
Industry Dialogue on xoserve Services and their Funding

Minutes of Workgroup Meeting

10:00 Wednesday 22 November 2006

Attendees

Tim Davis	TD	Joint Office
Collette Baldwin	CB	E.ON UK
Chris Smith	CS	xoserve
Graham Wood	GW	BGT
Gareth Evans	GE	Total Gas and Power
Julian Majdanski	JM	Joint Office
Alex Travell	AT	E.ON UK
Joel Martin	JMa	Scotia Gas Networks
Laura Doherty	LD	RWE Npower
Martin Brandt	MB	SSE
Marcus Stewart	MS	National Grid Distribution
Nick Morris	NM	xoserve
Kevin Broadbent	KB	National Grid
Nick Salter	NS	xoserve
Phil Broom	PB	Gaz de France ESS
Pete Ratledge	PR	RWE Npower
Steve Ladle	SL	Gemserv
Shelley Rouse	SR	Statoil
Simon Trivella	ST	Wales and West Utilities

1.0 Introduction

TD welcomed attendees to the meeting.

1.1 Minutes of Last Meeting

These were agreed.

1.2 Actions Arising

CS presented a summary of growth assumptions in Data Storage (see presentation)

CS presented an expanded summary of high-level features of UK Link Replacement, reflecting discussion at the last meeting. (see presentation)

CS presented some thoughts on behalf of xoserve on alternative scenarios for UKL Replacement. (see presentation)

CS outlined further detail of the two models discussed at the last meeting: Model A left Shippers to contract with GTs while Model B involved Shippers dealing directly with xoserve for additional services they may require. (see presentation)

GE and PB presented some thoughts on behalf of Shippers regarding how a User Pays model may work, involving three areas of service activity: Baseline services, Volume Driven services and Commercial Request services. (see presentation) A key concern was the prospect of excessive profit for providing additional services given that no other service provider would be possible. Therefore a governance body was proposed to oversee charge setting, in

order to examine whether xoserve prices were cost reflective. Shippers were not necessarily seeking full transparency but wanted the ability to challenge xoserve's costs.

MS and KB presented some thoughts on behalf of Transporters regarding how a User Pays model may work. (see presentation)

2.0 Review of Service Lines Against User Pays Principles

CS presented an analysis of whether the User Pays model would be applicable to 12 examples of existing Service Lines. (see presentation)

These were considered against the criteria of the "key stakeholder" being the Users that paid for a service, that there was discretion in the use of the service and the cost of providing the service being usage dependent.

3.0 Operating Efficiencies

The terms of engagement require that the group consider the level of operating efficiencies likely to be achievable following the project to replace UK Link. CS suggested that as for other IT projects initially costs will go up as new processes are implemented. However they are likely to fall in the following price control period as the benefits of the new systems are captured.

4.0 Progress Report to Ofgem

GE and PB agreed to act as Shipper representatives and would gather views from other Shippers to determine the input to the Ofgem presentation.

ST, JMa, MS and KB agreed to act as Transporter representatives.

xoserve and the Joint Office would prepare a draft presentation and endeavour to publish it on 29 November such that others could comment.

5.0 Diary Planning for Work Group

12 December 10:00 (Elexon)

10 January 10:00 (51 Homer Road, Solihull)