

Implementing the outcome of the Xoserve review

Industry meeting

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ofgem

- A review of arrangements for the gas transporters' central agent, Xoserve, commenced during the RIIO price control reviews for gas distribution and transmission
- The review has, through industry engagement, reached a number of milestones:
 - January 2012 – decision to implement a co-operative model
 - Nov 2012 to Feb 2013 – development of options
 - October 2013 – decision on the detailed design of the co-operative model
- We consulted you on our minded to position for what this decision meant for the regulatory framework in February

We asked you to respond to two questions

Can the UNC efficiently require parties to jointly participate in arrangements, or should this be required via licences?

Are there additional benefits in Xoserve becoming a party to the UNC, when compared to the service agreement approach?

- Responses to both questions were mixed
- Limited additional arguments put forward to support changing our minded to position
- We're analysing responses and we will publish our decision in due course
- Progressing implementation does not have to wait for our decision on the regulatory framework changes

We also discussed the implementation process

The most beneficial outcome of the Xoserve review will be achieved through co-operation

- Co-operation between gas transporters, independent gas transporters, shippers, Xoserve and us
- Learning from best practice in similar industry bodies
- Detailed planning with industry buy-in and accountability for delivery against milestones
- Our last consultation set out an expectation for the industry to provide us with milestones and delivery dates
 - This should be a first priority to avoid implementation dates slipping