

Xoserve FGO

Monthly update

3 July 2015

Update on the FGO programme – July 2015

| Work area | Update |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| POB meeting | <p>Meeting held on 12 June</p> <ul style="list-style-type: none">• KPMG presented the draft programme delivery plan and invited views to be provided, so that an updated plan could be presented to POB on 10 July• Ofgem provided an update on their expected timescales for their review of the charging methodology, their review of the costs to be incurred by GTs and their decision on how GTs should be funded for Xoserve costs under FGO. Ofgem confirmed that they will make a decision in September 2016, meaning that charging arrangements would not be changed until 1 April 2017.• The POB questioned whether Ofgem’s timetable would have implications for the other aspects of the FGO programme, and agreed to consider this through the planned workgroups. <p>Next meeting on 10 July – London</p> |
| Business plan and budgeting | <p>Workgroup held on 22 June</p> <ul style="list-style-type: none">• <i>Xoserve will commence their interim process from July, with the first milestone being the sharing of the Plan Principles with all shippers, iGTs and GTs following Xoserve Board review on 16 July</i>• Workgroup lead agreed to develop detailed proposals for the outstanding deliverables, and to share these with the group. <p>No further workgroups scheduled for this topic, with the aim for all parties to provide feedback on the interim process.</p> |

Update on the FGO programme – July 2015

| Work area | Update |
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| Charging and cost allocation | <p>Workgroup held on 2 July</p> <ul style="list-style-type: none">• The group discussed the current allocation of Xoserve's budget to the different groups of services it provides. The group also considered the current proposal for reassignment of obligations in the UNC.• The group developed some high level principles for the charging methodology, and will present these to POB for discussion on 10 July. <p>Next workgroup on 20 July - Birmingham</p> |
| Governance - CDS | <p>Sub-group meeting held on 30 June</p> <ul style="list-style-type: none">• The sub-group completed a detailed review of Schedule 9 of the ASA, which covers contract management procedures. The group identified some changes to be made to the text for implementation of FGO, subject to legal review and drafting.• The group also agreed to reconvene on 6 July, to discuss draft terms of reference for both the contract management group and the change management group. Two attendees took actions to draft the terms of reference, and bring these along to the session on 6 July.• KPMG agreed to seek a view from a GT rep, a shipper rep and an iGT rep on the three key issues of: quoracy, decision making and escalation process. The aim is to discuss these initial views on 6 July, and provide an update to POB on 10 July. <p>Next workgroup on 6 July - Birmingham</p> |

Update on the FGO programme – July 2015

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| Governance - Corporate | <p>Workgroup held on 29 June</p> <ul style="list-style-type: none">• The group discussed the potential constitution of the Board under FGO. There was agreement that the independent Chair and CEO be appointed to the Board.• The group further identified two broad options for the remaining Non Executive Directors:<ol style="list-style-type: none">1. Retain the current 6 GT Directors, and appoint up to 4 further Directors who would be appointed by iGTs and shippers. This would aim to provide continuity and to reflect that GTs will remain the Shareholders for Xoserve. The new Directors would add to the capability and experience of the existing Board.2. Aim to recruit up to 10 Directors, with all constituencies involved in the appointment of these individuals. The aim would to begin by focussing on the skills, capability and experience required for the Xoserve Board, and to then appoint Directors to fill these roles.• The group agreed to present these options to POB on 10 July, and seek a view on how to proceed. <p>Next workgroup to be agreed, following POB discussion</p> |
| UNC obligations and contracts | <ul style="list-style-type: none">• National Grid have been working with Dentons to seek a legal view on amendments to Section 6.5 of Section V of the UNC, and a number of other associated modifications, in order to commence the UNC modifications process and move to implement FGO. <p>Update to be provided by National Grid at POB on 10 July</p> |

Further information

Meeting dates and locations are available on the Joint Office website

All POB, workgroup and programme materials are available on the FGO SharePoint site.

- Email FGOcentral@kpmg.co.uk to receive login details.

Please contact FGOcentral@kpmg.co.uk for any queries or assistance

If you would like to attend a scheduled meeting, then please email FGOcentral@kpmg.co.uk to confirm your attendance

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Thank you