Ofgem's review of Xoserve's Funding, Governance and Ownership (FGO)







Transmission Workgroup – June 2015 Seán McGoldrick

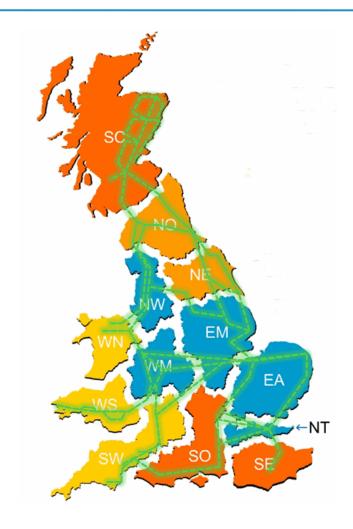


Xoserve

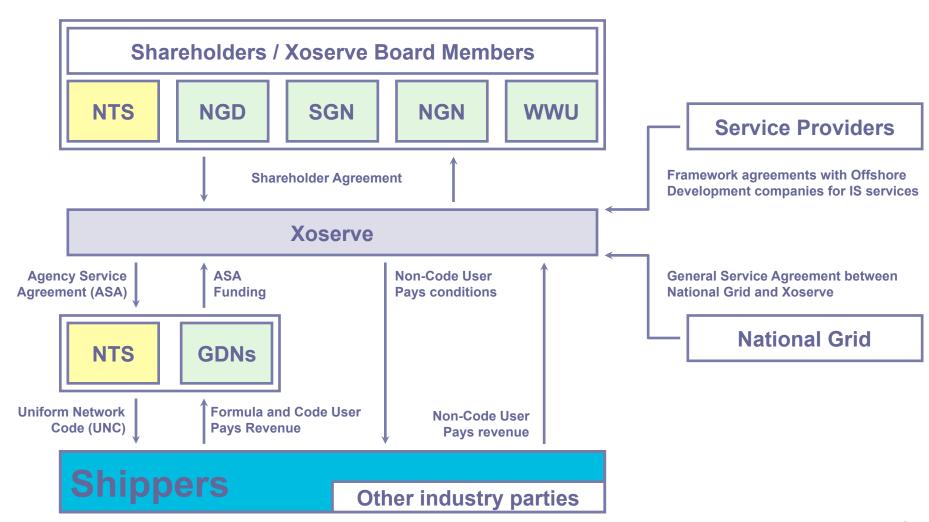
Background and Current Arrangements

Background

- Established as a limited company on May 1st, 2005.
- Facilitated Distribution Network (DN) Sales
- Designed to provide transactional services to the industry on behalf of Gas Transporters – "The Transporters' Agent"
- Ownership and Management of UK Link suite of systems
- Management of NTS' Gemini system (remains under NTS Ownership)



Current Arrangements





Xoserve

Why FGO?

Stakeholder feedback

- Ofgem received a number of comments relating to Xoserve:
 - Need more cost transparency
 - "Gold-Plated" solutions v Always goes for the least-cost option
 - More industry engagement needed
 - Change Black Box.
- CEPA review carried out
 - Industry-wide workshops held looking at identifying desired enhancements to Xoserve's FGO arrangements
 - Cooperative Business Model recommended



Xoserve

Future design options

Ofgem's conclusions

- Xoserve to become the Gas Industry's "Central Data Service Provider" (CDSP).
- The Scope of central data services provided by the CDSP is to be kept whole
- GTs costs for Central Data Services will be recoverable via "Pass Through" mechanism
- Central Data Service requirements will be subject to cross-industry governance
- Service outputs and funding requirements will be determined through industry-facing business planning processes, ratified by the CDSP Board.

Ofgem's conclusions

- Central Data Services will be provided on a not-forprofit basis
- The CDSP Board will be reconstituted to include both GT and Shipper nominated members
- Xoserve to retain the latitude to develop / provide additional services
- DNs and NTS to continue to hold shares in Xoserve
 - Ownership and Control separated.
- Target go-live date is April 1, 2016.

CDSP Funding Options

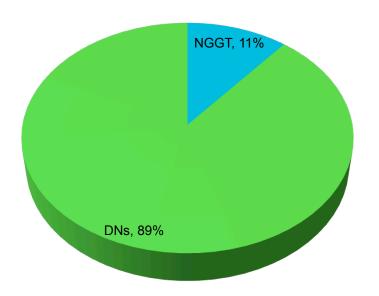
- Reallocation of CDSP costs to each party based on stake in the service
 - GT costs recoverable via Pass Through
 - Remove from RIIO
 - Agree annual business plan
 - Costs will only change in exceptional circumstances
 - Ofgem approval required
- Carry-over to subsequent FY
- Invoicing mechanism TBD.

Potential realignment of control / obligation

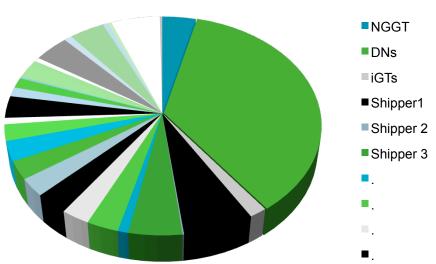
Supply Point Capacity Registration	Supply Point Shipper Registration	Provide Query Management	Record / Submit data in compliance with the UNC	Facilitate DN Interruption Auction	
Metered Volume and Quantity	DM Supply Point Capacity and Offtake Review	Annual Quantity Reviews	Transportation Invoices	Balancing Invoices	Shippers & DN
User Administration and Termination	CSEPs	NExA Supply Meterpoints	Generation of Supply Point Meter Reference Number	Emergency Contact Information	(& iGTs) DNs (& iGTs)
Shipper Agreed reads	Provision of information to registered Metering applicants	Energy Balancing	Demand Estimation	User Pays and non-code services	National Grid NTS
Theft and iGT exchanges	Meter Notices	Provision of information and Agency Management	Gemini Capacity Booking	Gemini – Imbalance Settlement	DNs & NTS (& iGTs)
UK-Link Services	Provision of User reports and information	Network and User relationship management	Data flows and services to Network Operators	User Pays Code services	11

CDSP Funding Options

Current cost apportionment



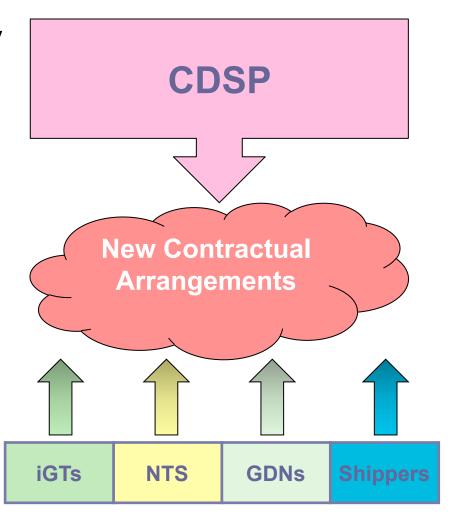
Future cost allocation (example only)



- Need to close down current funding and financing arrangements at point of switch over to new model
- Need to ensure new arrangements provide for an enduring financial model.

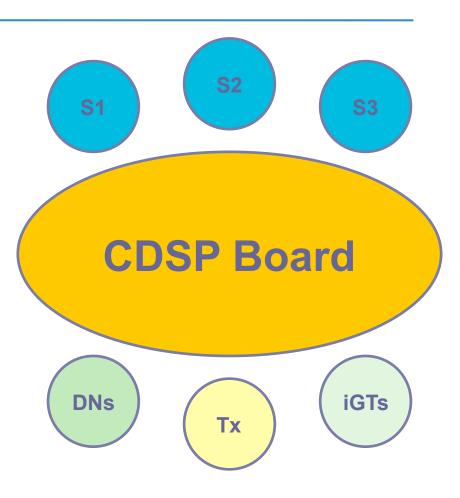
Changes to governance

- Introduction of Cross-industry governance for:
 - Change Management
 - Build annual change workplan
 - Consider F&A work
 - Performance management
 - Contract Management
 - Operational Service KPI management
 - Ongoing management of control / costs.



Ownership impacts

- GTs to retain Ownership
- CDSP to become a "Not-forprofit" organisation
- Xoserve to be de-risked in event of failure of the CDSP
- GT and Shipper membership of the Board
 - Exact composition TBD
 - Constituency nomination
- Ofgem to have "step-in" powers.





Central Data Service Provider

Current activities

Development of CDSP Blueprint

- Initial Workgroups being held
 - Obligations
 - Governance
 - Business Plan & Budget Setting
- Monthly POBs scheduled
- Development workgroups being scheduled now
- Transition: Understanding what can / cannot be delivered in time for April 2016
- Development of plans for subsequent roll-out / formalisation of remaining functions.

What's needed from you?

- Keep up to date with progress
 - Regular update from FGO Programme Manager
- Contribute to informal & formal consultations
- Input to development workgroups
 - Only National Grid
 Transmission attending
 on behalf of Tx sector



Questions?

질문

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