

Questions and responses for IGT's

RFI details

RFI reference	IGT132VV
RFI title	Introduction of IGT Code Credit Rules
Version Number	V0.6
Date issued to Industry	25/10/2021
Response deadline	22/11/2021
Affected Industry Participant roles	IGTs, Shippers, Suppliers, CDSP

Summary of Issue

- ▶ In October 2019, BUUK raised a modification - IGT132 - Introduction of IGT Code Credit Rules (now IGT 132VV).
- ▶ The proposal seeks to implement consistent credit cover arrangements within the IGT UNC for all Pipeline Operator parties.
- ▶ On 29 April 2021 the Final Modification Report (FMR) for IGT132VV was submitted to Ofgem for Authority decision.
- ▶ On 2nd July Ofgem took the decision to send back the Final Modification Report (FMR) for IGT132VV.
- ▶ Ofgem determined they could not properly form an opinion on this modification proposal from the information provided in the FMR.
- ▶ Ofgem have directed that the report is revised and resubmitted, to address the issues set out.
- ▶ All responses will be destroyed once the Modification has been closed.

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Assessment Request

Ofgem asked four key questions:

What Are The Costs Of Intervention?

What costs could be passed through to consumers?

How many more IGT's would be likely to implement credit cover arrangements under new rules?

Will the level of credit cover required by IGT's currently increase or decrease?

What credit cover level will the new rules require IGT's to request from shippers?

What Does Credit Cover Currently Cost The Market?

What credit cover costs do shippers currently face?

Do credit cover costs get passed through to consumer bills via shipper fees?

What credit cover costs do consumers currently face?

How many IGT's currently require credit cover?

Will The Proposals Hurt Competition?

Will shippers face different levels of additional costs?

Do Smaller shippers face higher costs under new proposals?

What Is The Risk Of Not Doing This?

What costs do consumers face when IGT's face bad debt costs?

Are consumers impacted when a supplier fails?

What is the risk that further situations arise where IGT's are exposed to bad debt costs?

What is the risk that bad debt exposure leads to IGT failure?

What impact would an IGT failure have on consumers?

What impact would an IGT failure have on the market?

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To obtain this information the IGT UNC Workgroup is asking all industry stakeholders to provide the information below. Where applicable please give detailed explanations, examples and where required high-level cost/benefit assessments where possible.

The information provided will be received by Gemserv, as the Code Administrator, and presented to and considered by the IGT UNC Workgroup, in a way that does not identify participants. The information will be added to the Final Modification Report for consideration by the IGT UNC Panel and Ofgem. Answers may be submitted directly to Ofgem if there are concerns by any organisation over the sensitivity of the information being provided.

Gemserv are committed to maintaining confidentiality and once the modification has been closed, all confidential survey responses will be deleted.

Thank you in advance for your support and assistance in this matter.

Respondent contact details

Name	
Company	
Email	
Telephone	
Response Date	
Anonymous response (Y/N)?	
Commercially Confidential response (Y/N)	

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Unless otherwise stated, when answering these questions, please assume that the question applies per company group as opposed to individual licensed entities i.e. BUUK and not QPL GPL or IPL for example and E.ON UK plc and not POW, EAS or UNI for example.

Question 1	
How long do outstanding transportation invoice payments build up before actions is taken by your organisation?	
a) As soon as the payment is late b) Less than 3 months c) Greater than 3 months d) Other (please specify)	

Question 2	
Please explain what debt procedures your organisation would apply for unpaid invoices?	

Question 3	
What sanctions are available to your business and when would it apply them in the case of debt?	

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Question 4

What are the impacts of debts not being paid on your business?

Question 5

In the year 2020/21 how much do you charge each shipper short code for transportation per month? What is the average, the minimum and the maximum per shipper per month? (Potentially commercially sensitive)

Example: Three shippers: Shipper A is charged £10K per month, Shipper B is charged £7K per month and Shipper C is charged £12k per month.

The minimum charge is £7K per month. The maximum charge is £12K per month. The average is the total monthly charges for all shippers in the year all divided by (the number of shippers x 12 months) i.e. $[(10K \times 12) + (7K \times 12) + (12K \times 12)] / (3 \times 12) = £9.67K$ per month.

Question 6

Is your organisation likely to implement the credit cover offered by Modification 132VV (Introduction of IGT Code Credit Rules) if it is implemented? If so, how and in what capacity will it be implemented?

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Question 7	
Which of these options would your organisation accept as credit cover? Multiple options may be applicable.	
<input type="checkbox"/>	Credit rating
<input type="checkbox"/>	Parent company guarantee
<input type="checkbox"/>	Letter of credit
<input type="checkbox"/>	Cash
<input type="checkbox"/>	Escrow account deposit
<input type="checkbox"/>	Other (please specify)

Question 8	
What are the impacts of shipper failures on your organisation?	

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Question 9

How many Shipper licenced entities (short codes) do you have agreements with? How many registered companies do they represent? How many company groups do they represent?

Question 10

What factors in the credit process described in Modification IGT132VV (Introduction of IGT Code Credit Rules) will impact efficiency and why? Please provide the rationale.

- Positively
- Negatively
- Neutral

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Question 11

How might Modification IGT132VV (Introduction of IGT Code Credit Rules) impact competition for IGT's and if so, how? (Please provide supporting evidence where possible)

Question 12

Does your organisation believe there are any key areas of concern in this Modification IGT132VV (Introduction of IGT Code Credit Rules) that have not been identified? Does your organisation have any other elements that you would like the Modification to include?

Returning the RFI

Please return your organisation's RFI response to the Code Administrator at igtunc@gemserv.com alternatively you could submit your response directly to Ofgem at Licensing@ofgem.gov.uk.