

## Representation - Modification UNC 0673 (Urgent)

### Amendment of UNC and DSC arrangements to enable Xoserve to bid for and provide CSS Services

Responses invited by: **5pm on 19 November 2018**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

<b>Representative:</b>	Richard Pomroy
<b>Organisation:</b>	Wales & West Utilities Ltd
<b>Date of Representation:</b>	15 <sup>th</sup> November 2018
<b>Support or oppose implementation?</b>	Qualified Support
<b>Relevant Objectives:</b>	f) Positive

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

We are not in principle opposed to the CDSP bidding for and providing CSS services if this reduces overall costs for the industry and provides the best value for customers - but we are concerned about two key issues:

- 1) The modification being raised as urgent which has prevented a full discussion of the important issues this modification raises
- 2) The modification does not acknowledge the potential risks to core CDSP services nor explains how the risks will be mitigated.

We suggest that had the modification been subject to normal governance procedures concerns about the potential risks to core CDSP services could have been properly discussed, assessed and mitigated if necessary.

With regard to the relevant objectives, as presented, the modification proposes to put in place arrangements to allow Xoserve to provide CSS services. Without an explanation of the cost benefits the only justification is furthering relevant objective (f) Promotion of efficiency in the implementation and administration of the Code).

We expand on these points in the further information section.

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

If directed for implementation this proposal should be implemented as soon as possible and in any case by 30<sup>th</sup> November.

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

None

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

Yes, it implements the intent of the solution.

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

There are no errors in this Modification proposal.

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

**Assurance of continuing provision of core CDSP services**

The primary role of the CDSP is to provide services related to the provision of Transportation Services to Shippers. The inclusion of CSS services as CDSP services and then carving out their governance from the established CDSP governance arrangements shows that CSS services are not in fact CDSP services as originally envisaged. We have three areas of concern:

- 1) That resource may be diverted from core CDSP services to CSS services to the detriment of the CDSP's core customers. We accept that the services are largely defined in the Data Services Contract, the concern is around the speed at which defects may be addressed, queries answered or changes progressed.
- 2) Due to the CSS services being providing using UK Link there seem to be a risk that changes to enable CSS services may have an unintended impact on core CDSP services. This is a risk with any integrated system. It is important that this risk is understood and that Xoserve has sufficient resource to maintain core CDSP services.
- 3) There should be some sort of separation to provide separate accounting to reflect that CSS services is a separate activity. Our view is that CSS services is not like expanding Xoserve operations to include services to IGTs from June 2017 as those services were an expansion of core CDSP services unlike the provision of CSS services.

## **Relevant objectives**

We note that modification 0666 which put in place processes to allow Xoserve to bid to provide CSS services was justified on the basis that it furthered relevant objective (f) (Promotion of efficiency in the implementation and administration of the Code) and this proposal uses that argument. We understand that the driver behind Xoserve bidding to provide CSS services is that it will reduce overall cost to Gas Shippers because the cost of providing CSS services is less than the sum of cost to Gas Suppliers of funding their share of CSS costs from another provider plus the cost to Gas Shippers funding the costs of the changes required to UK Link to communicate with a third party CSS. If this is the case we would have expected a justification in terms of furthering relevant objective (d) (competition) on the basis that competition between relevant Suppliers is furthered if they collectively do not have to bear as much cost.