

Representation – Draft Modification Report UNC 0841 Introduction of cost efficiency and transparency requirements for the CDSP Budget

Responses invited by: 5pm on 07 March 2024

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Oorlagh Chapman / Kirsty Ingham / Gregory Edwards
Organisation:	Centrica
Date of Representation:	7 March 2024
Support or oppose implementation?	Support
Relevant Objective:	c) Positive d) Positive f) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: *Please summarise the key reason(s) for your support or opposition.*

As the Proposer of UNC 0841, we believe that this Modification will have clear positive impacts against baseline.

c) Efficient discharge of the licensee's obligations

The Transporter licence sets out the requirement for CDSP Services to be provided through the appointment of a CDSP. The licence requires that the UNC obliges all Users to govern the CDSP on an economic and efficient basis, and also that CDSP charges must be economic, efficient and transparent. The licence also requires that CDSP service users participate in development of the annual budget and the decisions on the ongoing operation of the CDSP. This Modification will better align the licence requirements with the UNC by introducing an obligation for CDSP costs to be economic and efficient. It will also improve CDSP service users' ability to participate in governance and business planning by providing standards for transparency and level of detail.

d) Securing of effective competition

By allowing greater transparency of CDSP costs, Shippers and suppliers will be able to produce more cost-reflective and accurate projections to improve management of cost and risk profiles. This will have a positive impact on competition between Shippers and between suppliers.

f) Promotion of efficiency in the implementation and administration of the Code

The Modification will have a positive impact by improving the ability of Users to carry out their obligation to control and govern the CDSP on an economic and efficient basis through the provision of additional transparency and information in the Budget. We anticipate the introduction of the Business Plan Information Rules will reduce the administrative burden on industry by providing clear and consistent information requirements to undertake their role in business plan engagement more effectively.

We note that the CDSP has engaged fully in the development of this Modification and worked to produce the 2024/25 Budget alongside this process, taking into account the majority of the proposals included. We further note that the CDSP has submitted a representation in support of the Modification.

Governance Statement: *Please provide your views on the self-governance statement or reasons why Authority Direction should apply.*

The Modification will require Authority Direction as it seeks to make governance changes to Business Planning arrangements.

Impacts and Costs: *Please provide a view on the impacts and costs you would face.*

The implementation of Modification 0841 and the utilisation of the Business Plan Information Rules is expected to enhance the performance and transparency of the annual budget process. As a result, it is anticipated that this improvement will lead to greater efficiency and value for money overall. For example, it can be anticipated that CDSP Customers will be able to engage more effectively and productively in the annual process, while activity and expenditure will receive additional scrutiny from stakeholders which should result in greater accountability and improved value for money.

By aligning the Budget with strategic business goals and ensuring clear communication of financial plans, Centrica and Industry participants can streamline processes, identify inefficiencies, and make informed decisions. Modification 0841 serves as a valuable tool in achieving these objectives. We expect the very limited additional costs that the CDSP expects in order to meet the obligations of this Modification will be outweighed by the benefits.

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

No lead time is required. Implementation can be immediate following Ofgem approval. This will also aid the CDSP to meet the obligations for the 2025/26 business planning cycle, which we understand will begin in early Q2 2024.

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

We believe the Legal Text delivers the intent of the solution.

Panel Questions: *Panel Members have requested that the following questions are addressed.*

No questions were raised but the Panel have asked respondents to note that Modification 0841A was raised as an alternative to Modification 0841 on 27 September 2023 and was withdrawn on 26 January 2024. The information is available with all of the other 0841 documentation, as normal.

<https://www.gasgovernance.co.uk/0841>

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

None.

Additional analysis: *Please provide below any analysis or information to support your representation.*

The collaboration between Industry participants and the CDSP in the workgroup development and potential implementation of this Modification has paved the way for progress and transparency. We believe the solution that has been presented for consultation very much represents a collective view from Users and the CDSP, incorporating the inputs of workgroup participants over the last 12 months, who have constructively challenged and contributed to the outcome.