costs to consumers. The UK Government has proposed the 'EPG' which will be implemented via schemes in both gas and electricity, to protect domestic consumers from a significant proportion of the increase that they otherwise would have faced on 1st October with the revised Energy Price Cap.

Shippers who ship for Suppliers with domestic gas consumers within their portfolio will be eligible to participate in the EPG (Gas) Scheme and are expected to do so.

The CDSP needs to be able to put in place the appropriate changes and data permissions in order to provide the relevant consumption data, receive payment from government and pass this on to the relevant Suppliers. This data analysis, calculations and processing of monies will be carried out on a weekly basis from 1st October, until the pausing or cessation of the EPG (Gas) Scheme the "Scheme". Due to the constrained timeline, normal Data Services Contract (DSC) approvals for data permissions and changes will be unable to be followed. Therefore, the CDSP will require the ability to provide the relevant information, and make the relevant system changes without using standard DSC approval routes.

This Modification confirms the role of the CDSP as the Scheme Administrator for the EPG (Gas), and gives them the relevant powers to make changes under the DSC to facilitate implementation and administration of this Scheme, as soon as possible, so to keep as closely in line with the Government direction as possible.

The Scheme requires that wholesale data relating to Gas Consumption by Suppliers can be provided to each supplier in relation to their portfolio, as well as being shared with BEIS. This data will be provided on a weekly basis.

Following implementation of the Faster Switching Significant Code Review, the addition of parties, and changes to data items within the Data Permissions Matrix, are usually approved by DSC Change

Management Committee. As stated, the following would look to be facilitated without the approval of the DSC Change Management Committee:

- It is proposed that information be provided to the Department for Business, Energy and Industrial Strategy (BEIS) to monitor and audit the effective management of the Scheme, as well as to be able to know the values to be paid for each, weekly, period.
- Information will need to be passed to Shippers and Suppliers as part of this Scheme. Suppliers will need to be reinstated to the Data Permissions Matrix to ensure that the relevant portfolio wholesale data can be provided to Suppliers to enable each industry participant to fulfil their activities under the Scheme.

As the CDSP will be performing a separate and distinct role as EPG (Gas) Scheme Administrator, the proposed Modification provides that the DSC Committees will not have any responsibilities in respect of CDSP's functions as Scheme Administrator.

A new Shipper funded Service Line will be required within the Data Services Contract Service Description Table, for a Direct Service Code Service provided to Shippers to require that the CDSP performs this function.

Should the Modification not be implemented then there is a risk that Government intervention, in the shape of the EPG (Gas) Scheme, deemed necessary to limit the impacts to domestic gas consumers could be at risk of being partially implemented.

The Government Scheme was created to avoid a significant proportion of UK households becoming subject to fuel poverty and to reduce the risk to consumers health and wellbeing as a consequence of the increased costs. Failure to implement this Scheme would likely lead to material reputational damage to the UK gas sector.

4 Code Specific Matters

Reference Documents

Suggested extra reading in addition to footnotes

Energy Bills Support Factsheet - <https://www.gov.uk/government/publications/energy-bills-support/energy-billssupport-factsheet-8-september-2022>

Gov.com announcement of Energy Price Guarantee - <https://www.gov.uk/government/news/governmentannounces-energy-price-guarantee-for-families-and-businesses-while-urgently-taking-action-to-reform-brokenenergy-market>

Ofgem confirmation of Urgency in relation to BSC modification for Electricity version of Scheme - <https://www.ofgem.gov.uk/publications/decision-request-treat-bsc-modification-p446-energy-price-guaranteescheme-domestic-customers-urgent-modification-proposal>

5 Knowledge / Skills

Knowledge of both UNC General Terms Section D and the Data Services Contract (DSC) would be of benefit and how this impacts and relates to the IGT UNC.

6 Solution

Changes to General Terms Section D To make changes to the DSC to allow for CDSP to unanimously make decisions without DSC Committee approval; limited to where these decisions relate directly to the implementation and administration of the Energy Price Guarantee (Gas) Scheme and the CDSP's role as administrator of said Scheme In relation to Energy Price Guarantee (Gas) Scheme:

- BR 1. UNCC/DSC Committees have no role or oversight of CDSP providing EPG (Gas) services;
- BR 2. Neither will, nor will UNC parties or IGT UNC parties, interfere with provision of EPG (Gas) services
- BR 3. All UNC parties and IGT UNC parties waive rights, remedies etc re CDSP providing EPG (Gas) services
- BR 4. CDSP may use all data maintained, and share with others, where required for EPG (Gas) services
- BR 5. CDSP costs in performing EPG (Gas) services are CDSP Costs For the avoidance of doubt, the CDSP will ensure that the appropriate committees, whilst not directly consulted for approval, will be kept updated on changes and approvals undertaken under the scope of the Scheme.

For the avoidance of doubt This is envisaged to include additional of parties, and changes to reporting items within the DPM, including the addition of Shipper and BEIS in relation to the Scheme This is envisaged to include changes to central systems as required for implementation and ongoing maintenance of the Scheme.

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This is envisaged to include changes to central systems as required for implementation and ongoing maintenance of the Scheme

7 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This Modification does not impact a Significant Code Review.

Consumer Impacts

The purpose of the EPG (Gas) Scheme is to have profound beneficial impacts to domestic consumers to protect them from the material increase in the Energy Price Cap and reduce the risk of consumers being placed into fuel poverty.

The benefits of the Modification would primarily be the securing of reductions in the gas bills of domestic consumers in Great Britain. It should be recognised that this would have a positive impact on the wellbeing of consumers as well as on the economy. The Modification would also support Suppliers, reducing the likelihood of Supplier failure during the current wholesale energy price increases, and

reducing the burden of Supplier failures on those who remain in the market and would have to pick up any mutualisation costs, which would also adversely impact end consumers.

What is the current consumer experience and what would the new consumer experience be?

The Scheme is expected to be managed by Suppliers to ensure that consumers do not see material price increases.

If this Modification is not delivered the benefits of the Government intervention will not be realised. These benefits include prevention of a significant proportion of UK households being subject to fuel poverty and the attendant risks to consumer wellbeing.

Impact of the change on Consumer Benefit Areas

Area	Identified Impact
<p>Improved safety and reliability</p> <p>The EPG (Gas) is designed to ensure that consumers have access to energy at a price lower than the revised Energy Price Cap effective on 01 October 2022 and any subsequent increase to that Energy Price Cap subject to continuation of the EPG policy. This will benefit all consumers, but particularly vulnerable consumers.</p>	Positive
<p>Lower bills than would otherwise be the case</p> <p>The EPG (Gas) is designed to ensure that consumers have access to energy at a price lower than the revised Energy Price Cap effective on 01 October 2022 and any subsequent increase to that Energy Price Cap subject to continuation of the Energy Price Guarantee policy. This will benefit all consumers, but particularly vulnerable consumers. The quantifiable benefits have yet to be formally confirmed but the value of the Energy Price Guarantee within gas is expected to be over £10billion per annum.</p>	Positive
<p>Reduced environmental damage</p> <p>The EPG is designed to ensure that consumers have access to energy at a price lower than the revised Energy Price Cap effective on 01 October 2022 and any subsequent increase to that Energy Price Cap subject to continuation of the EPG policy. This may prevent consumers from looking for alternative, less sustainable, energy sources.</p>	Positive
<p>Improved quality of service</p> <p>It is not anticipated that the EPG (Gas) will impact the level of quality of service that a consumer enjoys, however it may result in consumers being able to utilise the service more effectively due to increased affordability of each unit of gas</p>	None
<p>Benefits for society as a whole</p> <p>Whilst the benefits of the Modification would primarily be the securing of reductions in the gas bills of domestic consumers in Great Britain. It should be recognised that this would have a positive impact on the wellbeing of</p>	Positive

consumers as well as on the economy. The Modification would also support Suppliers, reducing the likelihood of Supplier failure during the current wholesale energy price increases, and reducing the burden of any such failures on those who remain in the market and would have to pick up any mutualisation costs, which would also adversely impact end consumers.

Cross-Code Impacts

An equivalent Modification will be required to the BSC for the electricity sector. This Modification is also related to UNC0824 but there is no directly impact to the UNC outside of that Modification.

UNC	<input checked="" type="checkbox"/>
REC	<input type="checkbox"/>
BSC	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>

Environmental Impacts

None identified.

Central System Impacts

The CDSP will be required to undertake system and operational process changes to support their role as the Scheme Administrator of the EPG (Gas).

A new Shipper funded Service Line will be required within the Data Services Contract Service Description Table for a Direct Service Code Service provided to Shippers to require that the CDSP performs this function.

8 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
(A) Efficient and economic operation of the pipe-line system	None
(B) Co-ordinated, efficient and economic operation of (i) the combined pipe-line system; and/or (ii) the pipe-line system of one or more other relevant gas transporters	None
(C) Efficient discharge of the licensee’s obligations	None
(D) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation agreements with other relevant gas transporters) and relevant	Positive

shippers	
(E) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers	Positive
(F) Promotion of efficiency in the implementation and administration of the Code	None
(G) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators	None

The Relevant Objectives of this Modification are expected to be (D) securing effective competition between relevant suppliers and (E) Provision of reasonable economic incentives for relevant suppliers.

The EPG (Gas) is expected to enable Suppliers to recover their necessary costs as afforded by the Energy Price Cap, whilst protecting consumers from a substantial proportion of the increase that they otherwise would have faced. This consumer protection should reduce instances of bad debt to Suppliers thereby reducing the risk of Supplier (and Shipper) failure and ensuring the continued provision of gas to all domestic consumers.

9 Implementation

Implementation of this Modification is required as soon as possible to ensure that it is delivered as close as possible to the implementation of UNC0824 and the Government Direction.

10 Legal Text

Suggested Text

New paragraph 1.3.1(c) to be added to existing Part N (CDSP and UK Link).

1.3 CDSP Services

1.3.1 For the purposes of the Code, subject to paragraphs 1.3.2 to 1.3.4, "**CDSP Services**" means the following services:

- (a) services ("**core services**") which consist in:
 - (i) performing functions assigned to the CDSP in; or
 - (ii) performing or facilitating performance of obligations on behalf of a Core Customer under the Code, the IGT Code, the Retail Energy Code (in respect of GRDA Functions only), a Gas Transporter's Licence, or another document designated for the purposes of Section 173 of the Energy Act 2004; and
- (b) any service which the CDSP can provide efficiently and economically by using resources and/or data used by the CDSP to provide core services and which:
 - (i) is provided to any Core Customer or Core Customers of any Customer Class;

or

(ii) is provided to a person or persons of a class which are not Parties, where one of the following conditions is met:

- (aa) the service is the same or substantially the same as a service which the CDSP is for the time being providing to any Core Customer or Core Customers of a Customer Class; or
 - (bb) the Code requires or authorises the CDSP to provide the service to such person(s); or
 - (cc) the provision of the service to such person(s) helps facilitate the efficient and integrated operation of the gas industry.
- (c) services which consist of, are connected with or are ancillary to the CDSP performing the role, functions and responsibilities of the EPG Scheme Administrator (and acting as the agent of the Secretary of State in respect of such role, functions and responsibilities) in connection with the Code and the Data Services Contract (“**EPG Scheme Services**”).

New paragraph 1.4 to be added to existing Part N (CDSP and UK Link).

1.4 EPG Scheme

1.4.1 For the purposes of the Code, paragraph 1.9 of General Terms of Section D of the UNC shall apply with the following changes

the reference to paragraph 1.3.1(c) of General Terms Section D of the UNC in paragraph 1.9.11 shall be interpreted as a reference to paragraph 1.3.1(c) in this Part N.

11 Recommendation

Proposer’s Recommendation to Panel

The Panel is asked to:

- agree that this is treated as urgent and should proceed as such under a timetable agreed with the Authority.