

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



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## Highlights

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- Funding, Governance and Ownership (FGO) Programme Modifications to be presented to UNC Panel on 4<sup>th</sup> November
- If approved by UNC Panel, consultation expected to begin straight away
  - What are the objectives of the Modification?
  - What are the UNC changes included in the modification?

## FGO Modification Proposals

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- Modification Proposal 0565 – Raised by National Grid Distribution Ltd.
  - Original Modification defining changes to be made to move from Transporters' Agency to Central Data Service Provider. Proposed Transporter voting arrangements (1 NTS, 3 DNs and 2 iGTs)
- Modification Proposal 0565A – Same as 0565 except:
  - Variation on Transporter voting for proposed Change and Contract committees. 2 NTS, 2 DNs and 2 iGTs
- Modification Proposal 0565B – Same as 0565 except:
  - Variation on Transporter voting for proposed Change and Contract committees. 1 NTS, 4 DNs and 1 iGTs

## Modifications 0565 / 0565A / 0565B purpose

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- Define Central Data Services Provider (CDSP)
- Introduce the Data Services Contract (DSC) as a code referenced document
- Obligation for all UNC Parties to accede to and comply with the DSC
- Obligation for all parties to jointly control and govern the CDSP
- Obligation for all parties to procure the use of the relevant CDSP Services
- Obligation for all parties to pay for CDSP Services in accordance with the CDSP Charging Statement
- Reallocate contractual obligation for the provision of services
- Introduce new Modification Rules to define roles and responsibilities for the interaction with the CDSP
- Define transitional terms to cover period from CDSP implementation to Nexus

## Key UNC Changes

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- General Terms: New Section D – CDSP and UK-Link
  - Drafted on the basis of post Nexus legal text
  - DSC Transitional Arrangements document to override or vary GT Section D until such time as Nexus has gone live
- Changes to TPD Sections G (Supply Points), H (Demand Estimation and Forecasting) and M (Supply Point Metering) will be made against pre-Nexus UNC
- Changes to other GT and TPD Sections will be drafted on the basis of Post-Nexus text
- Changes to the IGTAD will reflect a post-Nexus nature

## Key regulatory changes

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TPD

OAD

IGTAD

Mod  
Rules

Transition  
Document

General  
Terms

# Transporter Principal Document

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## Throughout

- Replacement, where appropriate, of CDSP for Transporter

## Section B (System Use and Capacity)

- Removal of references to User Pays and Agency Charging Statement
- Definition of Agency Services for the CDSP

## Section C (Nominations)

- Identification of Agency Functions for the CDSP

## Section E (Daily Quantities, Imbalances and Reconciliation)

- Definition of Direct and Agency functions
- Redirection of obligations from Transporters to CDSP

# Transporter Principal Document

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## Section F (System Clearing, Balancing Charges and Neutrality)

- Confirmation of Agency Functions

## Section G (Supply Points)

- Definition of CDSP functions (e.g. determining AQs, maintaining the Supply Point Register (SPR) and undertaking query management in respect of the SPR

## Section H (Demand Estimation and Forecasting)

- Identification of Direct and Agency definitions for DE / DF services.

## Section M (Supply Point Metering)

- Identification of Direct Functions
- Removal of references to User Pays Services



# Transporter Principal Document

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## Section Q (Emergencies)

- Definition of Agency Services relating to the recording of emergency contact details and the management of post-emergency claims validation processes.

## Section S (Invoicing and Payment)

- Identification of Agency definitions for these services.
  - Notifying Users of invoice timing
  - Calculating invoice amounts
  - Submitting invoice documents
  - Resolving invoice queries

## Section U (UK Link)

- Remove all

# Transporter Principal Document

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## Section V (General)

- Definition of Direct and Agency Services
- Requirement for Users to accede to the DSC
- Requirements for Trader Users
- Refinement of Defaulting User definitions to require parties to comply with the DSC
- Liabilities to be managed via the DSC

## Section X (Energy Balancing Credit Management)

- Confirmation of Agency functions
- Confirmation of ring-fencing of CDSP Credit Committee from EBCC

# Offtake Arrangements Document

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## Section M (Data Flows)

- Replacement of references to the Agency Services Agreement (ASA) with the Data Services Contract (DSC)

## Section N (General)

- Requirement for New DNOs to sign the Accession Agreement and meet its requirements
- Requirement for withdrawing DNOs to satisfy the DSC's withdrawal requirements

# Independent Gas Transporters Arrangements Document (IGTAD)

## Section A (Scope and Classification)

- Confirmation that IGT Services will be delivered under the same Agency Services umbrella as GT Services

## Sections B, D and E

- Primarily replacing Agency with CDSP and arrangements with DSC

## Section F (General)

- Requirement for new IGTs to accede to CDSP arrangements
- Requirement for withdrawing IGTs to satisfy DSC withdrawal arrangements

# Modification Rules

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## General inclusion of the CDSP to better inform Modifications

- CDSP can raise Modification Proposals to amend the DSC in specific cases
- CDSP can make representations as to whether or not a Modification should be a Self-Governance Modification Proposal
- Remove references to User Pays
- Define the interaction between the CDSP and the Change Committee

## TD Part 1: General

- Defines the terms included in the Transition Document

## General Terms: Section C

- Excludes the CDSP from being treated like an affiliate.

# General Terms

## New Section D (CDSP and UK Link)

- Provisions and objectives relating to the CDSP and CDSP Services
- Requirements and obligations in respect of the Data Services Contract (DSC)
- CDSP will be “Not for Profit”. Costs will be met by its customers
- The introduction of Direct and Agency Services
- References to the relevant Licence Conditions
- The establishment of Change, Contract and Credit Control committees
- High level Budget and Charging methodologies
- The introduction of a Credit Policy for CDSP services
- Appeal Procedures

## What next?

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- Review the legal text relevant to your business during the consultation period
- Review the accompanying DSC documentation with a view to being able to sign it in advance of the FGO Implementation Date
- Identify and nominate Change and Contract Committee members
- Get involved with the development of Xoserve's BP17