

User Pays User Group

17th October 2008

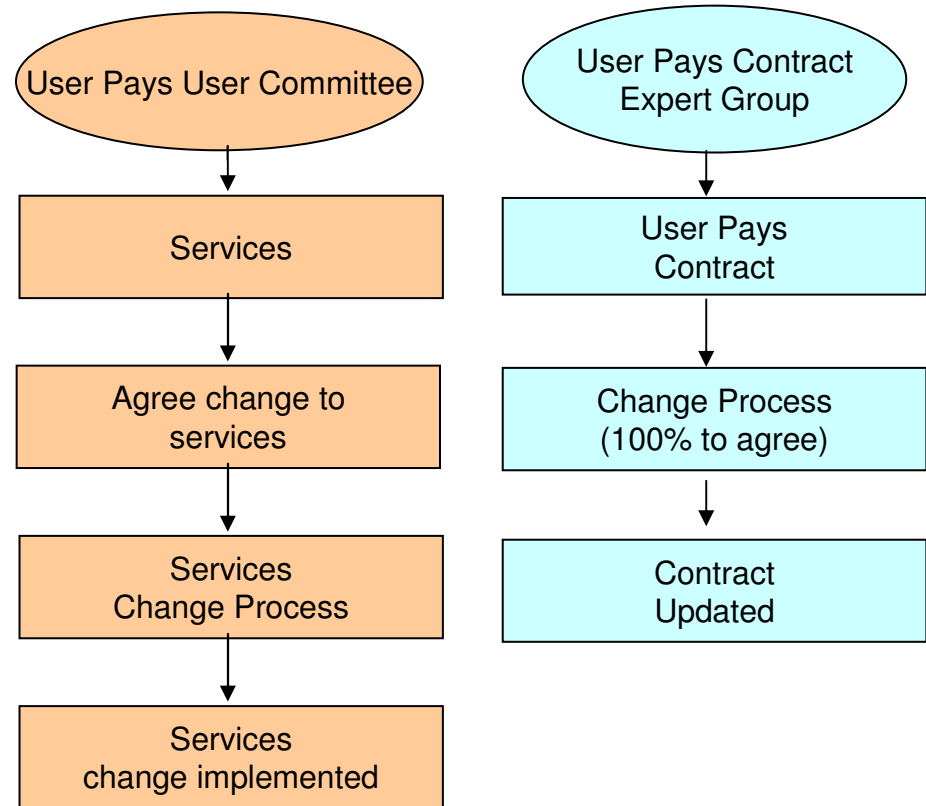
This presentation covers

- Contract update
 - Making the visions a reality – framework and schedules
 - The change processes
 - Contract Refinements Register
- UPUC customer voting – a proposal
- UPCEG and UPUC Terms of Reference
- Mod 192
- IAD Enhancements
- Operational update

Contract Update

Contract Update

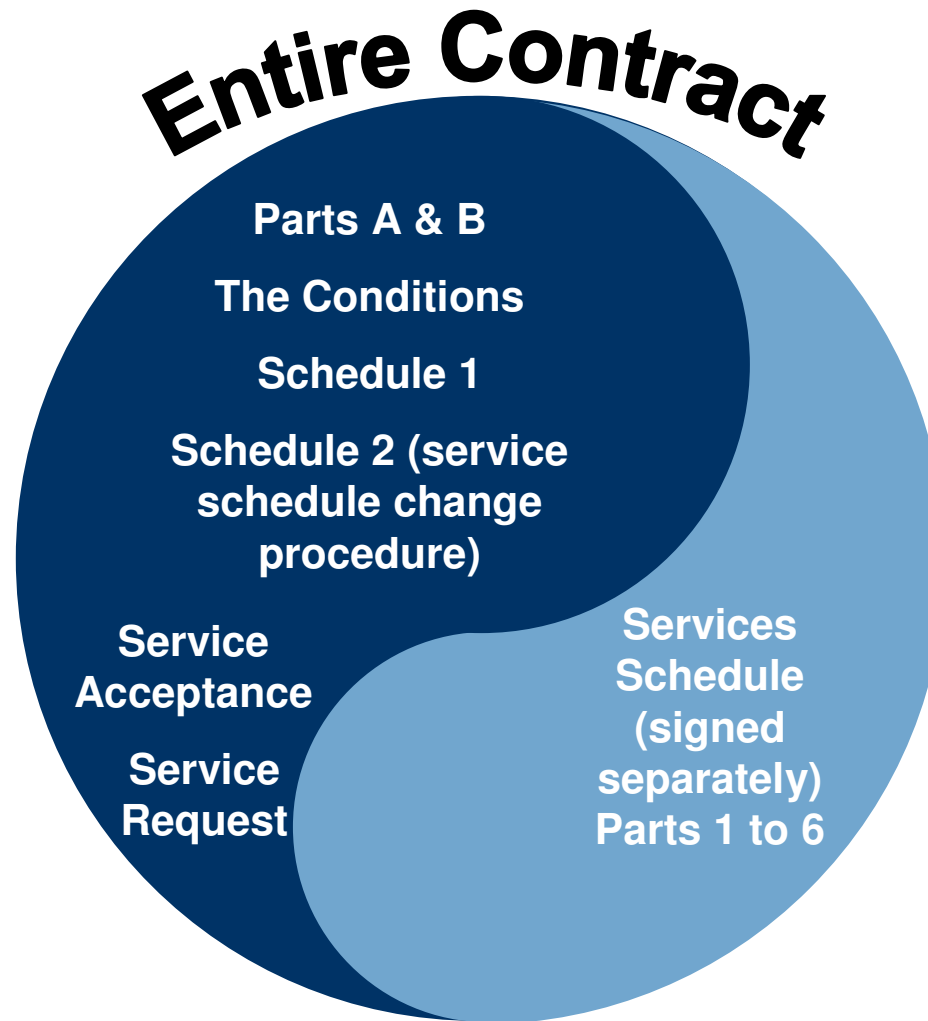
- Updated Contract has been published on the Joint Office website and it includes
 - Change process for the Terms and Conditions governed through UPCEG
 - Change process for the Services Schedule governed through UPUC
- The contract also contains the updates from the contract refinements register discussions



The User Pays Contract Structure and Governance

**User Pays
Contract
Expert Group**

**User Pays
User
Committee**



Contract Change

- Outlined in Section 3 – Amendments to these Conditions and the Services Schedule
- Key points
 - All parties, including xoserve, have to agree to any changes to the Conditions – The Contract
 - No vote equals agreement
 - Signature is required by all parties to confirm change
 - Full change process detailed in the UPCEG Terms of Reference, not in the contract
 - Section 3 also references the Services Schedule change procedure

Services Schedule Change Procedure

- Detailed in Schedule 2 – Services Schedule Change Procedure

- Key Points
 - This change process is described in detail in the Contract
 - It is cross referenced to the UPUC for customer voting on change
 - The customer voting arrangement are to be confirmed
 - Voting arrangements to be outlined in UPUC Terms of Reference
 - This section also references the main criteria used for our assessment of change

Contract Refinements Register

- Updated contract refinements register published on Joint Office website
- Key Points
 - Vast majority of points raised have been addressed
 - Have also updated contract to reflect new IAD availability

Contract – Next Steps

- Contract to be reviewed by customers' legal teams
- Comments back to xoserve by Friday [7th] November
 - xoserve.userpays@xoserve.com
- UPUC Monday 10th November
- Final version out to customers week of [1st] December
- UPUC Monday 8th December
- Contracts signed by [19th] December 2008
- For those who have already signed the contract we suggest:
 - Terminating the current contract on 30th November
 - Signing the new contract with effect from 1st December

UPUC Customer Voting A Proposal

UPUC - Voting Arrangements

- Customers desired approach
 - Two tier to enable some weighting to reflect usage of User Pays services whilst giving protection to smaller users
- Proposed approach
 - Two stages
 - 1 vote per customer
 - 1 vote per customer based on a weighted usage

UPUC Voting Proposal – One customer one vote

- One vote per customer
- Potential for 24 customers to sign the contract
- Gives everyone a voting right of 4.17%

What level of agreement do you wish to have?	Agreement level	No. of Signatories Yes Votes	No. of Signatories No Votes
	55%	14	10
	60%	15	9
	65%	16	8
	70%	17	7
	75%	18	6
	80%	20	4
	85%	21	3
	90%	22	2
	95%	23	1

UPUC Voting Proposal – Customer Usage

- Defined usage as annual spend on services
- Based on 24 customers
 - Top six customers represent 93% of usage
 - Next six customers account for 6% of usage
 - Next 12 customer account for 1% of usage
- A 90% agreement only requires the top 5 companies to say yes

No of signatories required to vote (ranked by usage)	60% pass rate	70% pass rate	80% pass rate	90% rate
One (biggest user)				
Two				
Three				
Four				
Five				
Six				

UPUC Voting Proposal – Customer Usage Alternative Approaches

- Have looked at two alternative approaches
 1. Logarithm transformation technique
 2. Square root transformation technique

UPUC Voting Proposal

Logarithm transformation technique

- Approach involved transforming the forecast annual usage using logarithms prior to calculating voting right percentages
- Under this model
 - Top six usage companies have 38% of the voting rights
 - Next six have 30%
 - Next 12 have 2%
- Requires greater number of customers to vote yes to gain agreement
- A 90% agreement requires the top 17 companies to say yes

UPUC Voting Proposal - Logarithm transformation technique table

No of signatories required to vote (ranked by usage)	60% pass rate	70% pass rate	80% pass rate	90% rate
One (biggest user)				
Two				
Three				
Four				
Five				
Six				
Seven				
Eight				
Nine				
Ten				
Eleven				
Twelve				
Thirteen				
Fourteen				
Fifteen				
Sixteen				
Seventeen				
Eighteen				

UPUC Voting Proposal

Square root transformation technique

- Approach involved transforming the forecast annual usage using square root prior to calculating voting right percentages
- Under this model
 - Top six usage companies have 73% of the voting rights
 - Next six have 18%
 - Next 12 have 9%
- More usage reflective than the log approach
- A 90% agreement requires the top 11 companies to say yes

UPUC Voting Proposal – Square root transformation technique table

No of signatories required to vote (ranked by usage)	60% pass rate	70% pass rate	80% pass rate	90% rate
One (biggest user)				
Two				
Three				
Four				
Five				
Six				
Seven				
Eight				
Nine				
Ten				
Eleven				
Twelve				
Thirteen				
Fourteen				
Fifteen				
Sixteen				
Seventeen				
Eighteen				

UPUC Vote

- Which approach do you favour?
 - 1 company 1 vote plus straight usage
 - 1 company 1 vote plus logs, or
 - 1 company 1 vote plus square root, or
 - Square root methodology only (gives you the 1 company guarantee as well)
- Which percentage pass rate do you support for usage and one customer one vote?
 - Somewhere between 60 and 90%?
- Note usage figures would need to be calculated ahead of each vote

UPCEG and UPUC Terms of Reference

Terms of Reference

- Draft Terms of Reference have been published
- Are people supportive of them?
- Any comments?

Next Steps

- UPUC Voting – have we an agreed approach?
- Terms of Reference for UPCEG and UPUC – are they agreed?
- Effective date?

Mod 192 Introduction of DNO obligations to facilitate resolution of unresolved USRVs

Implications of Mod 192

- Creates an end date for USRVs (30 USRV months)
- If after this time the Shipper has not resolved the USRV xoserve (as the Transporters agent) will resolve the USRV
- This service is a Code User Pays service and will be chargeable to the Shipper concerned
- August UNC Modification Panel vote was a panel majority to recommend implementation
- Implementation date is being determined
- Included in implementation tasks are:
 - Modification to the ACS to add Code Service of USRV resolution
 - Notification to industry of new invoice charge types

IAD Update

Slides to follow

Operational Update

General Update

- ACS approved by OFGEM on 30th September 2008
 - New prices effective from 1 October 2008.
- AQ process completed ahead of schedule
- Ongoing issues with new account set up on IAD. Escalated with supplier and exploration of formal SLAs in hand
- Organisational changes within Customer Operations
 - Mark Cockayne will be the Shipper Relationship Manager focusing on User Pays
 - Handover period with Andy Miller over the next couple of months

Telephone Service Line

	No of calls	Service Availability (target 95% availability)	Call answering (target 90% within 30 seconds)
September	28,950	100%	91%
August	28,735	100%	91%
July	31,834	100%	90%

IAD Service Line

	Number of Accounts	Availability (Target 95% availability during core hours)
September	14,900	100%
August	14,400	100%
July	13,500	100%

Email Report Service Line

	No. of email reports	Performance (2 and 5 business days)
September	98	100%
August	91	100%
July	113	100%

Portfolio Reports

	Reports sent in the month	Performance standard
September	111	
August	110	
July	108	

AQ Enquiries

	Number of AQ Enquiries processed	Performance (Target process by end of second Business Day)
September	2,393	100%
August	164,450	100%
July	1,610.954	100%

IAD Account Transaction Volumes

	Accounts Created (normal process)		Bulk Password Resets	
	Number	Within 10 days	Number Requested	Completed within Month
Sept	673	64%	200	200
August	590	86%	1,068	1,068
July	880	99%	150	1,200
June	695	97%	1,050	135
May	687	66%	135	0
April	556	85%	1,890	1,890
March	27	100%	0	0

- Currently no bulk backlog

Appendix 1.Reminder of Services Change Model

