

## 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>	Gethyn Howard
<b>Organisation:</b>	BUUK
<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>as 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>as the voting model will effectively promote competition between parties.</i></p> <p><b>f)</b> Positive – <i>as will promote greater use of self-governance by reducing the need to rely on an appeals process.</i></p> <p>We believe UNC0565 and UNC0565B have a negative impact on objectives c), d) and f) for the following reasons:</p> <p>c) We would argue that the DSC change arrangements for restricted class change under 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>.</p> <p>d) Due to the ability of GDNS to impose change under the DSC voting models under UNC0565 and UNC0565B we would argue this does not promote competition (albeit under the relevant objective this is between DNs).</p> <p>f) We believe that potentially relying on an appeals process under the DSC (as a Code referenced document) to result in inefficient implementation and administration of the Code.</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:*

*CDSP/DSC Draft for Consultation: <http://www.gasgovernance.co.uk/0565/DSC> (CDSP and DSC documents)*

*UNC Draft for Consultation: <http://www.gasgovernance.co.uk/0565/UNCdrafting> (UNC Legal Text)*

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

We believe that UNC0565A is the only modification that does not disenfranchise IGTs from the decision making process under the various DSC committees. Our concerns are based on restricted class changes which impact only IGTs and GDNs as the models presented under UNC0565 and UNC0565B will always provide GDNs with a majority advantage (and subsequent approval) regardless of the IGT constituency position. Though we will always engage constructively with parties as we have done so under the development of FGO arrangements, we believe a voting balance to be important as IGTs and GDNs are direct competitors with differing commercial drivers and business models. We therefore support UNC0565A as is the only voting model that does not allow decisions to be unilaterally imposed on IGTs. By achieving such balance, UNC0565A promotes the use of self-governance and consequently reduces the potential need to utilise the appeals process, thus making the change process far more efficient for all parties (including Ofgem) involved.

We raised the above concerns during the development phase of the FGO work stream and as would not be addressed in the main modification itself, felt compelled to discuss with other parties ways of raising an alternate modification. UNC0565A was kindly raised by Eon as a UNC Code party and sought to amend both Shipper and IGT representation (with the Shipper voting arrangements subsequently being included into UNC0565).

We appreciate National Grid amending the original UNC0565 modification but this does not unfortunately address our concerns outlined above when relating to restricted class change that impacts both IGTs and GDNs. We can therefore only support UNC0565A.

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

We agree that these modifications should not be subject to self-governance as the arrangements if implemented will impact competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.

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

We fully agree UNC0565 (or variant) must be implemented for 1<sup>st</sup> April 2016 though we note that IGTs will not be a UNC signatory until NEXUS/UNC0440 go-live.

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

FGO will bring costs and uncertainty to IGTs who will be unable to pass through any overspend by the CDSP. We believe that UNC0565A will go some way to allowing IGTs to have some form of control over such potential costs.

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

We have worked extensively with the UNC0565 work group throughout the legal drafting development and review and are satisfied that the legal text will deliver the intent of the solution.

**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 identified.

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

N/A