

Modification proposal:	<b>Independent Gas Transporters Uniform Network Code (IGT UNC) 162: Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas) (IGT 162)</b>		
Decision:	The Authority <sup>1</sup> directs this modification be made <sup>2</sup>		
Target audience:	IGT UNC Panel, Parties to the IGT UNC and other interested parties		
Date of publication:	13 December 2022	Implementation date:	To be confirmed by the code administrator

## Background

On 8 September 2022, the Government announced a new 'Energy Price Guarantee' scheme to start from 1 October 2022. The Energy Price Guarantee (EPG) will limit the price that suppliers can charge consumers for each unit of energy. Above that limit, the Government will pay the cost of the energy. On 22 September 2022, we approved UNC modification UNC824<sup>3</sup> which enabled the CDSP to act as scheme administrator for the EPG scheme.

Since this decision, in its Autumn 2022 statement the Government announced that the Energy Price Guarantee will be extended from April 2023 until April 2024<sup>4</sup>.

## The modification proposal

<sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

<sup>3</sup> [0824 \(Urgent\) - Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee \(EPG\) for Domestic Gas Consumers \(Gas\) | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

<sup>4</sup> <https://www.gov.uk/government/publications/energy-bills-support/energy-bills-support-factsheet-8-september-2022>

On 13 October 2022, BUUK Infrastructure (“The Proposer”) raised IGT162 as an urgent IGT UNC modification proposal. On 19 October 2022, Ofgem decided that IGT162 should not be progressed on an urgent basis because we were not satisfied that progressing the proposal on an urgent basis was related to an imminent or current issue.<sup>5</sup>

IGT162 seeks to align the IGT UNC with the UNC following our decision on UNC 0824.<sup>6</sup> IGT162 seeks to recognise that Xoserve, as the Central Data Services Provider (CDSP), is appointed to undertake and facilitate the function of Scheme Administrator for the Government’s EPG scheme for domestic gas customers that are connected to Independent Gas Transporters’ networks.

### **IGT UNC Panel<sup>7</sup> recommendation**

At the IGT UNC Panel meeting on 25 November 2022 the IGT UNC Panel unanimously considered that IGT162 would better facilitate the IGT UNC objectives (d), (e) and (f) and therefore recommended its approval.

### **Our decision**

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 25 November 2022. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR.<sup>8</sup> We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the IGT UNC; and
- directing that the modification be made is consistent with our principal objective and statutory duties.<sup>9</sup>

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<sup>5</sup> [IGT UNC modification proposal IGT162 - decision on urgency | Ofgem](#)

<sup>6</sup> [0824 \(Urgent\) - Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee \(EPG\) for Domestic Gas Consumers \(Gas\) | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

<sup>7</sup> The IGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the IGT UNC Modification Rules.

<sup>8</sup> IGT UNC modification proposals, modification reports and representations can be viewed on the Independent Gas Transporters’ (IGT) Uniform Network Code (UNC) website at <https://www.igt-unc.co.uk>

<sup>9</sup> The Authority’s statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986 as amended.

## Reasons for our decision

We consider this modification proposal will better facilitate UNC objective (f) and has a neutral impact on objectives (d) and (e). It has no impact on the other relevant objectives.

***(d) so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition:***

***(i) between relevant shippers;***

***(ii) between relevant suppliers; and/or***

***(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers***

The Proposer considers that IGT162 will have a positive impact on relevant objective (d). In the final modification report (FMR)<sup>10</sup> the proposer argues, "The EPG (Gas) Scheme 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". The IGT UNC Modification Panel agreed with this view.

The appointment of Xoserve as the Scheme Administrator and the implementation of the EPG (Gas) Scheme has put the systems and processes in place to ensure suppliers are able to recover the EPG subsidy above the limit at which consumers will pay for their energy for the duration of the Scheme. Following the implementation of UNC824 the EPG (Gas) scheme is already up and running and these benefits are already being realised without IGT162 being in place. We consider IGT162 to be a modification that seeks to align the IGT UNC with the UNC following our decision to accept UNC824. For these reasons, IGT162 has a neutral impact on relevant objective (d).

***(e) so far as is consistent with sub-paragraphs (a) to (d), the 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***

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<sup>10</sup> [IGT162-Final-Modification-Report-v0.1.pdf \(igt-unc.co.uk\)](#)

The Proposer considers that IGT162 will have a positive impact on objective (e) because the consumer protection afforded by the scheme 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.

The EPG (Gas) Scheme is already operating so in our view IGT162 has a neutral impact on objective (e).

***(f) so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code referred to in paragraphs 2 and 5 respectively of this condition***

A Panel member and two consultation respondents consider that this modification would have a positive impact on objective (f) as it ensures the IGT UNC aligns with the provisions in the UNC delivered by UNC824. The other members of the panel agreed the Modification will have a positive impact on Relevant Objectives (f).

We consider that this modification will provide clarity to all parties that Xoserve is undertaking its role as EPG scheme administrator for all domestic gas consumers, including IGT-connected consumers. We also consider that this modification will align arrangements, as appropriate, between the UNC and IGT UNC. For these reasons, we consider that IGT162 will promote the efficient implementation and administration of the IGT UNC and better facilitates relevant objective (f).

## **Decision notice**

In accordance with Standard Condition 9 of the Gas Transporters licence, the Authority hereby directs that modification proposal IGT162: 'Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas)' be made.

**Jemma Baker**

**Deputy Director, Future Retail Markets**

Signed on behalf of the Authority and authorised for that purpose