

Mod 506A additional notes

The reasons for the alternate include:

1. Tender Activity

Mod 506 specifies a tender for the PAFA role. To do this the scope of the PAFA needs to be set to enable parties to respond to the tender. An incomplete or unclear scope will result in bidders building in a risk premium. The PAC will find it difficult to evaluate bidder submissions and will not know the true cost exposure.

Mod 506A allows the scope of the PAFA role to be developed, understood, tested and actually implemented before any tender activity is undertaken. In addition, the PAC will have an idea of the costs of the PAFA role and so will be able to make an assessment as to whether there is value in tendering for the service.

Mod 506A will also provide services on a cost recovery basis. As a Code User Pays service the Transporter Agency will charge costs plus 6%.

2. Data Provision Costs

Mod 506 specifies a tender for the PAFA role. Whoever wins this will require data from Xoserve. This applies if Xoserve win the tender, because Xoserve will bid on the same basis of service provision as any other party, effectively Xoserve will bid as "Xoserve Plus" in an "arms-length" and "ring-fenced" manner from "core" Xoserve.

The costs of Xoserve provision of data to the PAFA are unknown (because the scope of the PAFA is unknown). This adds further risk to the procurement event.

Mod 506A allows the "core" Xoserve and "Xoserve Plus" services to be costed separately, so again, in the future, if it is decided to tender for the PAFA role, there is more information available.

3. Data Provision Permissions

Mod 506 will require something that permits the release of data to the PAFA, and if not already covered in the contract, something that requires some data usage agreement.

Mod 506A does not require any data provision permissions. Xoserve (as the Transporter Agency) already has permission to access the data.

4. Timescales

Mod 506 tender and appointment timescales are unknown, as is the period of any “start-up” activities (how long it takes the PAFA to set up and be operational).

Mod 506A appoints Xoserve to the PAFA role. Xoserve can start immediately.

5. Contract Variation

If Mod 506 appoints the PAFA on limited scope any change will be subject to contract variation (and possibly additional costs).

Mod 506A allows the PAC to discuss and agree the scope with Xoserve and manage any change in scope and change in costs in a less formal commercial environment.

6. Is 506A an Alternate to 506

Yes. Mods 506 and 506A cannot both be implemented. Mod 506A allows for Mod 506 to re-emerge at a later point in time if it is deemed to be required by the industry.

7. Committee Structure

Whilst not the 506 proposal, it works in order to establish the arrangements. The structure can be amended at any point in time. Note that the EBCC does not require its members to sign any sort of confidentiality agreement, and that works OK.