

User Pays Implementation Group

Terms of Reference V2.0

Purpose

A User Pays Implementation Group is required to consider and help develop a framework for the introduction of user pays arrangements from 1st April 2008 for a limited set of existing Agency services and to develop proposals for the application of user pays to new services and ongoing change.

Background

As part of the Gas Distribution PCR process, Ofgem consulted on whether xoserve funding should be a mixture of core plus user pays funding, where core services would be funded as now through the GTs' price control allowances and user pays services would be excluded from the price controls and funded separately by users of the services. As part of the consultation process, Ofgem proposed an Industry Dialogue on xoserve services to consider xoserve's funding arrangements. An industry workgroup was established consisting of representatives of industry stakeholders and a final report was presented to Ofgem in March 2007. The report included candidate user pays service lines and an outline of the necessary governance and regulatory framework.

Ofgem's GDPCR Initial Proposals, published in May 2007, proposed a core plus user pays approach for xoserve funding from 1st April 2008. The transporters have held discussions with Ofgem on how such a regime could operate and provided cost information for inclusion in the GDPCR Updated Proposals, published on 24th September 2007. The formation of the Implementation Group, consisting of representatives of all user groups, is the next logical step to establish a workable regime from 1st April 2008 onwards.

Scope

Identifying and considering the actions necessary to meet the purpose of the Implementation Group as defined above.

Deliverables

To support implementation of a user pays approach by 1 April 2008, the Implementation Group will consider:

- a) for each of the service lines excluded from price controlled allowances
 - the appropriate contractual framework;
 - definition of the services involved;
 - consistency with Transporter licence conditions;
 - the scope and form of any required UNC modification proposals;
 - the Agency Charging Statement and the resulting charges;
 - Invoicing and cash collection processes
- b) the application of the resulting framework to, and appropriate governance arrangements for, new services and changes to existing service lines;

Limits

The Implementation Group will recognise that a workable user pays framework is required by 1st April 2008 in order to fund the obligations of the Transporters, and as such the role of the Implementation Group will be consultative and advisory. Existing governance arrangements will be utilised to progress any necessary changes to UNC, Licences etc. The Implementation Group will not concern itself with commercial matters that are rightly confidential between the parties involved.

Composition

The Implementation Group will comprise the following representation

Name	Organisation

Timetable

It is proposed that the work of the Implementation Group is completed by 31st March 2008. The meetings will be at least monthly and will alternate between Solihull and London. Meetings will be chaired and administered by the Joint Office.