

# Xoserve FGO

Open meetings

2 Feb Birmingham

3 Feb London

# The purpose of this meeting

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We presented our initial thoughts at the Project Overview board (POB) meeting on Friday 16 Jan this included a first draft of the Project Initiation Document (PID)

At the POB it was agreed two open meetings to give all stakeholders a chance to:

- Meet the programme management team and explore any further issues not discussed at the POB.
- Comment and discuss our proposed timetable and plan
- Feedback on our initial deliverables
- Inform our view of the design of the target operating model


- 1. We have a challenging programme timescale. Early (and effective) mobilisation is key**
- 2. Key to a successful programme is to have a clear vision of what we want to achieve**
- 3. Appropriate governance requires those who are duly authorised to make time available and be 'in the room' for the right meetings**



# Agenda

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1. **Scope and objectives -10mins**
2. **Deliverables - 40mins**
  - Are these the right deliverables?
  - How should we organise ourselves?
3. **Planning - 25min**
  - Feedback on timetable
4. **Blueprint of the target operating model - 40mins**
  - Discussion on the decisions to be made
5. **Next Steps - 5mins**



Scope and  
objectives

# Objective and scope – Ofgem Requirements

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## Funding

- Develop collective & cost reflective funding methodology
- Establish Transparent and inclusive annual budget setting process
- Establish transparent invoicing methodology

## Governance

- Establish Requirements to run the CSP economically and efficiently and in line with best practice under the Companies Act 2006.
- Establish board that is accountable to all users and as a minimum to include: an independent Chair, non-executive members and a Chief Executive
- Introduce a robust and transparent election process and a process to dismiss board members
- Create performance evaluation framework to monitor the effectiveness of the Board

## Ownership

- GTs to remain owners but with limited rights and liabilities with all users taking a share in the control and performance risk of the CSP
- Change to Articles of Association and Memorandums to facilitate the required changes

# FGO Governance Roles and responsibilities

Name	Role	Responsibilities
FGO POB	Oversight and Governance Overall decision making	Decision makers to drive the programme forward, and approve final deliverables for submission to Ofgem, to wider industry (via relevant codes) or through implementing operational changes to Xoserve
Programme managers	Programme management PMO activities	Facilitate POB meetings Run working group meetings Producing discussion papers and recording decisions to ensure progress is captured
FGO workgroups	Progress specific deliverables within each workgroups	Develop deliverables for consultation with wider industry Make informed recommendations to the POB for final decision.
Ofgem	Regulatory oversight Ultimate decision maker	Approve key deliverables where appropriate Make key decisions such as UNC code changes
GTs	Participation in POB Provide robust challenge	Ensure POB and work group representatives have appropriate experience and decision making authority. Approve key deliverables and carry out deliverables. Ie UNC Mods
IGTs		
Shippers		
Xoserve		



Deliverables

# Deliverables

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1. New cost allocation methodology

2. Financial model

3. Credit risk management arrangements

4. New statement of charges

5. Inclusive budget setting process

6. Process for notifying Ofgem of budget changes

7. Annual budget for 2016/17 and subsequent years

8. Escalation process to Ofgem for any issues

9. Invoicing framework

10. Process for developing the Business Plan

11. Transparent invoicing approach

12. More inclusive board arrangements

13. Board composition and constitution

14. Role specifications for Board members

15. Robust and transparent election process

16. Performance evaluation framework

17. Process for dismissal of Board members

18. Changes to Articles of Association

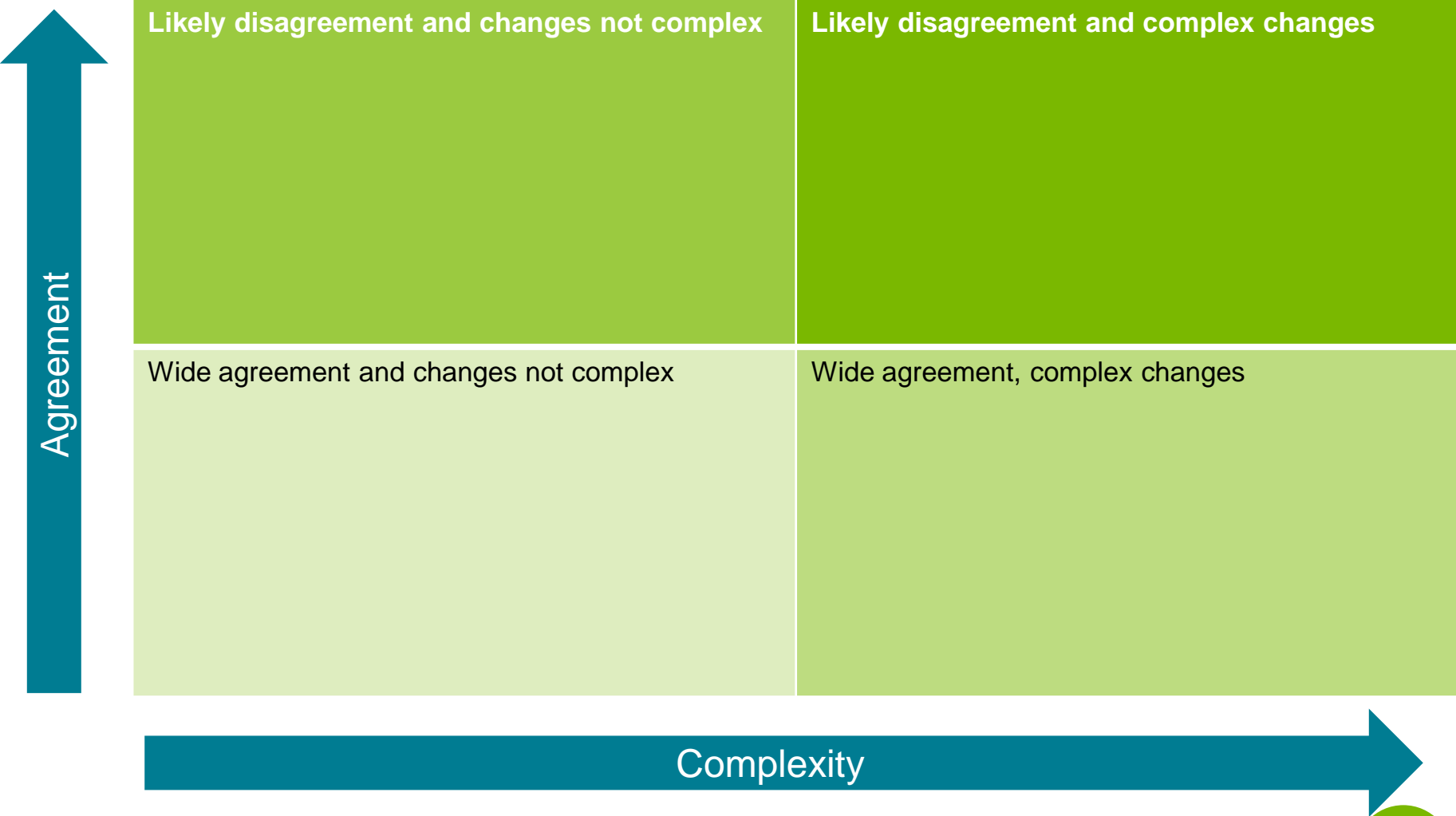
19. Changes to memorandums or stakeholder agreements

20. Customer Contract framework

21. Contract between Xoserve and each user



# Deliverables matrix



# What changes will be required?

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Articles of association?

Changes to/new Service agreements?

UNC Code changes?

Other changes?

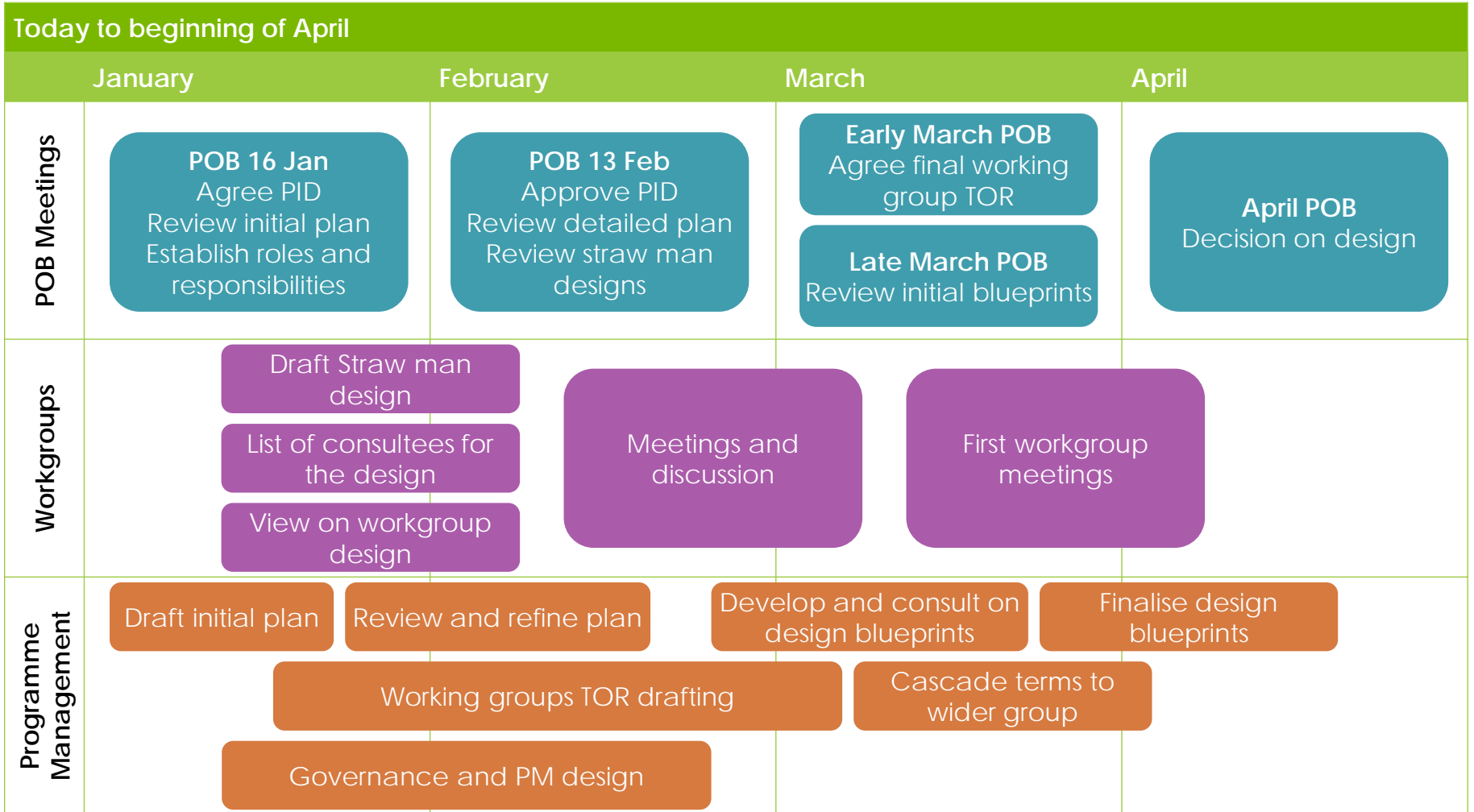
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Planning

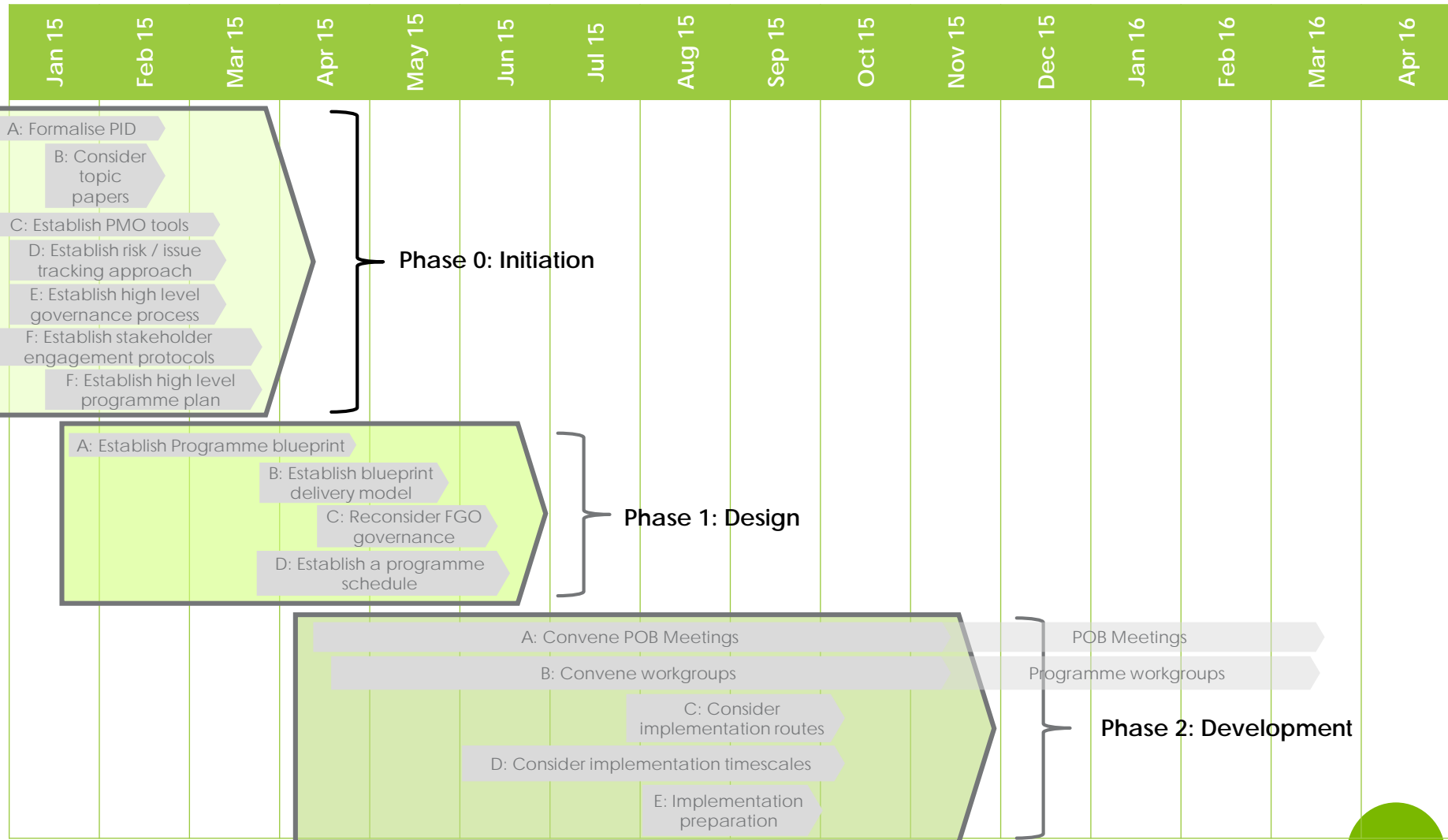
# Five phase delivery approach

Phase	Programme manager role	POB/wider industry/Ofgem
<b>0: Initiation</b>	Develop a programme initiation document (PID)	Review and approve PID
	Establish Governance and decision making structures	Review and approve governance structures
	Create programme management office	
<b>1: Design</b>	<b>Agree and document responsibilities and the allocation of these between parties</b>	
	Put in place suitable reporting structures and relevant processes	Agree and approve structure and processes
	Establish a high level programme plan with milestones and workgroup deliverables	Agree and confirm internal resources for the programme plan
	Produce a communications plan and structure	Agree plan and structure
	Develop a set of blueprints for the target operating model	Review and agree the final blueprint to be adopted
<b>2: Development</b>	Manage the work groups and provide support and challenge throughout process Identify areas for additional research / exploration	Contribute to workgroups and POB, ensure right level of resource particularly time for key decision makers Work up practical solutions based on identified design from phase 1
<b>3: Delivery</b>	Manage development of FGOs solutions whilst providing support and guidance in relation to the proposals presented in the development phase	Implement decision's made in phase 2. Ofgem to make decisions (code mod etc)
<b>4: Closure</b>	Ensure that all our critical success criteria have been successfully achieved	

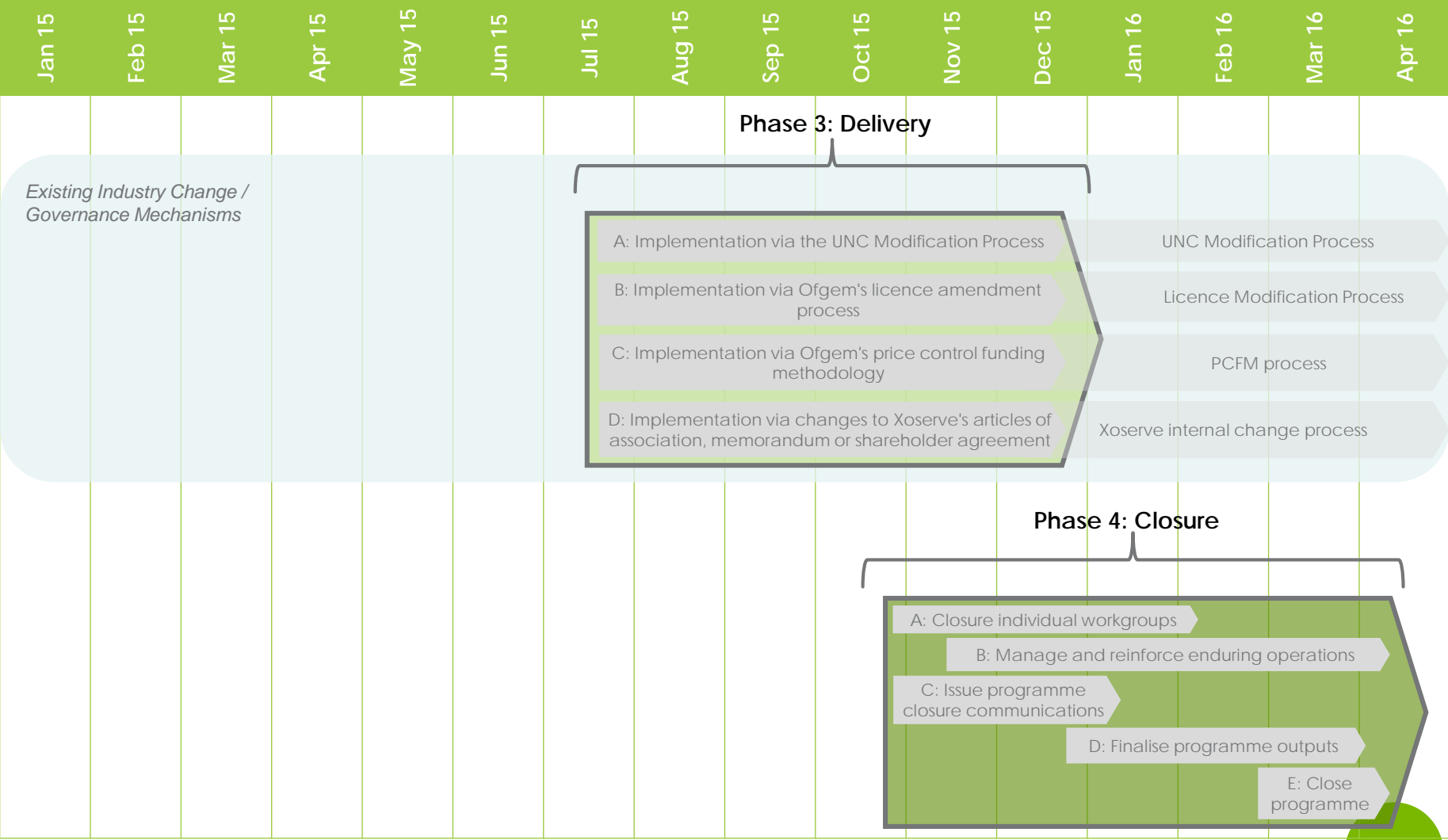
# Immediate next steps



# High level plan



# High level plan





Blueprint for  
Target Operating  
model



# Forming a Blueprint

## Funding

Fully Cost  
reflective  
Charging  
methodology



Simple Charging  
methodology

Direct invoicing



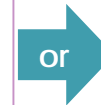
Indirect invoicing  
(through GT pass  
though)

## Governance

Reform of the Xoserve board -  
composition, scope, viries

## Obligations

Fundamental  
changes to the  
UNC



Changes to/new  
service agreements

# Next Steps

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## Industry

- Ensure appropriate resources in each of your organisations
- Ensure POB attendees are empowered to make decisions
- Provide key point of contact to programme managers – reserve time in diary for bi-laterals

## Programme management team

- Produce stakeholder communication plan
- Establish the programme management office and programme functions including:
  - work group
  - risk log
  - stakeholder map etc
- Design first draft of target operating model blueprint

**Establish dates in the diary for bi-lateral/multi-lateral meetings**

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Thank you