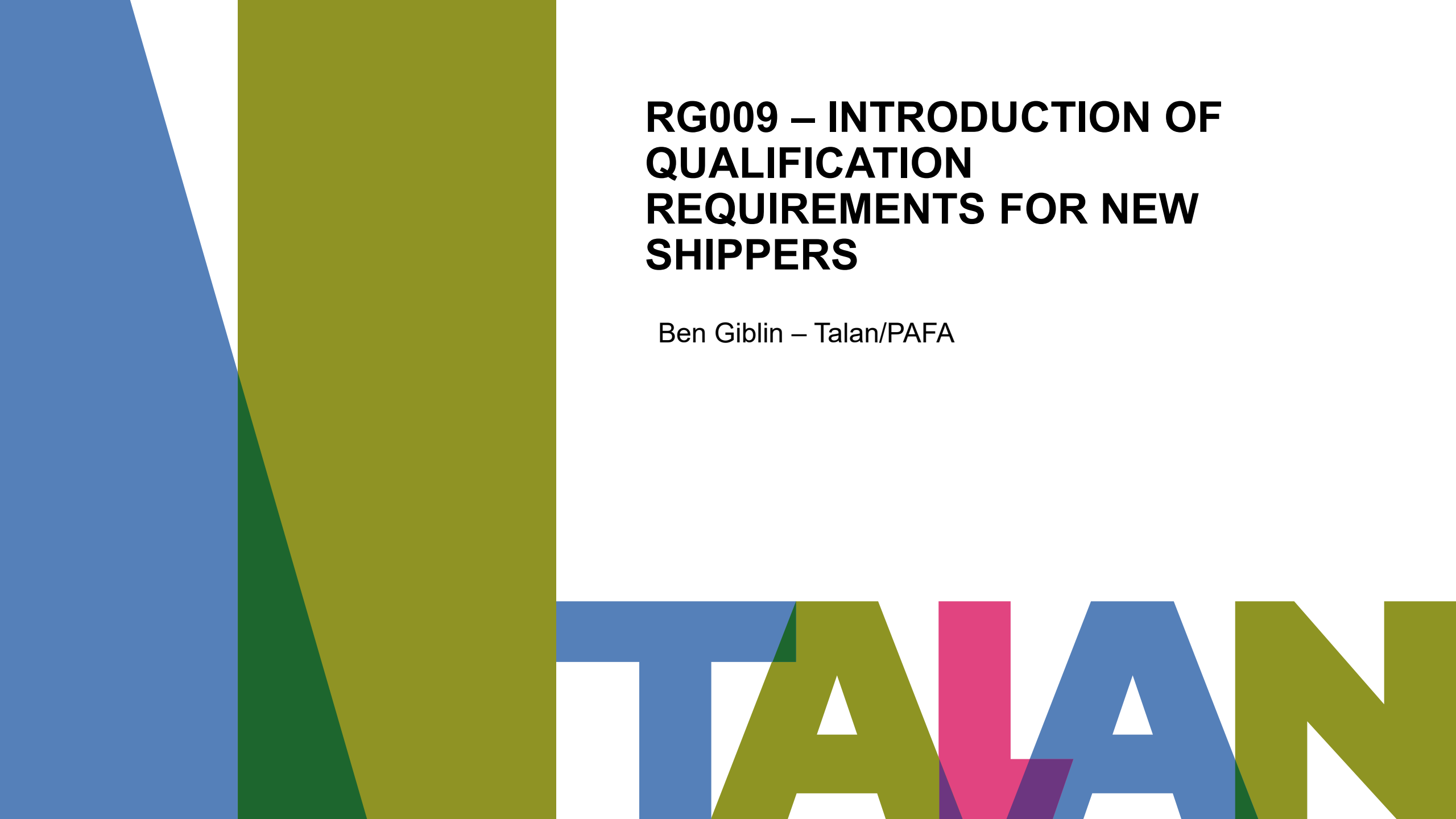




RG009 – INTRODUCTION OF QUALIFICATION REQUIREMENTS FOR NEW SHIPPERS

Ben Giblin – Talan/PAFA

TALAN

CONTEXT



UNC PAC tasked PAFA with an action to look into entry requirements across energy codes. PAFA identified the UNC as an outlier when compared with other codes because it has no mandatory qualification requirements.



As such, the PAC was supportive of further investigation taking place into what Qualification Requirements might look like in the UNC/IGT UNC.



0938R: Introduction of Qualification Requirements for new Shippers has been raised for the UNC aspect of this request.

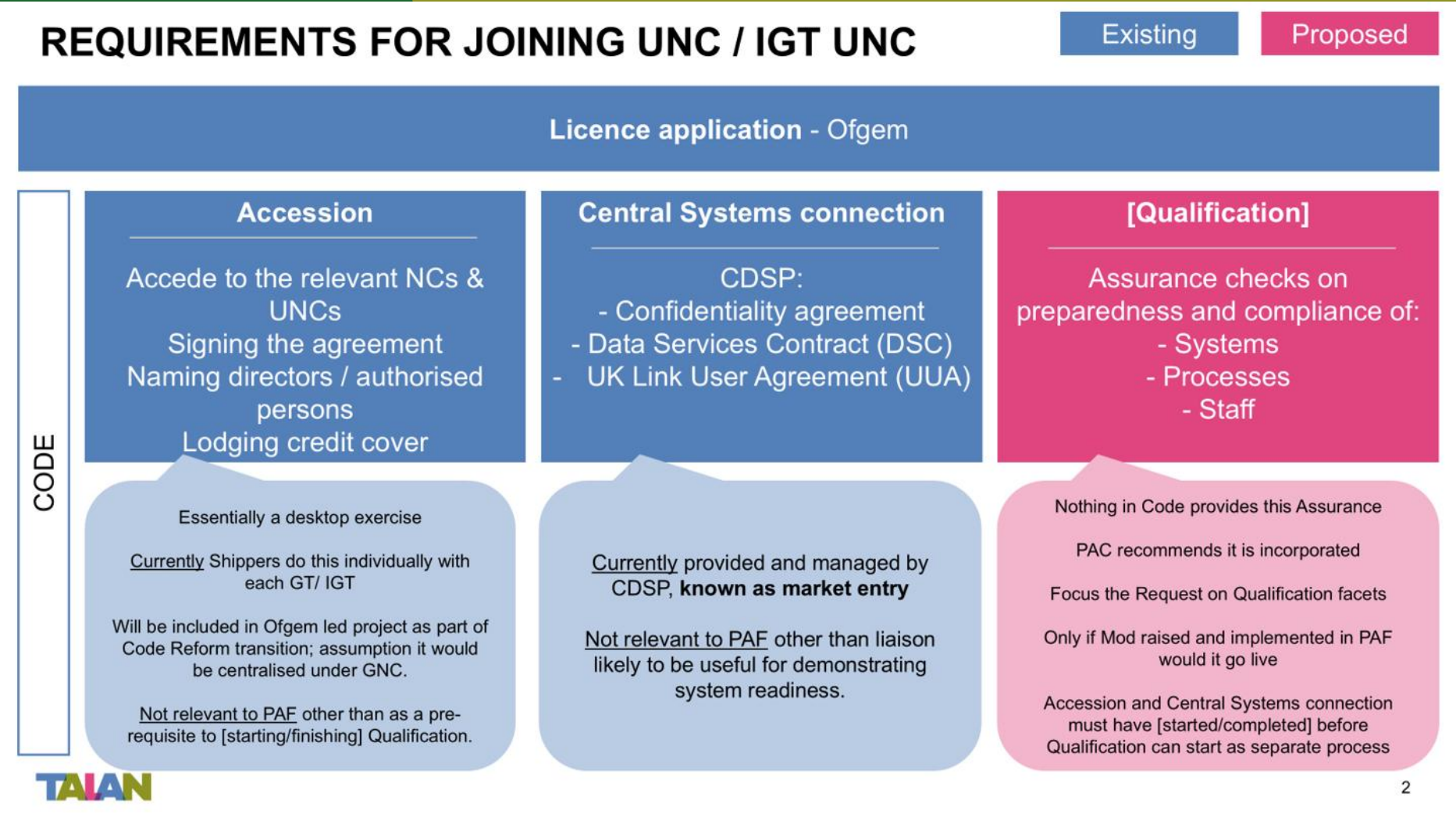


The UNC Modification Panel agreed that this item should be discussed at a Review Group for 12 months.



As the Gas Network Code will join the UNC and IGT UNC, any changes to these codes should be considered together.

WHAT IS QUALIFICATION?



EXAMPLES OF WHY QUALIFICATION IS NEEDED

PAFA used several examples in a paper presented to the PAC which provided examples of where Qualification Requirements could have prevented issues from arising.

1. Efficient use of PAC time

Introducing Qualification could lead to minimum standards of knowledge for new entrants, reducing the likelihood of PAC having to be involved in addressing issues.

One example was of a Shipper which was engaged between November 2018 and April 2022 regarding its performance. After multiple attempts to contact the Shipper, a response was only received in April 2022. at this point, the response explained the issue they were having which was that its systems were not configured correctly.

2. Protecting new and existing Shipper parties

A large number of Shippers exited the market in 2021/2022. Shippers took on 2.38 million sites in this period and PAFA highlighted the experiences of those who had to pick up from poor performing Shippers which then impacted on their own performance.

PAFA has a large number of other examples to support these points.

SCOPE OF REVIEW GROUP

- Scope**

- Required Capability Level: What level of knowledge, competence, and operational performance an applicant must demonstrate to be approved.
- Assessment Scope: Which business processes and contractual arrangements should be reviewed as part of the assessment.
- Systems and Practical Testing: Which tools and systems should be evaluated, and whether the applicant should be directly tested on their ability to successfully input data into settlement.

- **Approach**

- Testing Scope (PATs): Which Performance Assurance Techniques (PATs) should form part of the ME framework.
- Evidence Requirements: What standard and level of evidence applicants must provide to demonstrate compliance.
- Cost Responsibility: Who should be responsible for funding and covering the costs associated with market entry testing.

- Proportionality:**

- Should a risk-based approach be adopted?

- Approval:**

- Should PAC have the power to deny entry?

- Ongoing Checks:**

- Should new entrants continue to be assessed once they are admitted to the market?

NEXT STEPS



Any comments/questions?



A Review Group has been scheduled for 14th July to discuss this item.



Thanks

TALAN