





Final Modification Report	At what stage is this document in the process?
<h1>IGT163:</h1> <h2>Code Credit Rules housekeeping updates following IGT132VV approval</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">01</span> Modification         </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>Following Ofgem’s approval of IGT132VV this ‘housekeeping’ mod aims to provide the necessary updates to code as indicated in the ‘Authority Decision.’ Along with these minor amendments, intended for clarity, this mod also works to align with the changes made by UNC827S, to reflect the removal of Graydons and insertion of Creditsafe following the dissolution of the former as an organisation.</p>	
	<p>Panel considered this Modification on <b>26<sup>th</sup> April 2023</b>.</p> <p>The Panel determined that this Self-Governance Modification should be implemented.</p>
	<p>High Impact: N/A</p>
	<p>Medium Impact: N/A</p>
	<p>Low Impact: Pipeline Operators and Pipeline Users</p>

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 Any questions?

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Timeline

**Modification timetable:**

Initial consideration by Workgroup	9th March 2023
Amended Modification considered by Workgroup	-
Workgroup Report presented to Panel	24th March 2023
Draft Modification Report issued for consultation	24th March 2023
Consultation Close-out for representations	18th April 2023
Variation Request presented to Panel	-
Final Modification Report available for Panel	20th April 2023
Modification Panel decision	26th April 2023

## 1 Summary

### What

The implementation of [IGT132VV - Introduction of IGT Code Credit Rules](#) (currently expected for June 2023) will introduce a set of new arrangements into the IGT UNC. Some amendments to the IGT132VV legal text is required and need to be accounted for prior to the implementation of the Modification.

These amendments include the following:

- aligning the Code changes with the UNC to update the independent assessment table in line with [UNC0827S - Amending the Unsecured Credit Table in TPD V3 to reflect the removal of Graydons and insertion of Creditsafe](#). The acquisition of Graydons by another company has rendered their reference in the UNC (and therefore the IGT132VV legal drafting) redundant;
- addressing comments from Ofgem, which were included in the [IGT132VV Decision letter](#), also need to be taken into account to ensure the effective implementation of IGT132VV; and
- amending the Code changes to ensure there is further transparency with regards to the credit arrangements applying to Transportation Charges only.

### Why

The Authority Decision for IGT132VV, while approving the change, identified a number of 'legal text and related issues.' This Modification is thus designed to rectify those issues. It also seeks to introduce agreed housekeeping changes to make clarifications with regards to Transportation charges and to account for the fact that on 28<sup>th</sup> February 2022, Creditsafe Nederland BV acquired the portfolios of all the Graydon companies under Graydon Holding NV. Creditsafe had highlighted to Gas Distribution Networks (GDNs) that their access to the Graydons portal will cease at the end of their current contracts and new contracts to access the Creditsafe portal will be required. As the IGT132VV legal text makes reference to Graydons, a change is required to amend that reference to Creditsafe.

### How

As highlighted in the legal text section, several minor changes will be required to Code to allow for the updates to be made.

## 2 Governance

### Justification for Self-Governance Procedures

The Modification is unlikely to have a material impact on the end customer or discriminate between industry parties as it works to align with industry realities and authority recommendations.

### Requested Next Steps

This Modification should:

- be assessed by a Workgroup; and
- progressed as a Self-Governance Modification Proposal.

## Workgroup Discussions (March 2023)

The Workgroup considered the Proposers recommendation and rationale for IGT163 regarding governance. The Workgroup unanimously agreed that IGT163 should be treated as a Self-Governance Modification Proposal for the reasons provided by the Proposer.

## Panel Discussions (March 2023)

The Panel reconsidered the governance of the Modification and unanimously agreed that IGT163 should still be treated as a Self-Governance Modification Proposal, for the reasons provided by the Proposer.

## Panel Discussions (April 2023)

The Code Administrator noted that 1 respondent (a Shipper) disagreed with the Modification being progressed as Self-Governance, noting that they advised the Code Administrator that whilst the changes being made to Code were subtle, they may be substantial enough to amend the mechanism. They did not feel that the changes were as simple as amending Code references or errors. A Panel member (Shipper) added that the respondent also advised them that some of the changes to the IGT132VV Legal Drafting were at the request of Ofgem and that these changes should be ratified by the Authority.

The Ofgem representative was invited to comment and advised the Panel that the policy team were aware of this Modification and had not raised any concerns over its progression. The Chair added that Ofgem always have the ability to step in where they feel a Modification does not meet the Self-Governance criteria, up to the point of final decision. They added that changes do not have to be purely “housekeeping” to be considered Self-Governance. So long as the Modification does not have a material impact on consumers, competition, and the security of supply a Modification can meet the Self-Governance Criteria.

The Chair asked the Panel if there was enough evidence to move away from Self-Governance. A Panel member (IGT) confirmed that they did not feel there was enough evidence to warrant the Modification having an Authority Decision. Another Panel member (Shipper) advised that they reached out to other Shippers who agreed that this Modification should be Self-Governance.

The Panel considered the governance path in light of the consultation responses and unanimously agreed that it should remain Self-Governance.

## 3 Why Change?

This Modification aims to rectify these issues so that IGT132VV can be implemented efficiently without ambiguity. As indicated within the Authority Decision for IGT132VV this Modification seeks to address typographical issues with the legal drafting:

*“We have found a number of typographical issues with the legal text; we recommend that these are corrected through the code modification process before the modification is implemented as these issues would undermine the code’s clarity.”*

The Modification also seeks to align the IGT132VV legal drafting with [UNC827S - Amending the Unsecured Credit Table in TPD V3 to reflect the removal of Graydons and insertion of Creditsafe](#) to amend the independent assessment score table, which is included in the legal text of IGT132VV, so that the developments of independent credit rating agencies can be accounted for. Such as:

- Creditsafe Nederland BV acquired the portfolios of all the Graydon companies under Graydon Holding NV;

- Amend the title of 'Dunn & Bradstreet / N2 Check Comprehensive Report' to simply 'Dunn & Bradstreet Report' as the N2 report was subsumed into Dunn & Bradstreet a number of years ago and is therefore redundant; and
- Change the Experian Bronze, Silver or Gold Report to Experian Business IQ Report. The Bronze, Silver and Gold Reports are obsolete.

The Modification also looks to make clarification changes, as agreed during the development of IGT132VV, to ensure it is clear that the arrangements are only applicable to Transportation Charges.

## 4 Code Specific Matters

### Technical Skillsets

N/A

### Reference Documents

- [IGT132VV - Introduction of IGT Code Credit Rules](#)
- [IGT132VV Authority Decision](#)
- [UNC827S - Amending the Unsecured Credit Table in TPD V3 to reflect the removal of Graydons and insertion of Creditsafe](#)

## 5 Solution

With regards to changes related to UNC827S, the legal text has been drafted/updated to:

- All references to Part K to read Part G except for the one in clause 21.8.2;
- The new defined term in Part M 'Credit Limit' will instead be 'Credit Code Limit';
- Creditsafe to replace Graydon;
- 'Dunn & Bradstreet / N2 Check Comprehensive Report' to be updated to 'Dunn & Bradstreet Report'; and
- Change the Experian Bronze, Silver or Gold Report to Experian Business IQ Report.

The legal text also addresses concerns raised during the development of IGT132VV that there was a lack of clarity around its provisions being solely for transportation charges, and not metering charges as well.

It is worth noting that the Authority Decision also indicated that 'Initial Account' and 'Reconciliation Account' needed to be added as defined terms. However, these terms are not required and as such are instead to be removed rather than provided with their own definition. Though the Legal Text has made amendments to the typographical issues highlighted

### Workgroup Discussions (March 2023)

The Workgroup the solution and purpose of the Modification. No issues or questions were raised, with some Workgroup members noting that the Modification made sense and the changes proposed were non-contentious.

## 6 Impacts & Other Considerations

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

There are no Significant Code Review (SCR) or other significant industry change projects impacted as a result of this change.

### Consumer Impacts

#### What is the current consumer experience?

There is no impact to the customer experience as a result of this change.

#### What would the new consumer experience be?

There is no impact to the customer experience as a result of this change.

### Impact of the change on Consumer Benefit Areas

Area	Identified Impact
<p>Improved safety and reliability</p> <p><i>Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?</i></p> <p><i>This area would relate to changes which balance the system safely, securely and at optimum cost, particularly for consumers in vulnerable situations. It would also consider changes which introduce flexibility across the market to flow energy at the most efficient profile, lower operational costs and make sure GB consumers can access the cheapest sources of energy.</i></p>	None
<p>Lower bills than would otherwise be the case</p> <p><i>Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?</i></p> <p><i>This area would relate to changes that are likely to benefit end consumers. This could include any change where it has been demonstrated that it could lower bills for end consumers.</i></p> <p><i>If possible, this section should include any quantifiable benefits.</i></p>	None
<p>Reduced environmental damage</p> <p><i>Will this proposal support:</i></p> <ul style="list-style-type: none"> <li>• <i>new providers and technologies?</i></li> <li>• <i>a move to hydrogen or lower greenhouse gases?</i></li> <li>• <i>the journey toward statutory net-zero targets?</i></li> <li>• <i>decarbonisation?</i></li> </ul> <p><i>This area would relate to changes which demonstrate innovative work to design solutions which ensure the system can operate in an environmentally sustainable way both now and in the future.</i></p>	None

<p>Improved quality of service</p> <p><i>This area would focus on demonstrating why and how the change can improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.</i></p>	None
<p>Benefits for society as a whole</p> <p><i>This area would relate to any other identified changes to society, such as jobs or the economy.</i></p>	None

### Cross-Code Impacts

There are no cross-code impacts, other than to align the IGT UNC with other gas code credit rules.

UNC	X
REC	<input type="checkbox"/>
Other	<input type="checkbox"/>
None	<input type="checkbox"/>

### Environmental Impacts

There are no environmental impacts as a result of this change.

### Panel Discussions (February 2023)

The Panel considered the impacts of the Modification and, along with the Proposer, agreed that the Cross Code Impacts needed amending. The Panel and the Proposer agreed that reference to electricity codes needed removing with only the UNC being impacted. This has therefore been reflected in the draft Workgroup Report for Workgroup consideration.

### Workgroup Discussions (March 2023)

The Workgroup considered the impacts, as set out above. The Workgroup unanimously agreed that the Modification would have no consumer, cross code or environmental impacts. They also unanimously agreed that this Modification did not have an impact on any SCRs or other significant industry projects.

### Panel Discussions (March 2023)

The Panel considered the impacts as set out above, as well as the Workgroup discussions. The Panel unanimously agreed that the impacts as set out in this report are accurate and reflective and that no further work was required by the Workgroup.

### Panel Discussions (April 2023)

The Panel considered the impacts as set out above, along with the consultation responses, and agreed that they were complete and there was no further work required by the Workgroup.

## 7 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 shippers	None
(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	None
(F) Promotion of efficiency in the implementation and administration of the Code	Positive
(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

### Proposer's Views

(F) Promotion of efficiency in the implementation and administration of the Code: As effectively a 'housekeeping' Modification to implement a cohesive and clear approach to IGT UNC credit cover arrangements this change better facilitates Objective (F) as it will ensure accurate and effective running of the Code.

### Workgroup Discussions (March 2023)

The Workgroup considered the impact of IGT163 on the Relevant Objectives. The Workgroup unanimously agreed that this Modification would have a positive impact on Objective (F) for the reasons given by the Proposer.

### Panel Discussions (March 2023)

The Panel considered the impact of IGT163 on the Relevant Objectives and the Workgroup discussions and unanimously agreed that this Modification would have a positive impact on Objective (F) for the reasons given by the proposer.



## Panel Discussions (April 2023)

The Panel considered the impact of IGT163 on the Relevant Objectives, as well as the consultation responses, and unanimously agreed that this Modification would have a positive impact on Objective (F) for the reasons given by the proposer.

## 8 Implementation

To meet the expectations of the Authority Decision for IGT132VV, this Modification should be implemented at the same time as IGT132VV to ensure sufficient clarity is provided before parties engage in any bilateral conversations necessary to implement the credit arrangements provided from IGT132VV.

### Workgroup Discussions (March 2023)

The Workgroup considered the proposed implementation approach. The Workgroup unanimously agreed with the Proposer that IGT163 should be implemented on the same day as IGT132VV for the reasons given above.

### Panel Discussions (March 2023)

The Panel considered the proposed implementation approach and the Workgroup discussion. The Panel unanimously agreed that IGT163 should be implemented on the same day as IGT132VV for the reasons given above.

### Panel Discussions (April 2023)

The Panel considered the proposed implementation approach, as well as the consultation responses, and unanimously agreed that IGT163 should be implemented on the same day as IGT132VV for the reasons given above.

## 9 Legal Text

### Text Commentary

The proposed Legal Text uses the approved drafting of IGT132VV as its baseline and amendments to this text, which will be implemented as part of this Modification, have been highlighted in red to show the additions/ changes made to fulfil the requirements of the Modification, as outlined in the solution section.

### Suggested Text

Draft Legal Text changes can be found on the IGT163 webpage [here](#).

### Workgroup Discussions (March 2023)

The Workgroup considered the proposed Legal Drafting. The Workgroup unanimously agreed that the Legal Drafting delivers the intent of the solution and had no further comments on the drafting.

### Panel Discussions (March 2023)

The Panel considered the proposed Legal Drafting, as well as the Workgroup discussions and unanimously agreed that the drafting delivers the intent of the IGT163 solution.

## Panel Discussions (April 2023)

The Panel considered the proposed Legal Drafting, as well as the consultation responses, and unanimously agreed that the drafting delivers the intent of the IGT163 solution.

## 10 Consultation

Panel invited representations from interested parties on 18<sup>th</sup> April 2023. The summaries in the following table are provided for reference on a reasonable endeavours basis only. We recommend that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
Indigo Pipelines Ltd	Support	F - positive	<ul style="list-style-type: none"> <li>Support implementation of these housekeeping updates to ensure IGT132VV is accurate and up to date when it is implemented later this year.</li> <li>Agree with the proposer that this housekeeping change should be a Self-Governance Modification.</li> <li>No new issues identified.</li> <li>Agree that this proposal positively impacts Objective F by ensuring that the legal text being implemented under IGT132VV is accurate and up to date.</li> <li>No impacts or costs identified.</li> <li>Agree with implementation alongside IGT132VV as part of the June 2023 Release.</li> <li>Agree Legal Drafting delivers intent of the Modification.</li> </ul>
BUUK	Support	F - positive	<ul style="list-style-type: none"> <li>As proposer of this Modification they fully support it being implemented. This proposal seeks to make clarifications to the Modification IGT132VV. They support the change to align the IGT UNC with the UNC (UNC 0827).</li> <li>They support the Panel's determination that this should be a Self-Governance Modification as it would not involve a material change.</li> <li>No additional issues identified.</li> <li>Agree that this proposal would have a positive effect on Objective F. This proposal reflects a housekeeping Modification to allow for an</li> </ul>

			<p>accurate and effective running of the Code.</p> <ul style="list-style-type: none"> <li>• No impacts and costs identified.</li> <li>• Agree this Modification should be implemented alongside IGT132VV as part of the June 2023 Release.</li> <li>• Agree that the Legal Drafting delivers the intent of the Modification.</li> </ul>
Centrica	Support	F - positive	<ul style="list-style-type: none"> <li>• They support the implementation of this Modification. We agree with the proposer that the proposal supports the implementation of IGT132vv and provides the necessary clarity to the IGT UNC Credit Cover arrangements.</li> <li>• They do not support this Modification progressing as Self-governance and believe the Modification should be sent to the Authority for determination.</li> <li>• No additional issues identified.</li> <li>• They support the position of the proposer and agree the approval and implementation would have a positive impact on Objective F.</li> <li>• No impacts and costs identified.</li> <li>• Agree this Modification should be implemented alongside IGT132VV as part of the June 2023 Release.</li> <li>• Agree that the Legal Drafting delivers the intent of the Modification.</li> </ul>

### Summary of Responses

There were 3 responses to the IGT163 Consultation, 2 from IGTs and 1 from a Shipper. All respondents:

- support the implementation of the Modification;
- agree that this Modification has a positive impact on Relevant Objective (F);
- agree with the implementation approach; and
- agree the Legal Drafting delivers the intent of the Modification.

2 respondents (both IGTs) agreed that this Modification should be progressed as a Self-Governance Modification. 1 respondent disagreed and believes that this Modification should be issued to the Authority for decision.

All responses have been published on the [IGT163 page](#) of the IGT UNC website.

### Panel Discussions (April 2023)

The Panel discussed and considered the responses to the IGT163 consultation. A Shipper member noted that they had intended to respond to the consultation and were in support of the Modification however the response was not submitted in error.

The Code Administrator noted that 1 respondent (a Shipper) disagreed with the Modification being progressed as a Self-Governance, noting that they advised the Code Administrator that whilst the changes being made to Code were subtle, they may be substantial enough to amend the mechanism. They did not feel that the changes were just amending Code references or errors. A Panel member (Shipper) added that the respondent also advised them that some of the changes to the IGT132VV Legal Drafting were at the request of Ofgem and that these changes should be ratified by the Authority.

The Ofgem representative was invited to comment and advised the Panel that the policy team were aware of this Modification and had not raised any concerns over its progression. The Chair added that Ofgem always have the ability to step in where they feel a Modification does not meet the Self-Governance criteria, up to the point of final decision. They added that changes do not have to be purely “housekeeping” to be considered Self-Governance. So long as the Modification does not have a material impact on consumers, competition, and the security of supply a Modification can meet the Self-Governance Criteria.

The Chair asked the Panel if there was enough evidence to move away from Self-Governance. A Panel member (IGT) confirmed that they did not feel there was enough evidence to warrant the Modification having an Authority Decision. Another Panel member (Shipper) advised that they reached out to other Shippers who agreed that this Modification should be Self-Governance.

The Panel considered the governance path and unanimously agreed that it should remain Self-Governance. The Panel also unanimously agreed, having considered the full set of responses, that there were no new issues raised and no further work required on the Modification.

## 11 Panel Discussions

### Determinations

The Panel, having considered responses to the IGT163 consultation agreed that:

- that IGT163 will not have an impact on any SCRs;
- that IGT163 should be treated as a Self-Governance Modification Proposal;
- that the solution delivers the intent of the Modification;
- that the impacts highlighted within the Modification are an accurate reflection and had nothing more to add;
- the Modification will have a positive impact on Relevant Objective (F);
- with the proposed implementation approach and the Modification being implemented on the same day as IGT132VV;
- that the Legal Drafting delivers the intent of the IGT163 solution; and
- that no further work is required on this Modification.

## 12 Recommendations

### Panel Determination

The Panel unanimously agree:

- that IGT163 should be implemented.