

DN Interruption Reform

UK LINK Committee
11th January 2007

Today's Presentation

- **Reform Background**
- **Modification Proposal**
- **Tender Process**
- **Shipper Interfaces**
- **Solution Options**
- **Next Steps**

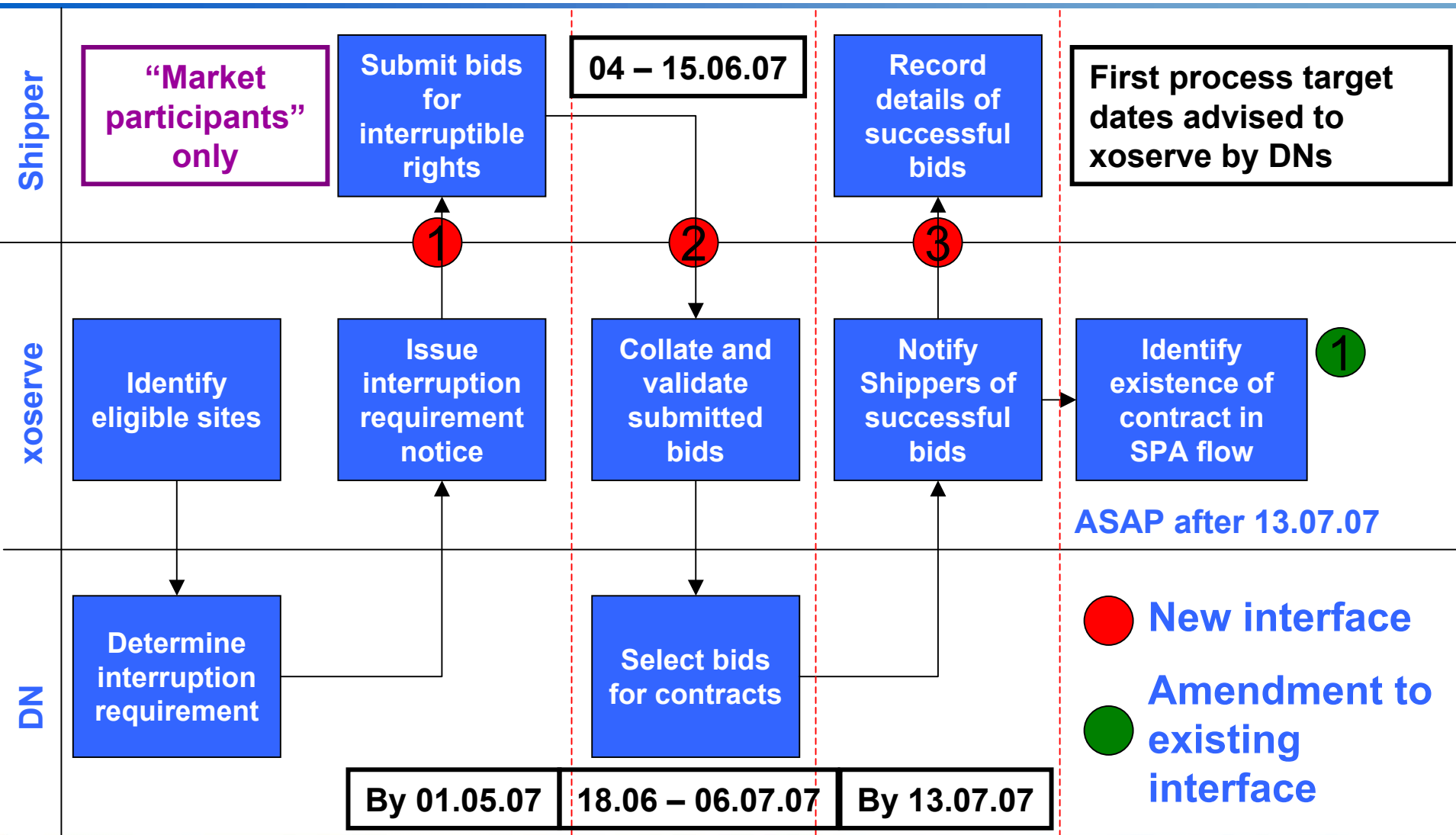
DNs have a licence obligation to bring forward revised interruption arrangements

- **Ofgem commenced consultation in May 2006 and set out concerns regarding current interruption arrangements**
 - **Lack of DN control over the amount and location of services**
 - **Too much interruption available, increasing costs for customers**
 - **Poor long term investment signals**
 - **Lack of flexibility in products and services to Shippers**
- **Interim Impact Assessment published October 2006**
- **Final Impact Assessment expected end of January**
- **Effective date for implementation - 1st April 2007**

DNs have developed a Modification Proposal in response to licence obligation

- The Proposal's features are designed to address reform principles set out in the regulatory consultation
 - DNs determine amount & location of interruption services
 - Provide efficient investment signals
 - Reduce scope for undue discrimination
 - Promote competition in provision of interruptible services
- Key Features
 - Annual application process for eligible Supply Points, 3 years ahead and for 1-5 years [*eg contracts let 2007 are effective Oct 2010 for period up to Sept 2014*]
 - DNs tender for requirements by location, and offer range of interruptible days
 - DNs pay for interruption via option and exercise fee over life of contract
- Mod 90 considered in depth by Development Workgroup
- Final Mod Report submitted to December Mod Panel
- Ofgem direction expected no earlier than end of January

xoserve operates the annual application process on behalf of Distribution Networks



The new Shipper interfaces are key to the application process...

①	<ul style="list-style-type: none">▪ Inform each Shipper of their eligible supply points▪ Communicate DN interruption requirements by location and number of days interruption (< or = 45) for each relevant Gas Year
②	<ul style="list-style-type: none">▪ Receive Shipper bids against eligible supply points▪ Send notification of bids which have passed validation▪ Send notification of bids which have failed validation and provide reasons for failure▪ Validation responses to be sent on D+1 Business Day, where D is date of receipt of Shipper bid
③	<ul style="list-style-type: none">▪ Send details of bids selected for contract to individual Shippers▪ Send aggregate information on application process to all participants

No firm release dates as yet, but phased to fit application process timetable

...and the amendment to SPA flows keeps site attribute information up to date

1

- Notify nominating Shipper of existence of contract
- Contract details made available following confirmation

Details of impacted SPA files yet to be determined

No firm release date as yet, but aligned to new interface 3

xoserve is analysing two solution options

1. SAM solution

- Shipper interface via IX
- Data definition in file formats

2. Manual process

- Shipper interface via e-mail
- Data definition in templates

- Data definition will be substantially common to both options
- Decision on solution option for 2007 late February
- Could be a combination of 1 and 2 for different process steps

For Discussion

- Committee views on most appropriate option
 - For 2007
 - For future years
- Committee responsibilities if Option 2 is chosen
- Proposal for 10 day comment period prior to next meeting

xoserve is proposing updates to future UKL Committee meetings

- **February meeting**

- Update on regulatory direction
- Presentation of detailed data definition
- Draft file formats AND e-mail templates issued for representation

- **March meeting**

- Update on regulatory direction
- Communicate decision on solution option
- File formats OR e-mail templates approved