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8th December 2016

Bob Fletcher
Joint Office of Gas Transporters
Consort House
Princes Gate Buildings
6 Homer Road
Solihull
B91 3QQ

By Email Only

Dear Bob,

UNC0565/A/B Letter - Central Data Service Provider: General framework and obligations

The Association of Independent Gas Transporters (AIGT) welcomes the opportunity to respond to the above consultation to introduce the regulatory framework under the UNC to implement Central Data Service Provider arrangements. The AIGT is the representative association for Independent Gas Transporters*.

The AIGT through its nominated representatives has participated in the majority of the Funding and Governance Ownership (FGO) development work to date. The AIGT has a fundamental interest in FGO because from the implementation of Project NEXUS, IGTs will be utilising the services of Xoserve to undertake supply point related activities. FGO therefore will directly affect the contractual arrangements that IGTs have with Xoserve in its role of CDSP and consequently determine the costs IGTs face for supply point register activities post NEXUS. Though our members will be sending individual company responses to the consultation, we provide our views on UNC0565 and the two alternates, as below.

Out of the three alternative solutions under UNC0565/A/B, the AIGT is supportive of UNC0565A. We feel the DSC committee arrangements under UNC0565A are the only arrangements that do not disenfranchise IGTs from the decision making process. This is particularly the case where there is a restricted class change that affects both IGTs and GDNs. UNC0565 and UNC0565B both provide GDNs with a majority of casting votes where only a majority is required to pass a matter being voted on. Under such arrangements, GDNs would have the ability to impose change and cost on IGT parties regardless of their views on the matter.

We would like to highlight that the '2/2/2' voting arrangements for Transporters under UNC0565A mirrors the '2/2/2' approach for the Shipper community across all variances of UNC0565. We would question why the Shipper community is able to agree to a voting format which gives equal voting rights across the various Shipper constituents (based on type and size) whereas the GDNs under

the GDN raised modifications (UNC0565 and UNC0565B) both provide a majority of votes to the GDN constituencies. We do not believe such arrangements fulfil the requirements of FGO as set out in the GDN licence, namely, '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'.

UNC0565A provides IGTs and GDNs with an equal say at the DSC committees and therefore avoids decisions being imposed on IGTs. This is important as IGTs and GDNs compete in the new connections market and, due to differing business models and commercial drivers, may potentially have differing views. It is not conducive to competition for one set of market participants to have the power to impose unilateral decisions (and potential costs) on other smaller competitors. We also see additional benefits in UNC0565A as it has the potential to reduce the need to utilise an appeals process against restricted class 'decisions' in turn creating a more efficient governance process. This promotes self-governance and negates the need for escalation and involvement of the regulator.

We would stress that we make the above comments in a constructive manner and look forward to working with the industry to achieve optimal CDSP arrangements. If you have any questions please do not hesitate to contact me on the above details

Yours sincerely,

A handwritten signature in black ink that reads "John Barrett". The signature is written in a cursive, slightly slanted style.

John Barrett
Secretary, Association of Independent Gas Transporters

* AIGT Members are **GTC Pipelines Ltd** - representing GTC Pipelines; **Independent Pipelines Ltd** - representing Independent Pipelines and Quadrant Pipelines; **ES Pipelines Ltd** - representing ES Pipelines, ESP Networks, ESP Pipelines and ESP Connections; **Indigo Pipelines Ltd** - representing Indigo Pipelines, **Energetics Gas Ltd** - representing Energetics Gas; **Fulcrum Pipelines Ltd** - representing Fulcrum Pipelines; and **Energy Assets Pipelines Ltd** – representing Energy Assets Pipelines.