
Industry Dialogue on xoserve Services and their Funding

Minutes of Workgroup Meeting

10:00 Tuesday 12 December 2006

Attendees

Tim Davis	TD	Joint Office
Collette Baldwin	CB	E.ON UK
Chris Smith	CS	xoserve
Graham Wood	GW	BGT
Gareth Evans	GE	Total Gas and Power
Julian Majdanski	JM	Joint Office
Laura Doherty	LD	RWE Npower
Louise Wilks	LW	National Grid Distribution
Nicola Rigby	NR	National Grid
Nick Salter	NS	xoserve
Phil Broom	PB	Gaz de France
Pete Ratledge	PR	RWE Npower
Steve Ladle	SL	Gemserv
Neil Gillespie	NG	Scottish Power
Simon Trivella	ST	Wales & West Utilities

1.0 Introduction

TD welcomed attendees to the meeting.

1.1 Minutes of Last Meeting

These were agreed.

2.0 Update from Meeting to present Progress Report to Ofgem

TD reported that in general, Ofgem had responded positively to the report and seemed supportive and appreciative of the work that had been undertaken. He then highlighted the areas that Ofgem wished the group to focus on going forward.

- a) identifying which services currently provided by xoserve should be user pays, including materiality of service lines,
- b) governance arrangements,
- c) allowance adjustment mechanisms - in relation to user pays (eg sharing factors). If parties wish to propose further allowance adjusting mechanisms such as price control reopeners, then Ofgem think the most appropriate way to do this is in their response to the third consultation document,
- d) charging methodology - the basis for calculating charges for user pays services.

TD confirmed that although Ofgem was happy with the plain vanilla approach adopted by the group, they had also advised against any assumption that it will be possible to obtain additional funding through the GTs' allowed revenues part way through the price control.

3.0 Outstanding Issues

In light of the issues identified by Ofgem, TD presented some thoughts on User Pays Issues, covering options for Price Controls, excluded revenue, Incentive schemes, and User Pays models. (see Joint Office website for presentation, <http://www.gasgovernance.com/industryinfo/xoserveGroup/12Dec06/>)

It was agreed that at the next meeting, xoserve would present details of costs for the existing service lines previously identified by the Workgroup as candidates for User Pays. This would help the group understand how to arrive at a price for a service.

4.0 AOB

NR reported that NTS would be providing an update on their submission to Ofgem regarding Initial Proposals for NGG (transmission) and NGET System Operator Incentives from 1st April 2007. This would be made available to the Joint Office for publication with the minutes, as it was pertinent to the group because it considered how to handle the costs of new industry developments (see Joint Office website for presentation, <http://www.gasgovernance.com/industryinfo/xoserveGroup/12Dec06/>).

5.0 Diary Planning for Work Group

10 January 10:00 (51 Homer Road, Solihull)

24 January 10:00 (Elexon)