

UNC Modification	At what stage is this document in the process?
<h1>UNC 0695:</h1> <h2>Obligations on Shippers to pass Transporter compensation payments on to consumers, via Suppliers</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #008000; color: white; padding: 2px; display: flex; align-items: center; justify-content: center;"> 01 Modification </div> <div style="border: 1px solid blue; padding: 2px; display: flex; align-items: center; justify-content: center;"> 02 Workgroup Report </div> <div style="border: 1px solid purple; padding: 2px; display: flex; align-items: center; justify-content: center;"> 03 Draft Modification Report </div> <div style="border: 1px solid orange; padding: 2px; display: flex; align-items: center; justify-content: center;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>Introduce new obligations onto Shipper Users to ensure that Transporter compensation aimed at consumers is passed to registered suppliers for onward transmission to consumers</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to self-governance assessed by a Workgroup <p>This modification will be presented by the Proposer to the Panel on 20 June 2019. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>
	<p>High Impact: N/A</p>
	<p>Medium Impact: N/A</p>
	<p>Low Impact: Transporters, Shippers and CDSP (Consequential impact to Suppliers and Consumers)</p>

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Timetable		 0121 288 2107
The Proposer recommends the following timetable:		Proposer: Tracey Saunders Northern Gas Networks
Initial consideration by Workgroup	27 June 2019	 email: trsaunders@northerngas.co.uk
Workgroup Report presented to Panel	19 September 2019	 telephone 07580 215743
Draft Modification Report issued for consultation	19 September 2019	Transporter: Northern Gas Networks
Consultation Close-out for representations	10 October 2019	 email: trsaunders@northerngas.co.uk
Final Modification Report available for Panel	14 October 2019	 telephone 07580 215743
Modification Panel decision	17 October 2019 (<i>at Short Notice</i>)	Systems Provider: Xoserve
		 UKLink@xoserve.com

1 Summary

What

Currently where a Transporter is required to make a payment under the Gas (Standards of Performance) Regulations 2005 (as amended), known as Guaranteed Standards of Performance (GSoP), there is an ability to make payment via the registered Shipper and Supplier for the payment to be passed to the relevant consumer through their gas bill. A corresponding obligation is placed on Suppliers in the Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015 for these payments to be passed to the consumer within 10 working days of receipt of the distributed payment. There is currently no specific obligation for this to take place where compensation payments are outside the Regulations noted above. This Modification aims to codify the arrangements for any consumer compensation payment made by Transporters

Why

While the arrangements for GSoP are tried and tested, there remains a gap for voluntary compensation that is not subject to the regulations. During large scale incidents there are often queries from consumers to chase their compensation as it has not been processed in a timely way through the entire supply chain. This Modification will place a specific obligation on the registered Shipper to pass the payment to the registered Supplier for onwards transmission. In addition to statutory compensation there may be other compensation payments that Transporters wish to pass on to consumers. This will close the gap for voluntary compensation payments made either alongside GSoP or for other specific purposes.

How

Utilising the current CDSP processes, we will clarify the obligations and potentially introduce new charge codes for non-GSoP compensation payments.

2 Governance

Justification for Self-Governance

Compensations payments made by Transporters are intended to be on a pass-through basis, and clarity on obligations to pass-through these payments using existing mechanisms will not have a material impact on UNC Parties or non UNC Parties. This clarity is will not have a material impact on existing or future gas consumers and will improve the efficiency of consumer compensation arrangements in the event of network failures under guaranteed and voluntary standards.

Requested Next Steps

This Modification should:

- be considered a non-material change and subject to self-governance
- be assessed by a Workgroup

While we request this is assessed by a Workgroup as a matter of good governance, it is not anticipated that there is a requirement for extended discussions.

3 Why Change?

Existing arrangements are in place through the Central Data Service Provider (CDSP) for making payments to Shippers where a Transporter fails to meet some of the existing Gas (Guaranteed Standards of Performance) Regulations 2005 (as amended). This is most commonly used to make payments under GSoP1 where there is an interruption to a supply gas for a period of more than 24 hours and for GSoP2, failure to reinstate the customers premise within 5 working days. Under the existing arrangements Transporters pass information to the CDSP and a credit invoice is raised to the relevant Shippers along with supporting information. The successful processing of the credit invoice is deemed to be sufficient for the discharge of the Transporter obligations within the regulations. As these payments are aimed at redress for consumer detriment, the registered Shipper, who has obligations under section 15 of the Gas Shipper Standard Licence Conditions, should pass this onto the relevant Supplier who has obligations in The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015 for these payments to be passed to the consumer within 10 working days of receipt of the distributed payment.

During large scale incidents there are often queries from consumers to chase their compensation as it has not been processed in a timely way through the entire supply chain. This Modification will place a specific obligation on the registered Shipper to pass the payment to the registered Supplier for onwards transmission within defined timescales.

There have been a number of large-scale incidents over the past 2 years, often caused by a third party damaging the pipe. Following these incidents there have been many cases of consumers contacting Transporters advising they have not yet received their payment; this can be months after the Transporter payment has been made. The Gas Shipper Licence Conditions do not give a specific timescale for payments to be passed through, therefore this Modification aims to remove this ambiguity by matching the time scales in The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015.

Some Transporters have chosen to increase the value of compensation that they pay to the consumer, and are considering additional consumer compensation that would be relevant under RIIO (Revenue=Incentives+Innovation+Outputs) GD2.

There may also be additional times where a transporter would like to pay non-statutory compensation to a consumer, which is not under a specific GSoP. There is currently no specific obligation for this to take place where compensation payments are outside the Regulations and Licence conditions noted above and this Modification aims to codify the arrangements for any consumer compensation payment made by Transporters. This will close the gap for non-statutory compensation payments made either alongside GSoP or for other specific purposes.

A corresponding Supply Point Administration Agreement (SPAA) Change Proposal is also being raised to ensure that non-statutory compensation payments passed through from Shippers is passed through the supply chain and relayed to the relevant consumer.

4 Code Specific Matters

Reference Documents

[The Gas \(Standards of Performance\) Regulations 2005](#)

[The Electricity and Gas \(Standards of Performance\) \(Suppliers\) Regulations 2015](#)

[Gas Shipper Standard Licence Conditions](#)

Knowledge/Skills

N/A

5 Solution

In order to ensure that consumers receive their compensation in a timely manner it is proposed that the 10 Working Day model included in the Supplier Regulations is replicated for Shippers. These are intended to be on a pass-through basis and will be issued with supporting information to identify the relevant Meter Point Reference Numbers (MPRNs),

New obligations to ensure that Shippers pass both statutory and non-statutory consumer payments to the relevant Supplier added to TPD Section [V11.1].

For the avoidance of doubt, the intention is to utilise existing functionality for GSoP payments, so there should be minimal impacts on parties.

6 Impacts & Other Considerations

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

None identified

Consumer Impacts

Improved certainty of receiving Transporter compensation in a timely manner.

Cross Code Impacts

A SPAA change to ensure that obligations pass through the supply chain is also being raised.

No IGT Impact identified at this stage.

EU Code Impacts

None identified

Central Systems Impacts

Minimal impacts anticipated, e.g. new charge code as the intention is to utilise existing system functionality where appropriate to do so.

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) Coordinated, 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.	Positive
d) 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.	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.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Gas Transporter Standard Licence Condition 20 (and Gas Shipper Standard Licence Condition 15) facilitates the passing of payments through the supply chain, this Modification is to enhance this licence obligation and extend the operational arrangements to non-statutory compensation.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

9 Legal Text

Text Commentary

To be provided.

Text

Insert new paragraph into TPD V:

- 11.1.6 Where a User receives a distributed payment for consumer compensation it will relay the distributed payment to the Registered Supplier within 10 working days of receipt of the distributed payment.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that self-governance procedures should apply
- Refer this proposal to a Workgroup for assessment.