

Urgent Modifications 0726 - COVID-19 Liquidity Relief Scheme for Shippers

Final Report to September Panel

1. Background

Urgent Modification 0726 - *COVID-19 Liquidity Relief Scheme for Shippers* was implemented on 24 June 2020. The purpose of the Modification aims to introduce a scheme of defined duration, that seeks to assist those customers who have liquidity constraints due to COVID-19 and whose Supplier uses Shippers on Gas Transporter (GT) networks (Distribution Network Operators (DNOs) and the National Transmission System (NTS) networks). This Modification relates to some Transportation invoices; it excludes invoices for energy balancing. Only some Shippers will be eligible. The total value of the scheme is capped and will end by the end of the 2020/21 financial year. This Modification supports Ofgem's COVID-19 priorities of supporting vulnerable customers and maintaining the supply of gas and is consistent with the Ofgem open letter published on 02 June 2020.

2. Context

As required by the Modification Rules, the proposals were reviewed by the UNC Modification Panel, with an instruction to the Joint Office to provide a report, addressing specific concerns relating to implementation, to the October Panel, with interim reports to be submitted to August and September Panels.

This is the first interim report and captures the information gathered to date relating to the activity associated with Modification and discussion at the Performance Assurance Committee (PAC) and Distribution Workgroup regarding implementation issues and, given that its approval was to address time-limited external effects, the proposed exit strategy from the solution adopted.

Panel asked the following question:

- To consider the number of Shippers who have applied for the gas network charge deferral scheme and the number of applications accepted. To report on the high-level statistics in relation to the actual financial amounts deferred.

3. Discussion

At DWG it was agreed that it would be more meaningful if feedback was sought from those that used the service. The Joint Office has written out to Industry to gather views to support the completion of the final report for UNC Panel.

It was confirmed that that Joanne Fergusson (Northern Gas Networks) would provide monthly reports. These would be shared at DWG and published on the COVID-19 Joint Office webpage (see data table below).

At PAC on 11 August 2020, the Committee briefly reviewed the data provided by NGN as at 30 July 2020 shown below, which is available here:

<https://www.gasgovernance.co.uk/NTSCovidReliefScheme>

<https://www.gasgovernance.co.uk/DNCovidReliefScheme>

There was very little comment on the data. PAC had a general comment on Industry's misconception that PAC has the reporting/information available to readily monitor any activity and provide a view. Assessment of Modifications at workgroup MUST include consideration and adequate specification of data required and tools needed for PAC to be able to review and monitor any consequences from Modifications.

4. Reporting Data

UNC Liquidity Scheme Reporting data (month of July 2020)

Month: July 2020
Cumulative for three month period

Table: 1 All Gas Transporter summary

GT	No Shippers	No. Invoices Accepted	Value access though scheme	Suppliers at CAP	% Utilised	Remaining Transporter Cap	Application of Remaining Cap
National Grid	5	6	427,725.89	1	0.10	3,648,361.11	Split equally over August and September
Cadent	5	5	3,757,286.31	2	0.23	12,547,061.69	Split equally over August and September
NGN	5	5	964,315.40	2	0.23	3,111,770.60	Split equally over August and September
SGN	5	5	1,977,410.28	1	0.24	6,174,763.72	Split equally over August and September
WWU	4	4	827,525.77	2	0.20	3,248,560.23	Split equally over August and September
Total		25	7,954,263.64				
Total Scheme Value			36,664,781.00				

UNC Liquidity Scheme Reporting data (month of August 2020)

Extended Payment Terms Support Scheme

Month: August 2020
Cumulative for three month period

Table: 1 All Gas Transporter summary

GT	No Shippers	No. Invoices Accepted	Value access though scheme	Shippers at CAP	% Utilised	Remaining Transporter Cap	Application of Remaining Cap
National Grid	6	13	785,509.41	1	10%	7,502,534.59	Remainder carried forward to September
Cadent	6	11	6,567,384.04	2	25%	26,584,789.96	Remainder carried forward to September
NGN	6	11	1,648,176.18	2	25%	6,639,866.82	Remainder carried forward to September
SGN	6	11	3,656,568.84	2	28%	12,919,518.17	Remainder carried forward to September
WWU	4	8	1,335,086.80	2	19%	6,952,956.20	Remainder carried forward to September
Total		54	13,992,725.26				
Total Scheme Value			74,572,391.00				

5. Conclusion & Recommendation

The scheme has been utilised by a number of shippers since it went live in June with no adverse feedback or unintended consequences reported. Therefore, it is recommended that this is the final report to Panel and any future reporting will be on an exceptions basis only.