



edf
ENERGY



UNC MOD 213: USER PAYS GOVERNANCE ARRANGEMENTS

GOVERNANCE WORKSTREAM

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❖ MOD 213 OVERVIEW

- Builds on the work undertaken by UPIG
- Provides certainty to both Transporters and Shippers on user pays mod processes
- Meets Ofgem's concerns regarding cost/benefit analysis
- Main proposed changes are:
 - Mod Proposals identified as user pays or not
 - User pays proposals identify who the users are
 - Transporters required to produce supporting cost estimates and charges were appropriate for inclusion in modification reports
 - Ofgem able to provide not binding views on user pays proposals

❖ MODIFICATION PROPOSAL PROFORMA

- Needs updating to include sections to:
 - Identify whether user pays or not
 - Identify who the users are – GTs, Users or both
 - Proposed charge type needs to be identified
 - Include cost estimate provided by Transporters
- Modification Rules 6.2.3 allow Mod Panel to stipulate the form of modification proposals

❖ BUSINESS RULES

- Ability of Mod Panel to seek views from Ofgem on appropriateness of funding arrangements
- Ability of Mod Panel to instruct GTs to provide high level cost estimate, and associated user pays charge or additional information required to be able to supply cost estimate at any stage of mod
 - Additional information request with [10] business days
 - Cost estimate timetable:
 - Less than £250k within [3] weeks
 - £250k to £1m within [4] weeks and discussed at [1] appropriate workstream
 - More than £1m within [6] weeks and discussed at [2] appropriate workstreams
- Automatic cancellation of cost estimates if Proposal withdrawn, amended or mod panel decision rescinded

❖ BUSINESS RULES CONT.

- All user pays mods to have a cost estimate and associated user pays charge unless panel determine that it is not required with cost estimate/questions provided in line with timetable above
- When cost estimate and associated user pays charge submitted to the panel as part of the DMR, Panel able to determine that a more robust cost estimate is required and determine the timetable it is to be produced in
- Ofgem can direct a cost estimate and associated user pays charge to be produced
 - At DMR stage or FMR stage
- FMRs and DMRs to contain the cost estimate and associated user pays charge produced at the latest stage of the Mod process

❖ BUSINESS RULES CONT. 2

- [The cost of providing cost estimates to be funded from a pot of money administered by the Joint Office, with the cost of implemented user pays mods refunded by xoserve upon implementation notice]
 - Value of pot £[200,000]
 - Pot funded by Transporters based on funding of xoserve
- For all User Pays proposals implemented by Ofgem the cost of providing a cost estimate will need to be recovered
 - As an overhead cost of xoserve smeared across all xoserve services on an [annual] basis
 - As an overhead cost of xoserve smeared across all user pays services on an [annual] basis
 - As an overhead cost of xoserve smeared across all network code user pays services on an [annual basis]
 - As an upfront cost of implementing the mod proposal to be recovered from specific user pays charges over a [2] year period

❖ BUSINESS RULES CONT. 3

- For user pays proposals rejected by Ofgem the analysis cost to be viewed as a cost of administering the network code for Transporters that can be recovered as part of the next price control or accumulated as in IAE
- For each user pays proposal sent to Ofgem require GTs to propose a supporting change to the ACS reflective of the costs and associated user pays charge within the FMR
- The ACS would provide for costs and associated user pays charge as specified in the FMR of implemented Proposals to be reflected in user pays charges
- Ofgem direction to implement user pays proposals to also be a decision not to veto the supporting ACS amendment.

❖ WAY FORWARD

- Any additional business rules required?
- Any additional issues to be addressed?
- Next Steps

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THANK YOU

