

The Joint Office, relevant Gas
Transporters and other interested
parties

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Date: 21 August 2018

Dear Colleague

UNC666: 'Establishment of a CSS Bid Group for CDSP central switching system bid activities'

We have received a request from Gazprom Energy that its modification proposal UNC666 is given urgent status and follow expedited modification procedures.¹ This letter confirms that we have agreed to that request.

Background

The Data Communications Company (DCC) is currently inviting tenders for a range of services including the Central Switching Service (CSS) that together will implement the outcomes of the Ofgem Faster and More Reliable Switching Programme. The Central Data Services Provider (CDSP) has agreed with its customers under the Data Services Contract (DSC) to bid for some aspects of the central switching system services.

The Shipper Users under the DSC are funding the costs of the CDSP bid(s) in their entirety. That bid(s) would be submitted in the company name of Xoserve Ltd.

The modification proposals

To enable the CDSP to participate in the DCC CSS tender activities, the CDSP needs to be able to discuss bid matters, which may include commercially sensitive/confidential information, directly with Shippers Users only, as the funding parties of the CDSP bid. It is therefore proposed that a 'CDSP Bid Group' be established, comprised of the CDSP and Shipper User representatives only.

It is further proposed that the CSS Bid Group is not subject to the usual governance or oversight of the UNC committee, allowing for discussions to remain confidential. The CDSP, rather than the Joint Office, would chair and provide secretariat support for the CSS Bid Group. It is not expected that notes of its meetings would be published or placed in the public domain.

The arrangements proposed under UNC666 would be transitional, falling away upon notification from the DCC that the CDSP's bid(s) have or have not been successful. It is noted that in the event that the CDSP is successful wider governance changes may be required, which would be progressed separately if and when required.

¹ Modification Proposal UNC642, UNC642A and UNC643 can be found on the Joint Office website at: www.gasgovernance.co.uk/0642 and www.gasgovernance.co.uk/0643

It is noted that the earliest closing date for bid submissions to the DCC is 17:00 on 19 September 2018. This date applies for the Registration Service and combined Registration and Address Service bids. The CDSP considers that it needs a mechanism to be in place under the DSC to consult with Shipper Users as funders of any bid, prior to submission. The proposer of UNC666 therefore considers that the changes proposed are time critical, and that if they are not made, there would be a significant commercial impact upon the CDSP and potentially to Shipper Users.

UNC Modification Panel View

At its meeting of 16 August 2018, the UNC Panel members provided a view in accordance with paragraph 10.1.1(b) of the Modification Rules,² on whether UNC666 should be granted urgent status. UNC Panel members voted unanimously that UNC666 should follow urgent procedures.³

Authority decision

In reaching our decision, we have considered the details contained within the modification proposal, the Proposers' justifications for urgency and the views of the Panel. We have also assessed the requests against the criteria set in Ofgem's published guidance⁴. In particular, we have considered whether it is linked to *"an imminent issue or a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s)"*.

We agree that the deadline for submission of tenders to the DCC is a relevant date related event. In the event that the CDSP is unable to meet that deadline for whatever reason, it is likely that its tender submission would not be considered. We further agree that this would have significant commercial implications for the CDSP and potentially the wider industry, both in terms of the sunk costs of any bid that is timed out, but potentially the foregone efficiencies that may have been realised if that bid had been successful. We therefore accept the proposers suggested timetable, as set out below:

Process	Date
Panel Recommendation on Urgency	16 August 2018
Workgroup meeting 1	28 August 2018
Consultation commences	30 August 2018
Consultation Close-out for representations	6 September 2018
Final Modification Report available for Panel	7 September 2018
Modification Panel recommendation	10 September 2018
Ofgem decision expected by	13 September 2018

For the avoidance of doubt, our decision is limited purely to the question of whether UNC666 should follow urgent procedures and should not be taken as any indication of our view on the merits of that modification proposal, or indeed of any tender submitted to the DCC.

Yours sincerely

Jonathan Dixon
Senior Policy Manager

² UNC Modification Rules: www.gasgovernance.co.uk/sites/default/files/Modification%20Rules_13.pdf

³ Panel minutes and voting record are published on the Joint Office website: www.gasgovernance.co.uk

⁴ Ofgem's Guidance is published on our website:
www.ofgem.gov.uk/system/files/docs/2016/02/160217_urgency_letter_and_amended_criteria_2.pdf