



respect > commitment > teamwork

Modification 0565 Workgroup

Non-Code User Pays service change process

18th April 2016

Background

- The Non-Code User Pays arrangements were effective from April 2008, with a revised contract and supporting change process effective from April 2009.
- The contract comprises:
 - Framework Agreement
 - Terms and Conditions
 - Service Schedules
- The Service Schedules are amended by the change process defined in the terms and conditions.
- The change process is administered by Xoserve with all voting rights vested in the Customers (Xoserve does not have a vote on change proposals).
- The arrangements described here were developed in full consultation with the industry

Overview of change process

(slightly simplified)

- A customer submits a Change Order for a Service Change
- The Change Order is acknowledged and given a unique reference and is submitted to the User Pays User Committee (UPUC) for approval to proceed
- Upon approval Xoserve prepares an Evaluation Quotation Report (EQR)
- The EQR is submitted to UPUC for approval to proceed
- Upon approval Xoserve prepares a Business Evaluation Report (BER) which lists options and quotes
- The BER is submitted to UPUC for decision on preferred option and approval to proceed
- Upon approval Xoserve completes the work
- Upon completion Xoserve submits a completion report to UPUC
- Each approval by UPUC includes a consultation period for customer representation before voting commences

Approvals process

- Approvals to proceed are set out in the User Pays User Group terms of reference <http://www.gasgovernance.co.uk/sites/default/files/2009UPUCTermsofReference18209.pdf>
- Each Customer has a vote, and a Customer Voting Value
- The Customer Voting Value is based upon the customers value of charges as a percentage of the total community value of services total
- A square root transformation technique is applied to each customer value of charges, this reduces the value where the value is above 1 and increases the value where the value is less than 1
- This is designed to avoid larger parties forcing change through and smaller parties blocking change

Approvals process continued

- Each matter to be voted on is worded as a “positive” outcome
- Customers vote against the change, this is designed to ensure that customers who have an interest in the change are required to be actively involved in the process
- For a proposal to be rejected the following is required:
 - At least 4 customers must vote to reject the change
 - Together, those 4 (or more) customers must hold at least 20% of the customer voting value
- UPUC is a face to face, or teleconference meeting as required, voting does not take place in the UPUC meeting
- The representation process and voting is conducted via email, with votes only accepted from the Customer’s nominated contract manager

Approvals process observations

- Setting the matter as a positive and voting to reject is more efficient than setting the matter as a negative with voting to approve. In the latter case, if not enough parties vote to proceed a matter is not carried, there is a real risk of customer inertia (“someone else will vote and make it happen so I won’t bother attitude”) impeding progress.
- Voting via email ensures that all customers can fully participate in an efficient manner, in the change process