

## Representation - Draft Modification Report 0506 0506A

### Gas Performance Assurance Framework and Governance Arrangements

Responses invited by: **12 November 2015**

<b>Representative:</b>	Mark Jones
<b>Organisation:</b>	SSE Supply
<b>Date of Representation:</b>	12 <sup>th</sup> November 2015
<b>Support or oppose implementation?</b>	0506 - Oppose 0506A - Support
<b>Alternate preference:</b>	<i>If either 0506 or 0506A were to be implemented, which would be your preference?</i> 0506A
<b>Relevant Objective:</b>	<b>d)</b> Positive <b>f)</b> Positive

#### Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As proposer of Modification 0506A we fully support its implementation. SSE raised the alternative to Modification 0506 as we believe that, for an interim period, Xoserve should carry out the role of the PAFA whilst the Performance Assurance regime is being fully developed. At the end of the interim period, which we believe to be reasonable at 3 years, the industry can make a much more informed decision as to how the regime should look in the future, or indeed if it is even required after this period. Modification 506A proposes a much simpler regime which will be subject to lower costs to set up and administer without the requirements for an external PAFA whose scope cannot be defined accurately without some experience of a Performance Assurance regime.

There is still a lot of uncertainty around what will be included in the Performance Assurance regime with further modifications being developed. The requirements in appointing a third party PAFA are not known, but such an appointment would incur increased costs and put added complexity on the industry. It will be far better to get a regime up and running and to monitor it, and after a few years, when the industry has experienced some stability, a decision on whether the Performance Assurance regime should be developed can be made. At this point the industry can decide if what is in place is adequate or not and will be able to make a more informed decision as to what an enduring Performance Assurance regime should look like.

Furthermore, during workgroup discussions, Transporters stated that they would use Xoserve to administer the competitive tender process should Mod 506 be implemented. This would effectively prevent them from bidding into the tender process for being the PAFA and thus would eliminate the party with the most experience in this area of administering the scheme.

The Performance Assurance regime will be set up to ensure settlement data is submitted into Xoserve in a timely and accurate manner by Users. Xoserve already have service standards in place and we do not believe that Xoserve should be subject to the Performance Assurance regime with the regime measuring how timely they perform their contractual services.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

We believe that either modification could be implemented with immediate effect following a decision by the Authority.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

No development costs have been identified. However, we would have to fund our share of the costs of setting up and maintaining a Performance Assurance Regime if either modification is approved.

**.Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes, subject to the variation request being approved.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

No.

**Please provide below any additional analysis or information to support your representation**