

UNC DSC Contract Management Committee Minutes
Monday 07 Marc 2022
via Teleconference

Attendees			
Bob Fletcher (Chair)	(BF)	Joint Office	Non-Voting
Maitrayee Bhowmick-Jewkes (Secretary)	(MBJ)	Joint Office	Non-Voting
Shipper User Representatives (Voting)			
Oorlagh Chapman	(OC)	Centrica	Class A Voting + Class C
Claire Louise Roberts (alternate for Steph Clements)	(CLR)	ScottishPower	Class A Voting
Rebecca Greer	(RG)	Corona Energy	Class B Voting
Steve Mulinganie	(SM)	Gazprom Energy	Class B Voting + Class C
Transporter Representatives (Voting)			
Helen Chandler	(HC)	Northern Gas Networks	DNO Voting
Sally Hardman	(SHa)	SGN	DNO Voting
Richard Loukes (plus alternate for Andrea Goddden)	(RL)	National Grid	NTS Voting
Brandon Rodrigues	(BR)	IGT Representative	IGT Voting
Kundai Matiringe	(KM)	IGT Representative	IGT Voting
CDSP Contract Management Representatives (Non-Voting)			
Angela Clarke	(AC)	Xoserve	
Dave Turpin	(DT)	Xoserve	
Jayne McGlone	(JMc)	Xoserve	
Observers/Presenters (Non-Voting)			
Clare Manning	(CM)	E.ON	
Gregory Edwards	(GE)	Centrica	
Guv Dosanjh	(GD)	Cadent	
Kirsty Ingham	(KI)	Centrica	
Michael Lain	(ML)	E.ON	
Milly Nyeko	(MN)	Centrica	
Tracey Saunders	(CH)	Xoserve	
Yvonne Reid-Healy	(YRH)	Joint Office	
<p>Copies of all papers are available at: https://www.gasgovernance.co.uk/dsc-contract/070322</p> <p>DSC Contract meetings will be quorate where: Committee Representatives of at least three (3) shall be Shipper Representatives and three (3) shall be DNO Representatives, NTS Representatives or IGT Representatives, are present at a meeting who can exercise seven (7) votes.</p>			

1. Introduction

Bob Fletcher (BF) welcomed all to the meeting, confirming the meeting to be quorate.

1.1. Apologies for absence

Andrea Godden.
Steph Clements.

1.2. Alternates

Richard Loukes for Andrea Godden.
Claire Louise Roberts for Steph Clements.

1.3. Confirm Voting rights

BF confirmed the voting rights as detailed below:

Representative	Classification	Vote Count
Shipper		
Oorlagh Chapman	Shipper Class A + Class C	2 votes
Claire Louise Roberts	Shipper Class A	1 vote
Rebecca Greer	Shipper Class B	1 vote
Steve Mulinganie	Shipper Class B + Class C	2 votes
Transporter		
Helen Chandler	DNO	1 vote
Sally Hardman	DNO	1 vote
Richard Loukes	NTS	2 votes
Brandon Rodrigues	IGT	1 vote
Kundai Matiringe	IGT	1 vote

2. Business Plan Updates

2.1. Consider Xoserve response to the Centrica CDSP BP22 Appeal

BF provided a brief background explaining that an appeal against the CDSP Budget in its 2022/23 Business Plan (BP22) had been raised by Centrica and according to the DSC rules, this meeting had been arranged to discuss the appeal and Xoserve's response before it was submitted to Ofgem for their consideration.

Jayne McGlone (JMc) explained that Xoserve had 10 Business Days from receiving the Appeal to write to Ofgem with their response, which needed to be submitted by 16 March.

Oorlagh Chapman (OC) was requested to provide a summary on the appeal. The Committee Members discussed the appeal and the main points of discussion are noted below.

- OC noted that the appeal highlighted a number of concerns including but not limited to the following:
 - BP22 maintain the business costs were not demonstrated to be economically efficient, and Centrica has identified that this accounts for 66% of the budget which cannot be assessed for efficiency or improvements.
 - Further clarity was needed around the audit process.
 - More transparency is required as currently there is no overview of the underspent DSC budget funds being returned to customers and how the contractual relationship works appears to have changed since the Xoserve/Corella split which has been concerning.
 - IPR for CMS Rebuild:
 - OC highlighted that the Intellectual Property Rights (IPR) for the Contact Management System (CMS) appears to be held by Corella rather than Xoserve and this seems to contradict with the DSC Contract which states that all IPR needs to be held by Xoserve.

- SM stated that the DSC Contract Management Committee had discussed this question at length whilst developing the CMS.
- Dave Turpin (DT) explained that the current set up of the CMS system was consistent with other DSC IPR contracts. Corella is the provider of the platform on which the CMS is built, however, in accordance to similar arrangements within UK Link, the intellectual property for the platform belongs to the system owner. DT added that Xoserve holds the customer data and blueprints for the processes which will allow them to rebuild the platform if required but the licence is provided by the system owner and this is consistent with other systems providers.
- JMc noted that licences are procured in IP which can then be used elsewhere, which is how the CMS arrangement is set out.
- OC acknowledged the explanations by Xoserve but stated that the information about the IP was not released until the end of the CMS rebuild process and was not presented to the Contract Management Committee for review until the end. If this had been discussed earlier, it would have been a much more transparent process. DT accepted that Xoserve could have done better in this case but explained the delay in presenting this information was because of the timings in progressing the CMS rebuild project.
- Kirsty Ingham (KI) stated that it appeared that parties were interpreting the DSC differently to each other. KI expressed concerns about the exit arrangements within the CMS contract and explanations were provided by DT.
- KI noted that the information provided by Xoserve is opaque and stated that it would be better to have more clarity on whether Xoserve or Corella owned the IPR for the CMS system, who received the subscription and licence fees and who had the ability to rebuild the system if required. DT noted the points raised and added that should the arrangements change in the future, Xoserve have the right to continue using products if they choose to or get the system rebuild by another provider.
- FGO Risk Profile:
 - OC stated that the creation of Corella and the new contract between Xoserve and Corella had changed the risk profile for customers and created downside risk only.
 - DT challenged this stating any commercial arrangement would have similar risks and opportunities.
 - Gregory Edwards (GE) noted that an upside to the risk was not visible to customers as there is no transparency in the commercial arrangements between Xoserve and Corella.
 - KI added that there was some absorption of additional costs because of the balance of risk, however the fundamental concern here was the lack of visibility of the commercial arrangements to customers who are bearing the risk.
 - SM agreed that the Corella arrangements were a fair challenge, suggesting that provision of information would help ease these concerns. These were aspects the Committee could push for during its meetings with Xoserve.
 - OC noted that the provision of information was already a contractual requirement, however, Centrica are of the opinion that this has not been forthcoming as the information currently provided is not fit for purpose.
 - Helen Chandler (HC) asked whether the concerns raised by Centrica were like those raised in their previous appeals or whether these were raised primarily because of the Xoserve/Corella split. OC explained that further to Centrica's previous appeals, improvements had been made, however, Centrica were still unhappy with how vague the information was when provided to customers there is a lack of transparency.

- SM noted that it was important to identify that an appeal had been raised by one party only and the Committee Members are merely asking for further clarity on the issues raised in the appeal.
- OC replied that other industry parties also shared the concerns raised in Centrica's appeal.
- BF highlighted to the Committee that this meeting was only to seek the Committee's views on the appeal to feed into Xoserve's response.
- Michael Lain (ML) noted E.ON supported Centrica's concerns and that similar concerns had been raised by them separately with Xoserve, although a formal appeal had not been raised.
- Brandon Rodrigues (BR) suggested that due to issues currently impacting the industry, resource constraints may have impacted other parties raising formal appeals but also emphasized that Centrica were not the only party with concerns and did not want to minimise these.
- HC stated that parties who had not challenged BP22 until this point, but are raising their concerns now, were not in line with the process to challenge it. Whilst HC accepted she agreed with some of the concerns raised by Centrica, she noted that it was important to highlight this did not mean they supported the appeal itself.
- Sally Hardman (SH) noted that whilst SGN had not raised a formal appeal, she wanted to support Centrica's appeal as she agreed with the clarity sought and believed there needs to be more transparency.
- BR agreed with this view noting that Xoserve should summarise how concerns around transparency are being addressed. BR specifically requested for an explanation around why the maintain the business (MTB) costs cannot be more transparent.
- DT noted that further to Centrica's previous appeal and Ofgem's request, Xoserve had added additional clarity to BP22, including clarity on maintain the business costs and that the feedback received from the industry had not been ignored.

BF explained the next steps would be:

- Xoserve to consider the discussion points raised at the meeting and the appeal documents provided, a response to the appeal will then be provided to Ofgem, the Committee and DSC Customers by 16 March.
- BF advised that other customers could provide their opinion on the appeal to Ofgem with copies to Xoserve and the Committee.
- OC stated that she would be happy to have further dialogue to any industry parties who wanted to discuss the points raised in the appeal.

3. Any Other Business

None.

4.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Time/Date	Venue	Programme
09:30 Wednesday 16 March 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 20 April 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 18 May 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 15 June 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 20 July 2022	Microsoft Teams	Standard Agenda

09:30 Wednesday 17 August 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 14 September 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 19 October 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 16 November 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 14 December 2022	Microsoft Teams	Standard Agenda