

MODIFICATION 0841

INTRODUCTION OF COST EFFICIENCY AND TRANSPARENCY REQUIREMENTS FOR THE CDSP BUDGET

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TRANSPORTATION PRINCIPAL DOCUMENT

SECTION V – GENERAL

Amend paragraph 12.1 to read as follows:

12.1 Purpose

The purpose of this Section is to establish generic governance arrangements in respect of the following UNC Related Documents (each a "**Document**" and collectively the "**Documents**");

...

- (e) the Distribution Network Operator Designated Class 1 Guidance Document referred to in Section B4.7 and the Customer Settlement Error Claims Process Guidance Document referenced in Section E1.3.10; **and**
- (f) the Derogation Guidance Document referred to in GT Section B7; **and**
- (g) **the Business Plan Information Rules (as referred to in the DSC).**

GENERAL TERMS

SECTION D – CDSP AND UK LINK

Amend paragraph 1.2.2 to read as follows:

1.2.2 The DSC Objectives are:

- (a) compliance with the requirements of the CDSP Licence Condition, including (without limitation):
 - (i) that the CDSP should provide services effectively to help facilitate the efficient and integrated operation of the gas industry; and
 - (ii) so far as concerns CDSP Charges, compliance with the requirements (including the Charging Methodology Objectives (as defined in the CDSP Licence Condition)) in paragraph 86(d)(ii) of the CDSP Licence Condition; **and**
- (b) the objectives in paragraph 1 of Standard Special Condition A11 of Gas Transporter's Licences;

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Commented [Dentons2]: BR1.

(c) (without duplication of the objectives in paragraphs (a)(i)) that CDSP Costs incurred by the CDSP should be incurred efficiently and economically (including costs relating to Non-Service Functions); and

(ed) (without duplication of the objectives in paragraph (b)) facilitating effective competition between Parties or Parties of any class.

Amend paragraph 1.4.4 to read as follows:

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1.4.4 Each Party undertakes that it will act and exercise its rights and powers under the DSC in relation to the CDSP:

(a) so as jointly to control and govern the CDSP on an economic and efficient basis;

(b) to ensure, by taking all reasonable steps available to it, the CDSP incurs CDSP Costs efficiently and economically (including costs relating to Non-Service Functions).

Amend paragraph 3.1.3 to read as follows:

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3.1.3 The DSC Terms and Conditions:

...

(d) provide for the CDSP to:

(i) provide or otherwise procure CDSP Services effectively to facilitate the efficient and integrated operation of the gas industry;

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(+)(ii) ensure CDSP Costs are incurred, UK Link is operated, and Non-Service Functions, are performed in an efficient, economic and effective manner;

Amend 3.3.1 to read as follows:

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(e) ...; and

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(f) ...; and

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(g) the CDSP to apply the rules ("Business Planning Information Rules" prepared by the Uniform Network Code Committee) when preparing each CDSP Budget;

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Add new 3.3.3 to read as follows:

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3.3.3 The Business Planning Information Rules shall identify the minimum specified information categories to be utilised by the CDSP when preparing the CDSP Budget each Charging Year; and shall be a UNC Related Document for the purposes of the Code.

Amend 3.6 to read as follows:

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(c) ...; and

(d) ...; and

(e) the basis on which the Committee may propose a change to the Business Planning Information Rules.

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DSC TERMS AND CONDITIONS

Amend Clause 3.4 to read as follows:

- 3.4 The CDSP shall perform the Non-Service Functions of the CDSP, and shall do so in an efficient, economic and effective manner including where the CDSP procures the operation of UK Link.

Amend Clause 3.8 to read as follows:

- 3.8 The CDSP shall:
- (a) provide or otherwise procure the CDSP Services effectively to help facilitate the efficient and integrated operation of the gas industry;
- (b) ensure CDSP Costs are incurred in an economic and efficient manner.

CDSP SERVICES DOCUMENTS

Replace all references to 'CSDP' with 'CDSP' in the following paragraphs in the following CDSP Service Documents:

CDSP Service Document	Paragraph
Budget and Charging Methodology	4.8.14
Contract Management Procedures	1.5.2(a), 3.1.1(d)(ii) and 3.5.6
Change Management Arrangements	1.5.2(d), 2.3.2(d), 3.1.1, 3.2.1(b)(i), 3.2.2, 3.2.6, 4.1.1(l), 4.8.7(b), 5.2.5(e)(i) and (iv), 7.1.4, 7.4 (heading), 7.4.1 and 7.5.1(a)
Credit Policy	1.2.1(e) and 2.1.2(a)
Third Party and Additional Services Policy	1.2.1(e) and 3.2.1(a)
Transitional Arrangements	5.7.2

BUDGET AND CHARGING METHODOLOGY

Amend paragraph 4.7.1 to read as follows:

- 4.7.1 The process for establishing the CDSP Budget for the Charging Year is set out below and for which purpose the CDSP and the Committee shall agree the lowest level of detail which the CDSP shall be required to utilise in relation to the minimum specified information categories when applying the Business Plan Information Rules, and in the event no such agreement is reached by 31 July in CDSP Year Y-1 the level of detail to be utilised by the CDSP shall be equivalent to that utilised by the CDSP in relation to the most recently approved CDSP Budget (in either such case, the required level of detail).

Amend paragraph 4.7.3 to read as follows:

- 4.7.3 The CDSP will:
- (a) by 31 October in CDSP Year Y-1, prepare and provide to the Committee and each Customer a draft CDSP Budget;
- (b) discuss the draft with the Committee;

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- (c) provide to the Committee and each Customer such further information as the Committee may reasonably require in connection with its review of the draft CDSP Budget;
- (d) take into account, as it considers appropriate, the views of the Committee in revising and finalising the CDSP Budget, and provide to the Committee a report that outlines the actions taken in response to the views of the Committee; and
- (e) by the end of January in CDSP Year Y-1, send the final CDSP Budget to the Committee and each Customer.

Amend paragraph 4.7.4 to read as follows:

4.7.4 Where required to do so by the Committee Thethe CDSP may shall (after the step at paragraph 4.7.3(b)) provide a further draft or drafts of the CDSP Budget to the Committee before finalising and sending the CDSP Budget under the step at paragraph 4.7.3(e).

Add new paragraphs 4.7.5, 4.7.6 and 4.7.7 to read as follows:

4.7.5 The CDSP shall with each draft of the CDSP Budget report to the Committee how it has satisfied the required level of detail, and the CDSP shall notify the Committee:

- (a) of the reasons for not providing the required level of detail in relation to any of the minimum specified information categories: and
- (iii) the steps the CDSP proposes to take to enable it to provide the required level of detail in relation to the minimum specified information categories in subsequent drafts of the CDSP Budget.

4.7.6 In the event the CDSP does not provide the required level of detail in relation to the minimum specified information categories in relation to a draft of the CDSP Budget:

- (a) the CDSP shall where required to by the Committee meet with the Committee to explain the reasons why it was unable to provide the required level of detail;
- (b) the CDSP shall take such reasonable steps as the Committee may require to facilitate provision of the required level of detail in relation to subsequent drafts of the CDSP Budget.

4.7.7 Where the CDSP (acting reasonably) believes any information to be disclosed for the purposes of paragraph 4.7.3 is confidential information:

- (a) the CDSP shall notify the Committee in writing;
- (b) the CDSP shall only be required to disclose the confidential information to the Committee on the basis:
 - (i) disclosure is not in breach of any legal or regulatory requirement binding on the CDSP;
 - (ii) all members of the Committee are subject to the terms of a non-disclosure agreement on such terms as the CDSP may reasonably require; and

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(iii) the Committee confirms in writing to the CDSP it will not disclose the confidential information, including to Customers;

(c) the Committee shall not disclose any confidential information;

(d) the CDSP shall not be required to disclose the confidential information to Customers when:

(i) sending Customers information under paragraphs 4.7.2(c) and 4.7.3(c);

(ii) sending Customers the final CDSP Budget.

4.7.8 When sending information to Customers in accordance with paragraph 4.7.3(c), the CDSP may, for the purposes of paragraph 4.7.7, redact confidential information and where it does so the CDSP shall notify Customers of:

(a) the type of confidential information which has been redacted;

(b) the reasons the CDSP considers the redacted information to be confidential information;

(c) the types of commercial interests which the CDSP considers would be prejudiced if the confidential information was not redacted;

(d) only the extent to which the CDSP is reasonably able to do so:

(i) any potential adverse impact the redactions may have on the ability of Customers to assess the CDSP Budget; and

(ii) the manner in which any such potential adverse impact may be mitigated.

CONTRACT MANAGEMENT ARRANGEMENTS

Amend paragraph 1.5.1 to read as follows:

1.5.1 The purpose of this Document is to set out:

- (a) operational requirements to be fulfilled by the CDSP in connection with the provision of Services and the performance of the DSC;
- (b) reporting and audit requirements for the CDSP;
- (c) the functions and procedures of the Contract Management Committee; ~~and~~
- (d) arrangements for Individual Customer Contract Management under the DSC; ~~and~~
- (e) the basis on which the Committee may propose a change to the Business Planning Information Rules.

Amend paragraph 3.1.1 to read as follows:

3.1.1 The CDSP shall, in relation to each month, prepare a report (Monthly Contract Management Report) that will be provided to the Committee no later than the 15th day of the following month which will cover the following:

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(b~~a~~) ~~(a)~~ performance of the CDSP in each of the Process Journeys against the Performance Standard in the CDSP Service Description; the use and availability of UK Link and any incidents affecting UK Link as provided in the UK Link Manual;

(b) ...

Add new paragraphs 4.2.7, 4.2.8 and 4.2.9 to read as follows:

4.2.7 Notwithstanding Section 5.10 of the Modification Rules applies to proceedings of the Committee, the Committee may decide attendance at a meeting of the Committee at which (for the purposes of the paragraph 4.7 of the Budget and Charging Methodology) confidential information is to be discussed should be restricted to Committee Representatives, (or their alternates), representatives of the CDSP and any such other individual as the Committee may decide.

4.2.8 In respect of a meeting referred to in paragraph 4.2.7, each Committee Representative (or their alternate) and each relevant individual shall be required to sign a non-disclosure agreement (and provide a copy of such to the CDSP) in advance of the meeting, failing which the Committee Representative (or their alternate) or relevant individual shall not be entitled to attend the meeting (or receive any relevant confidential information).

4.2.9 For the purposes of paragraph 4.2.8, the non-disclosure agreement shall be on such terms as the CDSP may reasonably require.

Add new paragraph 6 to read as follows (and re-number existing paragraph 6 as paragraph 7 and amend cross-references accordingly):

6 Business Plan Information Rules

6.1 Change

6.1.1 The Business Plan Information Rules may only be changed where:

(a) the Committee recommends a change proposal in accordance with paragraph 6.2 be approved by the Uniform Network Code Committee; and

(b) the change proposal is approved by the Uniform Network Code Committee.

6.2 Change Proposal

6.2.1 Any Customer or the CDSP may propose a change to the Business Plan Information Rules.

6.2.2 Where a Customer or CDSP proposes a change (change proposal) it shall give notice to the Committee specifying:

(a) the identity of the person submitting the change proposal (proposer); and

(b) a description of the change proposal together with the proposer's assessment of why the change proposal will better facilitate achievement of the DSC Objectives.

6.2.3 Following receipt of a change proposal the Committee:

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(a) shall consider the change proposal and the proposer's assessment regarding achievement of the DSC Objectives;

(b) may invite the proposer to modify the change proposal;

(c) may invite the proposer to a meeting of the Committee to discuss the change proposal; and

(d) shall give notice to Customers and the CDSP of the change proposal together with the Committee's assessment of whether the change proposal better facilitates the DSC Objectives.

6.2.4 The Committee shall reject any change proposal where the Committee decides the change proposal represents a material change to the balance of commercial or legal risk under the DSC as between the CDSP and Customers, or as between different Customers (or Customers within a Customer Class) and where it does so it shall notify the proposer and the change proposal shall lapse and have no further effect.

6.2.5 Each Customer and the CDSP shall have not less than twenty (20) days from receipt of the Committee's notice under paragraph 6.2.4 to submit responses to the Committee.

6.2.6 Following consideration of responses received by the Committee, the Committee shall decide whether the change proposal better facilitates the DSC Objectives, and where the Committee decides the change proposal does better facilitate the DSC Objectives the Committee shall notify the Uniform Network Code Committee and the Uniform Network Code Committee shall consider the change for the purposes of TPD Section V12.3.

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