

UNC Workgroup 0565 Minutes
Central Data Service Provider: General framework and obligations
Wednesday 02 March 2016
31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Andy Miller	(AMi)	Xoserve
Angela Love*	(AL)	Scottish Power
Azeem Khan	(AK)	RWE npower
Charles Wood	(CWo)	Dentons
Chris Warner	(CWa)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
David Mitchell	(DM)	Scotia Gas Networks
David Tennant	(DT)	Dentons
Gavin Anderson*	(GA)	EDF Energy
Gethyn Howard	(GH)	Brookfield Utilities UK
Joanna Ferguson	(JF)	Northern Gas Networks
Rupika Madhura	(RM)	Ofgem
Sean McGoldrick	(SMc)	National Grid NTS
Steve Mulinganie*	(SMu)	Gazprom

* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0565/020316>

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 October 2016.

1.0 Introduction and Status Review

1.1. Approval of Minutes

Minutes approved.

1.2. Actions

Action 0102: Timeline/Workplan to be developed.

Update: Timeline and Workplan to be development. **Carried Forward.**

0201: Ofgem to consider the concept of a multi service provider CDSP.

Update: RM confirmed she would consider this concept and provide a response. **Carried Forward.**

Action 0202: All parties to consider and articulate risks and issues for inclusion on the Risk and Issues log.

Update: See item 7.0. **Closed.**

2.0 Proposed Licence Change Overview

RM confirmed that a further informal consultation on the proposed licence changes would take place shortly.

3.0 Legal Drafting Update

CWa confirmed that the informal Legal Text Workshop on 15 February reviewed sections G, H & M. He confirmed in hindsight that further legal text reviews should take place within the usual workgroup process and that no further informal meetings would be planned.

He anticipated at the end of this meeting the Workgroup would need to think of future diary planning to meet the October reporting date.

Since the last Workgroup meeting a lot of work has been undertaken looking at the feedback and reviewing TPD V6.5 Agency Terms. CWa confirmed some information had been published with the intention of having an in depth look at the General Terms, Section B7.

SMc enquired if the intention would be to separate NTS from DNOs. CWa confirmed he was keen to accommodate the aspirations recognising there are some discreet activities undertaken by National Grid NTS. SMc's aspiration was to clearly delineate responsibilities.

4.0 General Terms

CWo provided the outline of the proposed General Terms, Section GTB7.

SMu asked about the concept of core customers, and their liabilities with the risk that losses could be passed on to them. He requested further clarify on the arrangements for losses associated with Project Nexus to ensure these don't fall on Shippers once FGO is established. GH also wished to be clear of costs for any over-runs and how these would impact parties.

CWo acknowledged that issues surrounding transition would be complicated. He explained the proposed General Terms are to outline the enduring rules and how to achieve an open balance sheet on day one for the CDSP. The transition rules will need to be considered to closing down the existing arrangements and how obligations transfer from the existing regime to the new.

Some participants wished for it to be made clear that any costs or future costs to make Project Nexus work, up to implementation and fixes after implementation, or any delays in the program are not borne by core Shipper customers of the CDSP.

CWo highlighted the industry would need to be mindful of the changes also required to the iGT UNC, GH confirmed that the iGTs are looking to lift and shift elements into the iGT UNC where it is applicable subject to Modification 0440 being implemented in October.

CWo explained at this moment in time the CDSP relates to Xoserve and the DSC is a contract that governs all the services provided to core customers.

SMu reiterated his preference from previous Workgroup meetings that the CDSP doesn't need to be single party, and that it may not be Xoserve in the future. CWo explained that the current version of the licence would need to change for a multi-party CDSP, by creating an umbrella for the CDSP this will allow more flexibility.

CB wanted to see more contestability options being included now, previous experience indicates it is very difficult to change the rules once you have an incumbent party. CWa was keen on first getting the mechanism into the UNC, he recognised in the future things may change and the UNC can be adapted to account for future requirements. CWo explained that there were other options to achieving more flexibility in terms of service provision, with the CDSP for example, it could become a contract administrator and tender for the services it is proposed to provided.. The Workgroup considered differentiating cost allocations and change control; breaking out cost allocations associated with services relating to such processes as balancing and trading and Supply Point Administration. CWo explained that Xoserve will remain as a Transporter agent for invoicing and this will be developed and included in the Code.

CWo explained the Workgroup would also need to consider governance and the governing body. AL asked about Xoserve potentially setting up two groups, one for contract management and the other for change management and was aware this was already being established. JF explained that this was related to the existing Xoserve contract managers group when Transporters had been asked to agree to allow other interested parties to attend on an informal basis. CWa explained that this would need to be reconciled within the framework of the UNC and the Workgroup would need to consider the existence of these groups and how they integrate into the overall framework so there was no dual governance.

GH confirmed that the FGO programme had undertaken a review of the change considerations, and this should be examined by the Workgroup. The Workgroup was keen not to duplicate efforts of the FGO programme and ensure the work they had undertaken is reviewed as it be a useful starting point.

GH asked about the CDSP having its own account and whether it ought to be defined as a service provider rather than an Agency. CB preferred that the CDSP is not referred to as an Agency, as it does not act as an Agent on behalf of another party. CWo agreed to consider the terminology used and clarifying that the CDSP is not an Agent acting on behalf of other parties, although Xoserve would be used as a Transporter Agent in a number of situations.

AM asked if clarity would be added to the General Terms on how services will be ordered. CWo confirmed that this does need to be considered and defined.

CWo explained the concept of Direct Services and where the CDSP will act as an Agency for certain services it provides, for example certain functions it undertakes for Transporter obligations, and is contracted as a Transporter Agent.

SMu enquired about the charges referred to in Section 7.4.2 and the obligation to pay the charges. CWo explained this is to obligate parties to pay for charges, the DSC will create the contractual relationships and the charging statement will state what the charges are.

SMc enquired about the functions of Xoserve for central data services and shippers being primary parties. JF explained that there is a differentiation between requirements under the licence and data provision services. She explained a large amount of Section G explains the shipper facing processes but doesn't stipulate which elements are a licence requirements and what is provided as a data provision service. CB explained that there is a distinction between Supply Point data provision and processing services.

SMc enquired about the DSC taking effect of an arrangement, which the Transporters procure, and the establishment and subsequent maintenance by the CDSP of the SPIS.

CWo explained the effect of the Standard Condition 31, he highlighted that SC31 doesn't stipulate that services must be undertaken by Transporters, they can procure a service provider.

The Workgroup considered the costs and risks incurred by the CDSP which may affect parties and that no significant cost or risk should be imposed on another party. CWo suggested the Workgroup consider a few examples and walk through Section G to assess if the guidelines allocate costs appropriately.

AL also highlighted that consideration needs to be made for Performance Assurance and the impacts or rules it may establish to incentivise performance. CWo confirmed these needed further consideration and the General Terms may have to be built so that they do not conflict with the Performance Assurance Framework.

The Workgroup considered the areas of discretion where for example a meter read can be accepted outside the normal 25-day window and that Xoserve will process elements outside the strict rules where it is feasible and reasonable to do so. AM provided Sections M3.3.6 as a typical example of an area of discretion. SMu was concerned that the test was difficult to accept as he did not know what significant cost meant and would prefer a "reasonableness" test.

SMc explained that some services are provided under licence which, do not filter down into the UNC and these need to be considered. CWo agreed to consider this further.

CWo explained the DSC and the CDSP Service Documents.

CB asked about the reference of the DSC Committee. CWa explained that it has not yet been decided about the interactions of the UNC change process, this still needs to be considered. He briefly explained that the Terms of Reference and conditions would need a UNC Modification and changes to the DSC would need to also have a governance mechanism. SMu enquired about the impacts to costs and how changes are managed. He suggested any changes to the charging methodology would require a UNC modification. CWo confirmed at the moment there are elements of governance, which are completely open for consideration and they had used [DSC Committee] to identify a group would be responsible, however the actual identity needed to be established.

The Workgroup discussed the different elements of governance. CWa understood that the FGO Programme Overview Board (POB) had considered governance and recognised the need to ensure there is not a disconnect between discussions taking place in other forums. CWa confirmed he needed to have inclusive conversations to ensure the governance arrangements, in square brackets, is the current position.

CB expressed concern that parties have invested a considerable amount of time with the POB and FGO programme and that the Workgroup needed to ensure there isn't a duplication of effort and work undertaken by these groups is considered. CB confirmed that the FGO programme have considered Terms of Reference and other documents and the work undertaken should not be ignored. She emphasised the need for all groups to be in an alignment around change arrangements and contract change arrangements. CWa agreed to undertake a review of all the elements that need to be picked up from FGO programme and POB to ensure no consideration or recommendation is overlooked.

Action 0301: National Grid to undertake a review of all the elements Workgroup 0565 need to pick-up from the FGO programme and POB; produce a gap analysis; and ensure the Workgroup and Dentons are aware of all elements to be considered.

JF confirmed that there has been an agreement that all UNC and DSC related work will take place within Workgroup 0565.

SMc explained some elements/activities will be outside of the UNC and the creation of a UNC committee should not give undue control to parties where the UNC is not impacted. CWo explained that the UNC will create a concept of the control required; however what the governance is and where it sits has not yet been defined. BF explained that the FGO programme have considered some elements and this needs to be brought to the Workgroup to take these into account. The Workgroup considered the best way to consider the work already undertaken. CWa reiterated his intention to consider the elements and provide an update to the Workgroup. See Action 0301.

CWo explained that the governance and placement of the UK Link manual and the DSC still needs to be thought about. He explained one option would be for the UK Link manual to sit under the DSC and essentially the activities of the UK Link committee.

AL suggested that the budget, the setting and planning process and charging methodology should be separated within the General Terms to avoid confusion.

CWo highlighted there may be a need to make a reference to bespoke services within the General Terms that can be procured from the CDSP. AM explained there are a number of services that parties pay for beyond the requirements in the UNC. It was recognised not all parties have bespoke arrangements and the cost of these are borne by the recipient of the services only.

The Workgroup considered how to separate charging groups. SMc challenged the grouping of Shippers into one group of customers and putting Shippers on the hook for services they

do not require. CWO explained that at the moment there is not a differentiation on the class of Shippers it is defined how Shippers qualify for a service they take and therefore pay for. SMC challenged Shippers without a portfolio would not want to pick up the costs associated with this element of the market. CB was unsure if this would become a complication suggesting that Shippers without a portfolio would have different charges levied to them as they do now.

The Workgroup considered the transition of costs. CWO felt that non-enduring arrangements would need to be captured in Transition rules. He believed there could be some complications if elements extend to future years, which will at some point need to be considered and a process agreed.

SMC asked about within year cost changes. CWO explained within the General Terms it will acknowledge that some within year changes may be necessary and the CDSP charges can be changed, however the budget would remain consistent and the forecast would change.

5.0 Interactions with other FGO groups

Further to previous discussions CWA confirmed his intention to consider interactions and ensure all elements are brought into the Workgroup.

RM briefed the Workgroup on the interactions Ofgem have with the POB and KMPG progress and deliverables.

6.0 DSC Contract

CWO provided a content outline for the DSC Terms and Conditions. The Workgroup briefly considered the list. CWO suggested the ASA would provide a good starting point for the drafting the detail of the DSC.

AL asked about the development of the DSC. It was understood that the Workgroup would incorporate the development of the DSC during its course of meetings.

AM confirmed that Xoserve have been considering the DSC, however development was pending the modification outline to be clearly established. Further to today's discussions Xoserve will continue to assess what is required and an update will be provided at the next meeting. AM highlighted that the service schedules would not be ready for the later March meeting however he would be able to provide a better view of proceedings.

SMU wished to have an indication from Xoserve, as early as possible, of when the first draft of the DSC would be available, to allow the coordination of lawyer availability particularly as this was a new document and not the development of an existing document.

The Workgroup believed that the drafting of the DSC needn't be held up and work could be commenced using the ASA as a base to start with. AM explained Xoserve will have a better view at the later March meeting.

7.0 Risk / Issues Log

The Workgroup briefly considered the provided Risk and Issues Log. AL asked if an additional column could be added to the log to record the consequences, which will range from drafting issues, liabilities of shippers, iGTs arrangements, and cost implications

The Workgroup discussed the risks of further delaying Project Nexus and the impacts on cost allocation.

The Workgroup considered the transitional issues, if there are any other enduring risks and whether this would have any impact on iGTs. GH explained that if Project Nexus is delayed the iGTs would not be interacting with Xoserve, ideally Project Nexus needs to be implemented before the CDSP arrangements are implemented so that they are included from the beginning.

The Workgroup considered the level of engagement and asked if Ofgem would be prepared to write to industry parties to encourage greater participation. RM explained that this has been flagged to the POB chair and it is hoped that Paul Rogers from National Grid would be writing to the POB attendees. SMu asked if Ofgem would be prepared to write a letter to industry parties to highlight the importance of attending the Workgroup 0565 meetings. RM believed the issuing of the informal consultation would help raise the profile of the work being undertaken. AL explained POB membership is not based on a constituency therefore writing to POB members may not reach all parties. RM confirmed she would continue liaise with POB and the KMPG and take a view on how to best encourage more engagement. AL enquired if the venue is driving attendance and suggested some meetings may wish to be in London.

BF enquired if Ofgem intend to participate in future Workgroup meetings. RM confirmed the intention would be for Ofgem to attend the meetings.

AL enquired about the ICOSS letter presented at POB and that other initiatives are going on and there is a risk that changes out of control of the Workgroup could impact development.

SMu asked about the delivery of services from Xoserve and what historical liabilities will be carried over. It was agreed this required further consideration and analysis.

CWo explained within the future course of modification development to procure services with the CDSP or Transporters via an agency, there will need to be a consideration of whether the new service is a core service or not. CB asked about the eventuality of the CDSP being able to refuse to procure a new service, as they are not a code party. CWo believed the implementation of a modification would lead to the obligation for the CDSP to provide the service. CWo explained the options could be to obligate the Transporters to provide a service and the Transporters could choose to procure the CDSP to provide a new service or there could be a direct obligation for CDSP to provide a service.

The Workgroup considered the non-core service contracts and how Shippers would procure new services with the CDSP. It was envisaged that bespoke services could exist within the DSC. CWo asked if there had been any considerations about non-core services and whether these would be not for profit or allowed profit, which would defray other costs. CWo explained that for 3rd parties that non-core Services could be provided to MAMs for example. However, these services should not put core services at risk and the income generated could be used to offset overall operational costs, there were a number of options to consider and this would be down to the Xoserve board to agree how the process is managed.

AM asked about the User Pay considerations going forward. The Workgroup considered how the AUG process had been established and that the Transporters are responsible procuring an AUG service. The Workgroup agreed it needed to consider enduring arrangements and what will sit with the CDSP such as AUG or PAFA for example.

8.0 Review of outstanding actions

See item 1.2 above.

9.0 Next Steps

CWa asked all parties to consider the content of the General Terms and the content outline for the DSC and he recommended this should be run past lawyers if possible.

Action 0302: All parties to consider the content of the General Terms and the content outline for the DSC.

CWa acknowledged the need to start work on the DSC development, and this would be a significant roll with Xoserve. CWa explained that the DSC development would be supported by the Joint Office. CB confirmed that Shippers would want to bring legal resources into the DSC development process and that any drafts need to be provided in good time for it to be

considered by the lawyers. The Workgroup agreed a Workplan/Timeline is essential to ensure appropriate meetings are planned and material is available.

It was agreed that the next meeting should assess what needs to be included and ensuring all elements are captured from POB and FGO programme. CWa confirmed that more work will need to take place on establishing the framework, agreeing the General Terms and UNC drafting. AL asked for a timeline to be presented.

CWo explained there would be a number of documents to draft and considered at future meetings.

CB wanted to understand how all UNC committees would work and dovetail together. CWo confirmed the framework needs to make sure all governance elements are included.

10.0 Any Other Business

GH confirmed that the iGT UNC, plan to raise a skeleton iGT modification shortly.

11.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Monday 21 March 2016	London (Dentons option)	Feedback on General Terms Feedback on DSC outline Governance / Change Management FGO / KMPG Considerations
10:30 Wednesday 06 April 2016	31 Homer Road, Solihull, B91 3LT	Timeline / Workplan DSC Contract Risk / Issues Log
10:30 Monday 18 April 2016	London	TBC
10:30 Wednesday 04 May 2016	Solihull	TBC
16 or 18 May 2016 TBC	London	TBC

Action Table 03 February 2016

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0102	06/01/16	3.0	Timeline/Workplan to be developed	National Grid (CWa)	Carried Forward
0201	03/02/16	4.0	Ofgem to consider the concept of a multi service provider	Ofgem	Carried Forward

Action Table 03 February 2016

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			CDSP.		
0202	03/02/16	5.0	All parties to consider and articulate risks and issues for inclusion on the Risk and Issues log.	All	Closed
0301	02/03/16	4.0	National Grid to undertake a review of all the elements Workgroup 0565 need to pick-up from the FGO programme and POB; produce a gap analysis; and ensure the Workgroup and Dentons are aware of all elements to be considered.	National Grid (CWa)	Pending
0302	02/03/16	9/0	All parties to consider the content of the General Terms and the content outline for the DSC.	All	Pending