

XOSERVE FUNDING, GOVERNANCE AND OWNERSHIP REVIEW

TOPIC SUMMARY FOR FGO PROGRAMME OVERVIEW BOARD

TOPIC: Customer Contracts

1) Ofgem's Conclusions

Ofgem has concluded previously that:

- a) The Central Data Services Provider ("the CDSP") will provide the full suite of Central Data Services that are currently provided by Xoserve in its role as the Transporter Agency;
- b) The industry may need to make changes to or establish new service agreements for the provision of Central Data Services ("CDS") between Xoserve and CDS recipients;
- c) Xoserve will also be able to provide additional services that are not CDS by means of bilateral contracts;
- d) Service agreements between the CDSP and its GT, Shipper and other customers are more appropriate for an IT and information service provider than the alternative approach of the CDSP becoming party to the UNC¹; and
- e) The prioritisation of legislation driven systems changes can be achieved through contractual arrangements and/or the UNC modification process.

2) Topic Deliverables

The FGO Programme Overview Board ("the FGO POB") considers that the deliverables associated with this topic comprise:

- a) A customer contract framework; and
- b) A contract with each recipient of Central Data Services.

3) Giving Effect to Conclusions

Must Do	<ul style="list-style-type: none">• The establishment of one or more CDS Service Agreements between Xoserve and CDS recipients is fundamental to:<ul style="list-style-type: none">○ Giving effect to the appointment of Xoserve as the CDSP; and○ Giving the CDSP the contractual rights to recover the costs associated with the provision of Central Data Services• The establishment of an effective contract governance framework for the management of CDS Service Agreements is fundamental to:
----------------	--

¹ This is Ofgem's 'minded to' position; a formal Conclusion to this effect is expected to be published in early 2015.

	<ul style="list-style-type: none"> ○ Enabling CDS recipients to exercise control and manage performance risk; ○ The prioritisation of changes to Central Data Services and CDSP Systems arising from amendments to Licences and Codes agreed under regulatory and industry governance; and ○ Ensuring effective co-ordination across contracts with different CDS recipient groups where the physical delivery of Services is achieved through the use of shared systems, human and other resources
Options	<ul style="list-style-type: none"> • There is an option for the scope of the CDS contract governance framework to extend beyond the management of CDS Service Agreements to include a 'CDS Review Group' that is responsible for the review of: <ul style="list-style-type: none"> ○ Proposed costs and outputs for inclusion in the CDS Business Plan; ○ The CDS Cost Allocation Model; and ○ The CDS Charging Methodology • Options for the construct of the CDS contract framework include: <ul style="list-style-type: none"> ○ A single contract with a number of service schedules aligned to each constituency of CDS recipients; and ○ A suite of parallel contracts with each constituency of CDS recipients, with appropriate linkages where changes under one contract could or should have consequences for other contract(s)
Matters for Resolution	<ul style="list-style-type: none"> • There is a requirement to understand the implications for CDSP contractual arrangements of any repositioning of UNC obligations • There is a requirement to ensure that each Service Line that is defined in the prevailing Agency Services Agreement between Xoserve and the GTs is assigned to a CDS Service Agreement • There is a requirement to determine the identity of the parties that will accede to each CDS Service Agreement