

# Representation - Draft Modification Report 0565 0565A 0565B

## Central Data Service Provider: General framework and obligations

Responses invited by: **5pm 08 December 2016**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

<b>Representative:</b>	Michael Walls
<b>Organisation:</b>	ESPUG
<b>Date of Representation:</b>	5 <sup>th</sup> December 2016
<b>Support or oppose implementation?</b>	<p>0565 - Oppose</p> <p>0565A - Support</p> <p>0565B - Oppose</p>
<b>Alternate preference:</b>	<p><i>If either 0565, 0565A or 0565B were to be implemented, which would be your preference?</i></p> <p>0565A</p>
<b>Relevant Objective:</b>	<p>We believe UNC0565A positively impacts objectives:</p> <p><b>c)</b> Positive – <i>this allows IGTs a say in the DSC related matters, particularly where a decision is to be made that impacts GDNs and IGTs as a restricted class change.</i></p> <p><b>d)</b> Positive – <i>the voting model will effectively promote competition between parties.</i></p> <p><b>f)</b> Positive – <i>it will promote greater use of self-governance by reducing the need to rely on an appeals process.</i></p> <p>ESP believes that both UNC0565 and UNC0565B will have a negative impact on Objectives C, D and F for the following reasons:</p> <p>Objective C – ESPUG believe that the DSC change arrangements for restricted class changes under both UNC0565 and UNC0565B do not support the requirements of Part A of condition A15A that require non-RGT Users “<i>the opportunity to participate in the decision making process in respect of matters that will have an effect on the appointment and ongoing operation of the CDS</i>”. Therefore, we feel that this Objective would be negatively impacted by the introduction of UNC565/565B.</p> <p>Objective D - Due to the ability of GDNs to impose change under the DSC voting models under both UNC0565 and UNC0565B, ESP argues that this does not promote competition (albeit under the relevant objective this is between DNs). Therefore, we feel that this Objective would be negatively impacted by the introduction of UNC565/565B</p> <p>Objective F – ESPUG feel that potentially relying on an appeals process under the DSC (as a Code referenced document) will result in inefficient implementation and administration of the Code. Therefore, we feel that this Objective would be negatively impacted by the introduction of UNC565/565B.</p>
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	<p style="text-align: right;">Version 1.0</p> <p style="text-align: right;">04 November 2016</p>

*Please note that due to the number of documents required the 'Supporting Business Documentation' page has been linked to the main modification page, which includes the legal drafting as follows:*

**Reason for support/opposition: Please summarise (in one paragraph) the key reason(s) for each modification**

ESP believes that the only version of this modification that does not disenfranchise IGTs from the decision making process under the various DSC committees is **UNC565A**. Our concerns centre around restricted class changes which would impact only IGTs and GDNs. For the other versions of this modification, UNC565 and 565B, it is our view that these will always provide GDNs with a majority advantage within the voting arrangements (and the subsequent approval/rejection) regardless of the IGT constituency position. It is our intention and that of the IGT constituency in general, to continue to engage constructively and robustly with all parties, as we have done during the development of FGO arrangements. We strongly believe that this modification should create, from the outset, a voting balance between IGTs and GDNs, as we are direct competitors with differing commercial drivers and business models, and as such we require a sufficient voice in the voting arrangements for issues that affect us.

ESP can therefore only offer support to UNC0565A as this is the only voting model that does not allow decisions to be unilaterally imposed on IGTs. It is this balance which will promote the use of self-governance in the future and consequently reduce the potential need to utilise the appeals process. It is our view that this will make the change process more efficient for all parties involved in the FGO arrangements.

Concerns were raised during the development phase of the FGO work stream, and as these were not adequately addressed in the main modification itself, it was necessary to raise an alternate modification, as IGTs are currently unable to do so, we discussed with other Parties how to best proceed. Consequently, UNC0565A was raised by Eon as a UNC Code party and seeks to amend both Shipper and IGT representation (with the Shipper voting arrangements subsequently being included into UNC0565).

Whilst, we appreciate National Grid partially amending the original UNC0565 modification, unfortunately, this does not address our concerns relating to restricted class changes that impacts both IGTs and GDNs. Therefore, ESPUG can only support UNC0565A for implementation.

**Self-Governance Statement:** *Please provide your views on the self-governance statement.*

We agree that these modifications should not be subject to self-governance arrangements and should instead go to the Authority for final approval.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

We agree that the implementation date of 1 April 2017 is the most logical as that is when Ofgem expect this modification to be implemented. ESP would like to draw attention to the fact that although UNC565 (or alternate) should be implemented on 1 April 2017, IGTs will not be subject to these new arrangements until Nexus/UNC440 go-live.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

ESP would like to highlight that the FGO programme as a whole will bring costs, risk and uncertainty to all IGTs, because of the Ofgem decision to treat these costs as an

allowance, we are unable to pass through any overspend by the CDSP. We believe that the only variant of this modification, UNC0565A, will help to address these issues by allowing IGTs to have some form of control, through the governance procedures, over such potential costs.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

ESP has participated in the UNC565 working groups that have developed and reviewed the legal drafting. We are satisfied that the legal text will deliver the intent of the solution of this modification.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

None that we are aware of

**Please provide below any additional analysis or information to support your representation**

N/A