

Consultation Response

IGT165: Independent Shrinkage Expert and Independent Shrinkage Charge

Responses invited by: 11/07/2025

Respondent Details

Name: Aleksis Butler

Organisation: BUUK

Support Implementation ☐

Qualified Support ☐

Neutral ☐

Do Not Support X

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

We appreciate the time and effort that has gone into drafting IGT165, and, in principle, support the enabling function it looks to create for UNC0843. However, BUUK is not able to support IGT165, and the enabling of UNC0843.

While we have approached IGT165 with the intent to assess it solely on its own merits within the IGT UNC, it has proven difficult to do so in practice. Throughout the workgroup process, and consequently captured within the final workgroup report, the proposer made repeated reference to the benefits and structures being introduced under UNC0843. As such, many of the arguments in support of IGT165 are fundamentally reliant on the successful implementation and delivery of UNC0843. For this reason, we must refer to UNC0843 throughout the consultation response.

We have key concerns with UNC0843. Many of these concerns will have wider ramifications that will impact IGT UNC parties. This is distinctly clear with the workgroup assessment of the IGT165 impact on the IGT UNC Relevant Objectives, the majority of which are identified as negative.

We would suggest that a review of the existing shrinkage process is undertaken to explore the efficiencies sought from UNC 0843 and IGT165, rather than to pursue an additional form of complex governance, with no evidenced benefits.

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 with the Proposer and Panel that Modification IGT165 should be subject to authority decision. This change is likely to have a material effect on existing and future gas consumers. Given the strong interdependence with UNC0843, including necessary licence changes, this further supports the authority decision route.

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

At face value, IGT165 places an obligation on IGT UNC Parties to comply with the Independent Shrinkage Expert (ISE) as required within the Independent Gas Transporters Arrangements Document (IGTAD); and not unreasonably withhold data where such data is requested by the ISE for use in the Independent Shrinkage Model Methodology (ISMM). If this were just the case, BUUK would be in place to support the Modification.

It would be beneficial to any reviewer of our consultation response for IGT165 to take into consideration our response to UNC0843. This will provide the full context regarding our concerns with UNC0843, and the potential issues that IGT165 would go onto enable.

For reference, some of our key concerns are as follows:

- There is an already existing process for managing and dealing with shrinkage – this process could be reviewed, and improved upon, rather than trying to create a new form of governance, with no evidenced benefits.
- UNC0843 is likely to see great costs created for parties involved. These costs are not quantified, nor capped, and would inevitably be carried onto the end consumer, thus increasing their bills, and creating a detriment upon them.
- The introduction of the ISE as a new service provider will necessitate procurement costs, and contract management costs, all of which are currently unquantified, and uncapped. The procurement of the ISE could consequently prove very costly for all parties involved in its funding with no tangible evidence of any benefits.
- The Authority would need to approve the ISC each year, to avoid an 'enduring ISC'. There is reliance on the Authority to have an annual process on deciding to approve or disapprove of the charges within the 'formula year'.
- The Modification would require licence conditions to be amended for GDNs and IGTs to fulfil the obligations that are being placed upon them. The Modification has not accounted for the length of time, nor debate that will happen around these necessary changes.

As mentioned, these are some of the key concerns we have highlighted in our response to UNC0843. We would stress to Panel that these considerations, and the concerns of UNC0843 are considered when deciding on IGT165.

Relevant Objectives

How would implementation of this modification impact the relevant objectives?

The implementation of IGT165 would have the following impact on the relevant objectives of the IGT UNC:

- Relevant Objective (A) and (B) – *Negative* – There are already existing shrinkage mechanisms in place that could have been amended. Creating a new mechanism will add additional unnecessary costs to industry. Existing processes could be modified at much lower cost than the new ISE approach, and that quality of service could worsen under the new mechanism.
- Relevant Objective (C) – *Neutral* – The Modification may put parties in a position where they are subject to new obligations, including procurement of gas, for which current licence arrangements would not allow. Licence changes would be needed to be undertaken and to have come into effect to allow the full functionality of the Modification.
- Relevant Objective (D) – *Neutral* – The Modification identifies the impact on this relevant objective as neutral, and the workgroup shared this sentiment. The obligation to comply with ISE data requests is on the IGT itself and is unlikely to influence the securing of effective competition between Shippers, Suppliers, and GDNs.
- Relevant Objective (F) – *Negative* – There is already an existing process for shrinkage and the introduction of the ISE creates a potential dual governance issue as there will be two processes dealing with the issue of shrinkage. It would be more beneficial if existing processes were reviewed, and improved, rather than pursuing dual governance to address the issue of shrinkage.
- Relevant Objective (E) and (G) – *Negative* – While IGT165 is framed with positive intentions around shrinkage transparency and environmental goals, we do not believe it meaningfully supports either of these two relevant objectives as they are defined in the IGT UNC. In addition, there is no current evidence to support a positive impact on this objective.

In summary, the Modification in its current form, alongside UNC0843, will have a negative impact on the IGT UNC relevant objectives.

Impacts and Costs

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

There would be no impacts and costs directly associated with IGT165. However, please see the 'Please state any new and additional comments', and the 'Further Comments' section for our concerns regarding UNC0843, which this modification would enable, if approved.

Implementation

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

The proposed timeline for IGT165 is inherently tied to UNC0843. The ROM suggests system changes could be done in 4 months, but the critical path is the ISE procurement, a minimum of 18 months. The timeline should be tied to the procurement and establishment of the ISE and supporting processes. We recommend that implementation be conditional to these timescales.

Legal Text

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

The suggested legal text delivers the intent of the Modification as currently proposed, which is to enable the provision of data for the ISE to use from IGTs to help the creation of the ISMM.

Further Comments

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

We appreciate the intent to reduce greenhouse gas emissions. However, we urge Panel to consider whether the same objectives could be achieved with simpler means within the IGT code or via existing UNC mechanisms. We respectfully oppose IGT165 as drafted, in favour of a more defined solution.

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