

## **FGO – DSC – Change Management**

### **(1) Governing Body - committee approach**

### **(2) Approach to Code Modifications**

## **1 Introduction**

1.1 This paper sets out for discussion:

- (a) an expanded version of the 'committee approach' to the DSC governing body (items 2 to 5);
- (b) a proposal for CDSP service changes associated with Code Modifications.

1.2 The Committee would technically be a sub-committee of the UNC Committee, but with largely distinct governance.

## **2 Role**

2.1 The role of the Committee would be to act as Change Management Group within the DSC change processes which have been separately discussed. This note does not address those processes, it is only concerned with defining the decision-making body within those processes. Broadly, the role of the Committee is to act as the decision-making body in all cases where the DSC change processes require a decision on behalf of core customers. To the extent that UK Link changes processes remain distinct, the Committee would also have a role there (as successor to the existing UK Link Sub-Committee).

2.2 As discussed in earlier papers, changes to (including creation of) individual bespoke services would be dealt with separately.

2.3 To date, a separate Change Management Group for the DSC has been envisaged. This is also proposed to be a committee, and the proposals in this paper would apply equally to that committee. It is for discussion whether the same Committee should fulfil both roles. If there are two committees, it is not proposed that there is a hierarchy between them (so that one committee's decisions have to be adopted or ratified by the other committee).

2.4 The draft GTB7 also envisages possible roles for a DSC Committee under the UNC, for example in relation to the exercise of CDSP discretions (if any remain). This would be the same Committee (probably the contract management committee, if there are two.)

## **3 Constitution**

3.1 The Committee would comprise equal numbers of representatives of shippers and transporters (including IGTs). The other parties who have representatives on the UNCC would not appoint representatives to the Committee. (But it is for Ofgem to decide if they wish to have a non-voting representative on the Committee.)

3.2 The Committee would be chaired by [a CDSP nominee] as a non-voting member.

- 3.3 It is proposed there are 8 members of the Committee (4 shipper and 4 transporter representatives). A larger Committee is considered unwieldy. However this is for discussion. The proposals below assume 8 members.
- 3.4 Shipper representatives could be appointed en-bloc like UNCC members. However if constituency representation is preferred, one possible approach would be as follows:

<b>Constituency</b>	<b>How defined (a suggestion only – for discussion – there may be other existing definitions)</b>	<b>Representatives</b>
I&C shippers	Perhaps defined as having an average AQ per supply point greater than a specified threshold	1
Large domestic	Not an I&C shipper. Registered User for more than a specified threshold of Supply Points.	1
Small domestic	Not an I&C shipper. Registered User for less than a specified threshold of Supply Points.	1
[Trader User]	As defined in the UNC	[1]

The above is a suggestion - other possible constituencies and/or definitions could be used.

- 3.5 If Trader Users are not DSC core customers, then the fourth representative could be appointed by all shippers collectively.
- 3.6 Further details would include:
- (a) the appointment process could allow each shipper in a constituency to nominate one candidate, and a vote (one shipper, one vote) to choose one of the candidates;
  - (b) second-choice votes could be included, to allow for tie-breaks;
  - (c) affiliated companies within a group would count as a single shipper. Where affiliated companies would fall into different constituencies, they could choose which one constituency to belong to;
  - (d) usual arrangements for retirement by rotation, replacement, etc would be included.
- 3.7 Transporter representatives would be appointed as follows:

<b>Transporter</b>	<b>Representatives</b>
NTS	1
DNs	2
IGTs	1

3.8 Appointment procedures for transporter representatives would probably be managed outside the UNC/DSC (for example, in the JGAA).

3.9 The Joint Office would administer these appointment processes.

#### **4 Proceedings**

4.1 All meetings of the Committee would be open for attendance by a representative of any core customer. Meeting papers (notices, agenda, etc) and minutes would be made available to core customers at the same time as Committee members. Customer representatives would be able to speak at meetings, but not to vote.

4.2 Voting would be on the basis of one vote per member (excluding the chairman). The chair could hold a casting vote in the case of a deadlock.

4.3 For changes which affect only Agency Services, the decision would be made by the vote of the representative(s) of the relevant transporter. In such cases, restrictions will apply – broadly that the costs of the relevant decision are passed to the relevant transporter (subject to the wider discussion of change budget), and that the decision does not have an impact (meeting a defined 'adverse' criterion) on other service provision.

4.4 All other decisions (ie affecting Direct Services only, or affecting a combination of Agency and Direct Services) would be made by the vote of all Committee members, subject to the next point.

4.5 If there were changes to Direct Services which had no effect on transporters or (as the case may be) shippers, then it would be possible to consider having the decision made only by the members who are representatives of the relevant constituency. We think it may be unlikely in practice that this case would exist, but this can be considered when developing the DSC Services Description and Charging Methodology.

4.6 Where a decision involves the prioritisation of different changes, the DSC should include principles for such decision (in effect, with a view to pre-determining the priority). However it is unlikely such principles can be exhaustive and definitive – there will be residual decisions to be made – all Committee members would vote on such decisions.

#### **5 Appeal**

5.1 In general it is expected the decisions of the Committee will be consensual and not likely to be challenged. However it may be sensible to build in some 'appeal' process where parties object to a decision. A particular ground for objection could be disagreement as to whether the change rules themselves have been followed – for example whether a decision falls into a particular category (eg, that it relates only to Agency Services).

5.2 The rules should not be designed to make appeals frequent, and should ensure they are quickly disposed of. There could be a requirement for a threshold level of support for an appeal. This could be a percentage of numbers of core customers in any single constituency. There could also be a requirement that the relevant representative had voted against (or objected to) the decision in the relevant committee meeting. An appeal should be made within a short period after the relevant decision.

5.3 In the first case, an appeal could go to the UNCC. The role of the UNCC would not be to make a binding decision on the appeal, but to express a view on it.

- 5.4 Following the UNCC's view, the appealing parties would have the option of taking the appeal further, or withdrawing it. Taking the appeal further would require the same threshold level of support as the original appeal (failing which it is treated as withdrawn).
- 5.5 An appeal which is not withdrawn would go to Ofgem. Ofgem could reverse the decision or send the matter back to the Committee for a further decision.

## **6 Code Modifications**

- 6.1 This expands on the suggestion that the 'how' of a code modification would be decided at the same time as the 'what'.
- 6.2 Where a Code Modification (which would include an IGT code modification) would require a change in any DSC service, then as part of the modification process the CDSP would be required to submit its proposals (with estimated costings at an appropriate level) on how to implement the change. In effect this would mean triggering part of the change process under the DSC automatically as part of the code modification process. Where there are different options for implementation, the CDSP would be required to cover the different options.
- 6.3 The modification report would include the implementation details including (where they exist) the options. The Panel could express a view on the implementation option, where relevant, but this would not be part of the formal recommendation (at least in the sense of relevance to CMA appeal).
- 6.4 Ofgem's approval of a modification would operate as approval of the implementation approach. If implementation options were included, Ofgem would select one of the options (or alternatively Ofgem's role could be to approve the Panel's preferred option or in the absence of approval to direct a different option).
- 6.5 The above approach could be automatic, for all Code Modifications (where they entail DSC service changes), or it could be a fall back if a consensual position was not agreed. In either case, the CDSP would be required to come up with its implementation proposals/options; but in the fall-back approach the implementation question would only be put to Ofgem (as part of the modification report) in the case where (say) the DSC Committee did not reach an agreement.