

The Joint Office of Gas Transporters
6th Floor
Radcliffe House
Blenheim Court
Warwick Road
Solihull B91 2AA

27th May 2021

Dear JGAC members

Thank you for sharing your proposals for the future status of the Joint Office of Gas Transporters (the “Joint Office”) and for providing us with the opportunity to respond.

Xoserve fully supports your proposal to transfer the responsibilities of the Joint Office to a limited company.

The energy industry faces unprecedented change. Delivering on the Government's commitment to the transition to Net Zero by 2050 will have profound implications for energy consumers and all organisations in the energy industry, including both Xoserve and the Joint Office. Both of us have an important role to play in this transition, including by facilitating Government policy on heat. Whilst the end-point of the transition to Net Zero is clear, the path is uncertain, so it will be critical that all organisations in the industry are able to respond flexibly to emerging developments.

The Joint Office and Xoserve were both established in 2005 in order to support and deliver different aspects of the UNC, following the sale by National Grid of the four gas distribution businesses that became Northern Gas Networks, Scotia Gas Networks and Wales & West Utilities. In the 16 years since then, Xoserve has been through a number of changes, including a refresh of our funding and governance arrangements and the recent restructure, which led to the formation of Correla as an independently owned business delivering services through a commercial contract. In the light of new Government and regulatory priorities, we agree that it feels timely to consider whether the set-up of the Joint Office is appropriate for the changes ahead.

Xoserve also agrees with the Joint Governance Arrangements Committee that establishing the Joint Office as a limited company will allow the Joint Office to respond better to challenges ahead. In addition to providing a platform to expand the services you offer, we think this move will open-up the possibility of harnessing opportunities which have the potential to simplify market arrangements in a way that will benefit end-customers and society as a whole.

We see significant synergies between the work that the Joint Office performs and the work which Xoserve undertakes as Central Data Services Provider. Both organisations are focused on delivering for the gas industry, both organisations have deep understanding of the arrangements that underpin the gas market, and both organisations are (or will be) established as not-for-profit companies, working together on a daily basis to manage the governance of the UNC. In due course, we feel it would make sense to explore ways in which Xoserve and the Joint Office could work more closely together, including possibly merging the activities of the joint Office and Xoserve if this is judged to be of benefit to customers, and would welcome the opportunity to do so.

In the meantime, drawing on our recent experience of establishing Correla, I would like to augment our moral support for this initiative with an offer of more practical help during this journey, drawing on our recent experience of business restructuring and the insights this has given us. I'll reach out to Penny to explore areas where we might be able to help.

On behalf of the team at Xoserve, I send you our best wishes for the changes to come.

Kind regards

Stephanie Ward
Chief Executive Officer