

# UNC 0841

- Process illustration for business plan rules application
- Comments to Xoserve concerns presented 22 May

13 June 2023

# Business plan information rules

	Existing conditions	Proposed conditions
<b>UNC</b>	-	<ul style="list-style-type: none"><li>▪ Purpose of Budget and Charging Methodology is expanded to include specification of the business plan requirements</li></ul>
<b>Budget &amp; Charging Methodology</b>	-	<ul style="list-style-type: none"><li>▪ Business plan rules that specify the minimum requirements of the plan e.g. data granularity, evidence, etc</li><li>▪ Requirement for the CDSP to explain why and how the draft Budget does not comply with the business plan rules</li><li>▪ Requirement for the Committee to assess whether the minimum requirements have been met and to set out the actions that the CDSP needs to take to achieve compliance</li></ul>

Principles  
&  
Approach

(by 30 June) CDSP provide to the Committee and each Customer a draft Statement of Planning Principles

The CDSP will:

Discuss the draft with the Committee

Take into account, as it considers appropriate, the views of the Committee in finalising the Statement of Planning Principles

(by 31 July) CDSP send the final Statement of Planning Principles to the Committee and each Customer

Consistent with current rules, no change proposed

## Draft Budget

### 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) Identify each instance in which the draft CDSP Budget is not compliant with the information requirements pursuant to the Business Plan Information Rules; explain the reason(s) for the non-compliance; and describe the step(s) it will take, in so far as practicable, to ensure each subsequent draft CDSP Budget is fully compliant;

c) Discuss the draft and the instances of non-compliance with the Committee;

d) 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;

e) **Notwithstanding (b)**, take into account, as it considers appropriate, the views of the Committee in finalising the CDSP Budget, including the views of the Committee on the instances of non-compliance, and provide to the Committee a report that outlines the actions taken in response to the views of the Committee

f) by the end of January, send the final CDSP Budget to the Committee and each Customer.

The CDSP **may** (after the step at paragraph 4.7.3(d)) 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(f).

## Draft Budget

The Committee will:

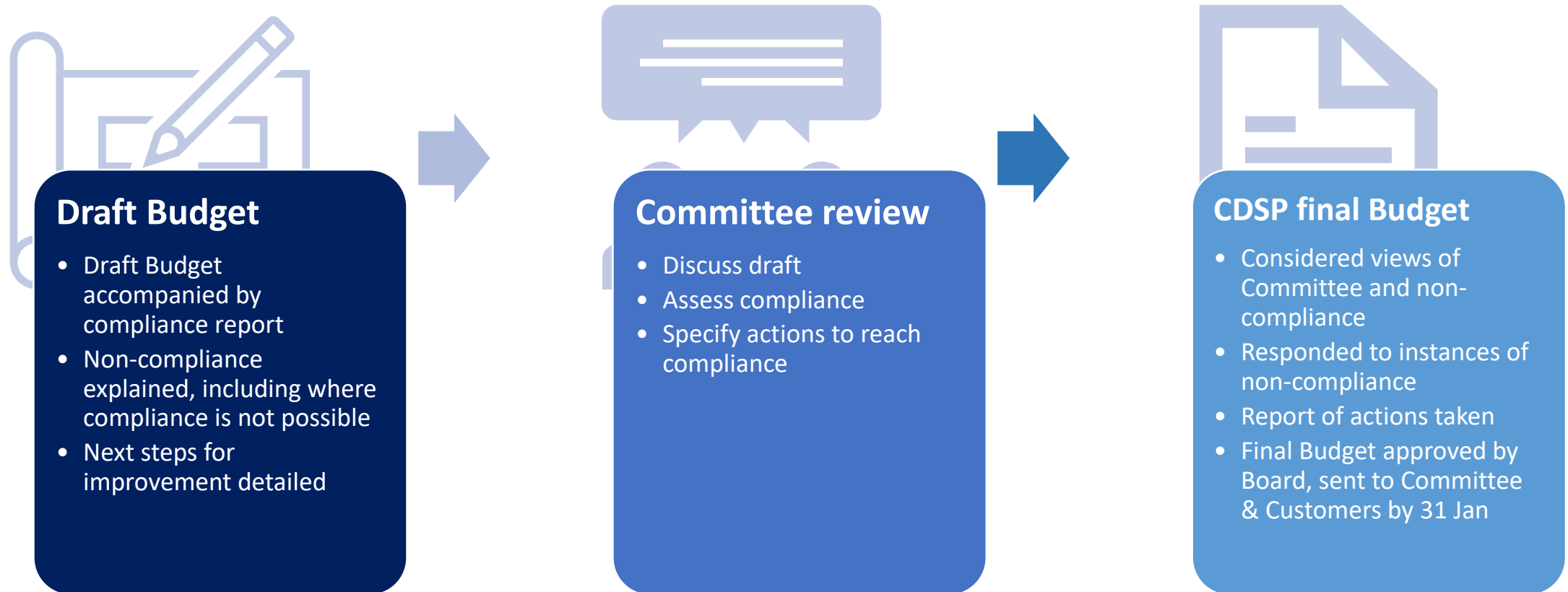
after the CDSP has provided to the Committee and each Customer a draft CDSP Budget, provide to the CDSP views on the draft CDSP Budget;

assess whether the draft CDSP Budget is compliant with the rules;

specify the action(s) the CDSP will need to take to make the draft CDSP Budget fully compliant with the rules.

The Committee is to review and provide feedback, per 4.7.3 c) and d), to support the CDSP in further drafts of the Budget

# Business Plan Process in summary



*CDSP opportunity to consider Committee views in revising Budget ahead of finalising (per 4.7.3 d) & e)*

# Comments to Xoserve concerns presented 22 May

Xoserve's concerns	Centrica's response
<p>The requirement for the Committee to assess the Budget against the Business Plan Information Rules and to specify corrective actions:</p> <ul style="list-style-type: none"><li>• introduces dual governance; and</li><li>• creates a business planning process loop</li></ul>	<p>The proposed amendment:</p> <ul style="list-style-type: none"><li>• does not change the existing governance process or introduce an additional governance process; and</li><li>• does not create a business planning process loop</li></ul>
<p>The CDSP may never be able to comply with some of the requirements in the Business Plan Information Rules</p>	<p>The proposed amendment:</p> <ul style="list-style-type: none"><li>• allows the Committee to comment on those instances in which the CDSP can comply with the Rules but has not; and</li><li>• allows the CDSP to explain those instances in which it is impossible to comply (e.g. not being able to provide details about the General Change budget)</li></ul>
<p>Designating the Cost Allocation Methodology and Model as CDSP Service Documents may not best reflect the FGO arrangements</p>	<p>Designating the Cost Allocation Methodology and Model as CDSP Service Documents:</p> <ul style="list-style-type: none"><li>• does not change the balance of risk between DSC Parties; and</li><li>• does not change the operation of the DSC</li></ul> <p>It is illogical not to consider a change to the existing arrangements because of what was implemented. The change processes explicitly allow for changes to existing arrangements.</p>
<p>The terms 'efficiently', 'economically' and 'effectively' introduce subjectivity</p>	<p>The term 'effectively' already exists in clauses in the DSC that place obligations on the CDSP</p> <p>The terms 'efficiently' and 'economically' are already well understood across the industry. The terms already exist in the GTs' licence (and the GTs have developed an interpretation of those terms) and in the licences of other parties in the energy market.</p>