Performance Assurance Workgroup

Modification 506 Gas Performance Assurance Framework and Governance Arrangements

Options paper discussion document on contracting model - 5th May 2015

1. Introduction

Modification 506 seeks to place an obligation on the Gas Transporters to procure the Performance Assurance Framework Administrator (PAFA) services. This is expected to be discharged to Xoserve (as the Transporter Agency) and Xoserve shall be the procuring and contracting party with the PAFA.
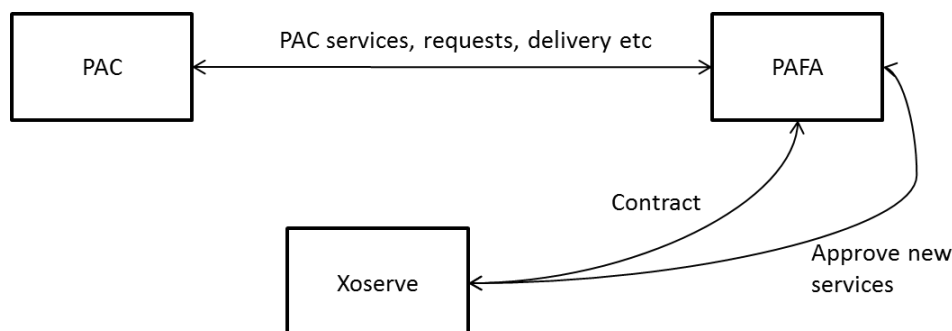
For discussion purposes, two options are presented as possible contracting models. It is more likely that a mid-point between the two may be the eventual outcome.

The reason behind presenting this information at this point in the mod development is that it is essential the contracting principles are determined to enable the completion of the other modification documents. In particular the Performance Assurance Committee terms of reference will differ significantly between option 1 and 2.

2. Option 1 Xoserve contracts with the PAFA for call-off services, the Performance Assurance Committee (PAC) agree the services directly with the PAFA

This option places the control of the development of PAFA services with the PAC.

Xoserve would tender for the PAFA. The service would be along the lines of "support role to the PAC for the provision of services and information as required by the PAC".

The PAC would be a named party in the contract and would submit requests for services to the PAFA. The PAFA and PAC would develop the service request. The PAFA would provide a quotation for the service. The PAC would accept or reject the quotation. If accepted, the PAFA would then (subject to Xoserve's approval – see below) develop and implement the service. The service would be added to the services schedule, which is a document between the PAC and PAFA and would not be part of the services in the contract between Xoserve and the PAFA. The PAC is therefore in full control (within reasonable boundaries) of the work

undertaken by the PAFA. Xoserve's role is to administer the contract with the PAFA, receive the PAFA invoice and pay it.

The services schedule is between the PAC and the PAFA, Xoserve has no involvement within this. In the event the PAFA does not deliver to this services schedule Xoserve shall have no involvement. Provided the PAFA has met the requirements in the contract between Xoserve and the PAFA, Xoserve shall be satisfied.

The contract between Xoserve and the PAFA will set out the provision of services to the PAC. Services will be set within certain parameters e.g. must be for the GB gas industry. Xoserve shall have a role in the approval of quotations / service offerings to ensure the services are within the acceptable scope and the value of services under the contract remains as anticipated e.g. remains below the EU procurement threshold (assuming the PAFA services have been procured on this basis).

The contract between Xoserve and the PAFA will deal with any processes for the provision of data / information / services to the PAFA for the purpose of the PAFA delivering the services in the services schedule (document between PAC and PAFA). However, with regards to any data governed under the UNC Xoserve shall be guided by the Gas Transporters with regards to the permission to provide any data / information / services to the PAFA.

In the event the PAC ceases to exist service instruction will revert to Xoserve.

3. **Option 2 Xoserve contracts with the PAF for services**

In this option the PAC interface for services and service development and acceptance of new services is between the PAC and Xoserve. The PAC has no direct relationship with the PAFA. Xoserve would liaise with the PAC for PAFA services.

Xoserve would place the service orders, accept quotations (with PAC approval) etc with the PAFA . The services schedule (and any performance requirements) would form part of the contract.