

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:	Gavin Williams
Organisation:	National Gas Transmission
Date of Representation:	06 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.*

UNC GTD 1.4.4 commits each Party through DSC powers to jointly ‘control and govern the CDSP on an economic and efficient basis.’ This is mirrored in Licence, such as the NTS GT Licence. Linked to this is the ability for Parties to appeal the CDSP Annual Budget. Conversely, the DSC Objectives only commits the CDSP to provide services *effectively*.

Relevant Objective c) is thus positive as it addresses the discrepancy described above, which arises from ‘effective’ vs ‘economic and efficient’. The introduction of an additional DSC objective for CDSP delivery/service costs to be economic and efficient, coupled with the addition of a new UNC requirement for all Parties to ensure this too, will align CDSP DSC objectives and CDSP Party duties, in turn increasing accountability of the CDSP.

Inefficiency in shipper/supplier CDSP charges may lead to knock-on cost associated impacts, which could have competitive disadvantages for such Parties. Relevant Objective d) is positive because a more robust process along with greater transparency should result in more cost reflective outcomes for shippers and suppliers. This minimises the possibility of cross-subsidies for these Parties and so improves competition between them.

Relevant Objective f) is positive as the introduction of business plan rules will provide

guidance on the minimum required content for inclusion in the CDSP Annual Budget. This will aid the governance of the CDSP, thus additionally supporting objective c) above. As referenced within Draft Modification Report UNC 0841, recent appeals of the CDSP Annual Budget have been attributable to a lack of transparency and provided information, subsequently leading to unnecessary administration for all CDSP parties associated with an appeals process. We believe the provision of these Business Plan Information Rules will therefore support the future creation of robust and comprehensive value for money budgets that, following reasonable stakeholder scrutiny, could be successfully implemented without appeal.

The addition of Business Plan Information Rules will better enable the determination of economic and efficient CDSP activities by stakeholders who undertake their duty to scrutinise the budget to ensure customers are not negatively impacted by CDSP services and Non-Service Function charges.

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

Given this Modification proposes to change governance processes which could have potential financial impacts directly for CDSP Parties and indirectly for consumers, we agree with the materiality statement justifying Authority direction.

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

The CDSP have indicated, as stated within Workgroup Report 0841, an associated annual cost attributable to new process and third-party assurance audits, which would be disseminated among CDSP Parties.

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

We agree that a March 2024 implementation date would support the business planning cycle for CDSP Budget 2025/26.

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

Yes.

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.*

N/A