

IGT UNC Panel Chair, Gemserv,
Relevant Independent Gas
Transporters
and other interested parties

Email: industrycodes@ofgem.gov.uk

Dear Anne and colleagues,

Date: 19 October 2022

IGT UNC modification proposal IGT162 'Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas)' - decision on urgency

We¹ have received a request from BUUK Infrastructure ("The Proposer") that Independent Gas Transporters Uniform Network Code ("IGT UNC") modification proposal IGT162: Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas)² ("IGT162") should be given urgent status and follow expedited modification procedures. This letter confirms that we have decided that IGT162 should not be progressed on an urgent basis. We have set out our reasoning below.

To be clear, whilst we are rejecting this specific request for urgency, we continue to welcome the support that the EPG will provide all energy consumers, including IGT-connected consumers, this winter. We are ready to work with government and industry to support the implementation of the EPG, wherever needed. This decision on urgency will have no impact on IGT consumers continuing to be able to benefit from the EPG scheme.

Background

The unprecedented rise in gas prices has significantly increased energy prices for consumers in Great Britain and across Europe. On 8 September 2022, the Government announced a new 'Energy Price Guarantee' scheme to reduce customers' bills to start from 1 October 2022.

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem', 'the Authority', 'we', 'our' and 'us' are used interchangeably in this letter.

² Modification proposals are available at <https://www.igt-unc.co.uk/modifications/open-modifications/>

The Energy Price Guarantee (EPG) will limit the price that suppliers can charge consumers for each unit of energy. Above that limit, the Government will pay the cost of the energy.

Xoserve, as the Central Data Service Provider (CDSP), acts as the EPG Scheme Administrator for gas domestic consumers. On 22 September 2022, we approved an urgent Uniform Network Code (UNC) modification to enable Xoserve to perform this role (UNC 0824 'Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee (EPG) for Domestic Gas Customer (Gas)) ('the EPG (Gas) scheme').

We decided to grant UNC 0824 urgent status as we were satisfied that it pertained to an imminent or current issue (namely the impending start of the EPG scheme on 1 October 2022) which, if not urgently addressed, may cause a significant commercial impact on parties, consumers or other stakeholder(s). As explained below, we do not consider that IGT162 is in the same category.

The modification proposal

IGT162 was raised on 14 October 2022. It seeks to align the IGT UNC with the UNC following our decision on UNC 0824³. In particular, IGT162 seeks to recognise that Xoserve, as the CDSP, is appointed to undertake and facilitate the function of Scheme Administrator for the Government's EPG scheme for domestic gas customers that are connected to Independent Gas Transporters' networks.

The Proposer considers that IGT162 is urgent for two reasons, under criteria (i) and (iii) of Ofgem's Guidance on Code Modification Urgency Criteria.⁴ Firstly, in the Proposer's view, IGT162 will support and recognise the appointment of the CDSP as the Scheme Administrator for the EPG, and, in so doing, it will facilitate the recovery of costs of the CDSP's administration from IGTs. Without this proposed modification, the Proposer considers that there could be a significant commercial impact in recovering those costs. Secondly, the Proposer contends that the lack of reference to the CDSP's ability to administer the EPG scheme on behalf of IGT supply points places the CDSP in breach of relevant legal requirements. In this case, the Proposer considers the relevant legal requirements to be the terms of the IGT UNC, because the CDSP must meet its requirements across all supply points (including those on IGT networks) being managed within the EPG scheme, particularly where supply point level data is expected to be used imminently. As such, the Proposer considers that the IGT UNC currently does not cover the ability for the CDSP to administer the scheme on behalf of IGT supply points.

³ [0824 \(Urgent\) - Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee \(EPG\) for Domestic Gas Consumers \(Gas\) | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

⁴ [Ofgem Guidance on Code Modification Urgency Criteria | Ofgem](#)

IGT UNC Modification Panel View

We have not asked for or received a formal IGT UNC Panel view on the proposed urgent treatment of IGT162, as allowed for under paragraph L17.1.1(b) of the Modification Rules⁵. The proposal does outline discussions held by the IGT UNC Panel at its meeting on 23 September 2022 about whether an IGT UNC modification would be needed, and if so whether it would need to be progressed urgently, in the context of UNC 0824. However, the Panel discussions did not result in the raising of an IGT UNC modification proposal until IGT162 was raised on 14 October 2022.

Authority Decision

We have considered the Proposer's justification for urgency for the modification proposal and assessed the request against the urgency criteria set out in Ofgem's published guidance.⁶ The guidance sets out the factors that we will consider in reaching a decision on urgency in the context of industry code modification proposals – it is intended to be illustrative and not exhaustive. Each request for urgency will be considered on its merits on a case-by-case basis by reference to our guidance, and in circumstances where we depart from it, we will explain the reasons why.

In general, we consider that an urgent modification should be linked to an imminent issue⁷ or a current issue that, if not urgently addressed, may cause a:

- i. significant commercial impact on parties, consumers or other stakeholder(s); or
- ii. significant impact on the safety and security of the electricity and/or gas systems; or
- iii. party to be in breach of any relevant legal requirements.

For the reasons given below, we are not satisfied that progressing IGT162 on an urgent basis is related to an imminent or current issue. We have focused our consideration on the criteria in our guidance that have been raised as relevant to our decision on urgency by the Proposer in the request for urgency, namely criteria (i) and (iii) set out above.

(i). An imminent issue or a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s)

We do not consider that this is an imminent or current issue that, if not urgently addressed, may cause significant commercial impact on parties or consumers. The conditions for treating UNC 0824 urgently are not applicable to IGT162; the EPG gas scheme is now live, and we

⁵ [Version 13 \(igt-unc.co.uk\)](https://www.ofgem.gov.uk/consult/condocs/igt/igt-unc-co-uk/)

⁶ [Ofgem Guidance on Code Modification Urgency Criteria | Ofgem](https://www.ofgem.gov.uk/consult/condocs/igt/igt-unc-co-uk/)

⁷ The imminent issue may be date related.

understand it is operating effectively without IGT162 yet in place. Based on our discussions with the Proposer, we understand that the IGTs support the EPG scheme, welcome the benefits that the EPG provides to IGT-connected consumers and support Xoserve undertaking the role of EPG scheme administrator. Since the scheme is already functioning effectively, we are not aware of any imminent or current issue that would stop the scheme being applied to IGT-connected consumers without this modification being progressed urgently. We understand that costs incurred will be limited to administrative costs as outlined in the Final Modification Report for UNC 0824⁸, and that no additional administrative costs would arise as a result of this modification not being treated urgently, as the EPG scheme is already underway. We therefore do not consider that this urgency request meets criterion (i).

(iii). An imminent issue or a current issue that if not urgently addressed may cause a party to be in breach of any relevant legal requirements.

The IGT UNC Panel has been aware of the CDSP's appointment as Gas EPG scheme administrator for a period of time before IGT162 was raised. While Ofgem has not come to a view as to whether an IGT UNC modification is required in the present circumstances, we note from the Final Modification Report for UNC 0824 (dated 22 September 2022) that no consequential amendment to the IGT UNC was envisaged to be required. We also note that the Panel discussed UNC 0824 at its meeting on 23 September 2022 and some Panel members expressed the view that if UNC 0824 was deemed urgent then any related potential IGT UNC modification should also proceed on the basis of a request for urgency. However, no IGT UNC modification was then raised until IGT162 on 14 October 2022.

Xoserve also did not advise at that time that an IGT UNC modification would be needed to fulfil its EPG role nor that any such modification proposal should follow an urgent process. While the relevant section of the IGT UNC does not reflect what was included in the UNC as part of UNC 0824, the Gas Transporter licence (in Standard Special Condition (SSC) A15) requires licensees, together with relevant Gas Transporters, to ensure that the UNC sets a classification of CDSP Services, including those which are required to be used by Relevant Gas Transporters, gas shippers and other parties to the UNC. The UNC then classifies those CDSP Services, which, in light of UNC 0824, includes Scheme Administration services for the EPG gas scheme. We note the terms of Part N of the IGT UNC, and we understand that Xoserve is not experiencing any issue in accessing, or being entitled to access, the relevant IGT supply points data in its capacity as CDSP. As such, we do not consider urgency criterion (iii) has been met.

⁸ See all [UNC 0824 related documents](#) on the Joint Office website.

For the avoidance of doubt, in rejecting this request for urgency, we have made no assessment of the merits of IGT162 and nothing in this letter in any way fetters our discretion in respect of this Modification proposal.

Yours sincerely,

Jemma Baker

Deputy Director

Future Retail Markets

Duly authorised on behalf of the Authority