

# Xoserve FGO

Monthly update

30<sup>th</sup> June

# FGO programme update – Executive summary

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The programme continues to make progress in the run up to full implementation for 1<sup>st</sup> April 2017:



**Overall:** Progress continues in all areas with further engagement needed from the wider industry to enable the programme to deliver to the industry timely and robust deliverables.

**Corporate governance:** Corporate governance principles to guide development of enduring Xoserve board arrangements under discussion. Shipper nominations process is now back on track and will appoint board members in time for the July Xoserve board meeting.

**CDS Governance/ Business Planning:** Xoserve have made progress on the development of the business plan principles with industry input. Change and Contract Management Steering Groups continue to meet, with limited shipper representation.

**Ofgem:** have now published their 'minded to' position on GT funding arrangements, with the consultation responses due in by 7<sup>th</sup> July.

**UNC Workgroup:** Workgroups continue to progress, with liabilities due to be discussed in depth during July's run of meetings.

# FGO programme update – June 2016 activities

Work area	Update
<b>POB meetings</b>	<p><b>3<sup>rd</sup> June meeting:</b></p> <ul style="list-style-type: none"><li>• The group discussed the implications to the FGO programme of the anticipated Project Nexus delay given the release of Ofgem’s consultation on Project Nexus implementation options.</li><li>• The group discussed some suggested changes to Xoserve’s corporate governance principles document in relation to the inclusion of an independent third party on the board – with the group viewing this as unnecessary.</li><li>• The POB meeting agreed to endorse the Programme Manager’s programme plan and dependencies map.</li><li>• The group discussed the PM’s approach to stakeholder engagement during phase 2 of the FGO implementation plan, noting that there was a need for a robust process in the run up to April 2017.</li></ul> <p><b>24<sup>th</sup> June meeting:</b></p> <ul style="list-style-type: none"><li>• The group discussed the final report of the CMA’s energy market investigation, published that day, noting some areas of relevance to FGO in future (such as the licensing of code bodies) but the group did not identify any significant issues impacting FGO delivery for April 2017.</li><li>• The group discussed Ofgem’s minded to position on GT funding, which is to retain an allowed revenue approach for GTs for at least the remainder of the RIIO-T1 and GD1 periods (to March 2021). Attendees noted the response deadline of 7th July.</li><li>• The group reviewed the potential risk arising from further delay to Project Nexus, agreeing that the current assumption of aiming to implement Nexus in February 2017 would not cause any specific issues for FGO.</li><li>• The PM presented the stakeholder engagement plan, setting out proposals for the key activities between now and April 2017 – the group endorsed this plan and the PM will report on its progress at future POB meetings.</li><li>• The PM presented the first draft of the updated stakeholder booklet for POB review, providing guidance to all stakeholders on the key milestones for the programme. Comments were invited, and the final draft will then be distributed to all stakeholders.</li></ul> <p><b>Next POB meeting to be held on 15<sup>th</sup> July – KPMG London office.</b></p>

# FGO programme update – June 2016 activities

Work area	Update
<b>Charging and cost allocation</b>	<p data-bbox="299 335 1574 364"><b>FGO UNC work group – Charging and Cost Allocation discussion held on 13<sup>th</sup> June.</b></p> <ul data-bbox="299 406 1845 635" style="list-style-type: none"><li data-bbox="299 406 1845 478">• The group agreed that there was a need for a list of potential liabilities to be provided so that the allocation of future liabilities and the management of the associated risks could be discussed.</li><li data-bbox="299 485 1845 556">• It was agreed that the charging and cost allocation work plan would need to align with the overall UNC / DSC plan and the programme plan.</li><li data-bbox="299 564 1845 635">• Xoserve agreed to pull together a post-nexus service footprint for users – with the intention of presenting this for discussion at the 30<sup>th</sup> June workgroup.</li></ul> <p data-bbox="299 714 1574 742"><b>FGO UNC work group – Charging and Cost Allocation discussion held on 30<sup>th</sup> June.</b></p> <ul data-bbox="299 756 1845 1013" style="list-style-type: none"><li data-bbox="299 756 1313 785">• Xoserve presented update of Charging and Cost Allocation workplan.</li><li data-bbox="299 792 1622 821">• Group agreed to seek agreement on application of charging principles at 11<sup>th</sup> July meeting.</li><li data-bbox="299 828 1806 935">• Xoserve gave high-level presentation of how ASA service groupings (as developed through FGO) could map on DSC service classifications, and identified service groupings that would be impacted by Project Nexus.</li><li data-bbox="299 942 1845 1013">• Xoserve presented papers on principles for funding liabilities and investment, and provided an identification of CDS services that may fall outside the DSC.</li></ul> <p data-bbox="299 1135 1748 1163"><b>A further FGO UNC Charging and Cost Allocation work group meeting will be held on 11<sup>th</sup> July.</b></p> <p data-bbox="299 1213 1188 1242"><b>Details of future UNC workgroups on Joint Office calendar</b></p>

# FGO programme update – June 2016 activities

Work area	Update
<b>CDS Governance</b>	<p><b>Meetings of change and contract management groups were held on 8<sup>th</sup> and 9<sup>th</sup> June respectively.</b></p> <ul style="list-style-type: none"><li>• Feedback from these meetings will allow for the development of enduring Terms of Reference under the UNC 565 workgroup, which will then be implemented through the modification proposal.</li><li>• Feedback has suggested that there has been limited representation from the Shipper community.</li></ul> <p><b>Next contract and change meetings on 13<sup>th</sup> and 14<sup>th</sup> July respectively.</b> <b><u>Please contact Xoserve to nominate your representatives to these meetings.</u></b></p>
<b>Business Plan and Budget Setting</b>	<ul style="list-style-type: none"><li>• Xoserve has shared its business plan principles with POB members and industry, and will subsequently use this as a basis to start working on the draft business plan and budget in the coming weeks and months.</li><li>• A revised version of the principles will be presented to the Xoserve board at its 21<sup>st</sup> July meeting</li></ul> <p><b>CDS groups will meet on a monthly basis and will act as the platform for users to provide feedback to Xoserve on the business plan and budget.</b> <b><u>Please contact Xoserve to nominate your representatives to these meetings.</u></b></p>

# FGO programme update – May 2016 activities

Work area	Update
<b>Corporate governance</b>	<p><b>FGO UNC work group – Corporate governance discussion held on 27<sup>th</sup> June.</b></p> <ul style="list-style-type: none"><li>• The group discussed Xoserve's corporate governance principles document in light of Ofgems minded to paper on GT funding arrangements</li><li>• The group considered enduring arrangements for Xoserve corporate governance, covering:<ul style="list-style-type: none"><li>• Appointments processes</li><li>• Board constitution</li><li>• Meeting arrangements</li><li>• Remuneration</li><li>• Board sub committees</li></ul></li><li>• The group also considered various test cases to assess the robustness of new arrangements.</li></ul> <p><b>Date for next workgroup session to be confirmed.</b></p>
<b>Contracts and Obligations</b>	<p><b>UNC 0565 work group meetings held on 1<sup>st</sup> June (DSC) and 20<sup>th</sup> June (0565 / DSC).</b></p> <ul style="list-style-type: none"><li>• Nearly all sections of UNC have been reviewed, ahead of run through of legal text.</li><li>• Transition arrangements will be addressed after enduring arrangements have been established, with parties generally happy with the direction taken.</li><li>• Specific concerns have been raised around liabilities, with a discussion of these issues set to take place on 25<sup>th</sup> July.</li><li>• Change control remains a challenge, especially with regard to shipper voting.</li><li>• Progress has been made to deal with process issues around change, while acknowledging that shipper voting remains a live issue.</li><li>• Minutes of UNC workgroup meeting are available on the Joint Office website at <a href="http://www.gasgovernance.co.uk/0565">http://www.gasgovernance.co.uk/0565</a> . Details of future meetings are also available here.</li></ul> <p><b>Next UNC workgroup meeting 13<sup>th</sup> July.</b></p>

# Further information

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Meeting dates and locations are available on the Joint Office website as well as the FGO sharepoint site.

POB meeting dates have been circulated out to the end of March 2017.

All POB, workgroup and programme materials are available on the FGO SharePoint site

- Email [FGOcentral@kpmg.co.uk](mailto:FGOcentral@kpmg.co.uk) to receive login details

Please contact [FGOcentral@kpmg.co.uk](mailto:FGOcentral@kpmg.co.uk) for any queries or assistance

If you would like to attend a scheduled meeting, then please email [FGOcentral@kpmg.co.uk](mailto:FGOcentral@kpmg.co.uk) to confirm your attendance

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**Thank you**