

Industry Dialogue on xoserve Services

9th October 2006

Introduction to Dialogue

- Agency Rationale
- Services Provided
- Standards of Service
- Funding
- UK Link
- System Replacement Plans
- Issues for Consideration

What was the original rationale for an Agency?

“In view of the potential cost impacts associated with separating the ownership of DNs, the concept of an agency has been introduced as an entity that could provide many of the services currently provided ... on a centralised basis. The purpose of creating this entity would be to minimise and mitigate the costs associated with moving to a more fragmented industry structure.”

Agency and governance arrangements. Regulatory Impact Assessment. April 2004.

Where are Agency services defined?

- **Standard Special Condition A15**
 - GTs will enter into an agreement with the agency for the common provision of services and systems
 - The scope of the common services and systems are set out within the uniform network code
- **Uniform Network Code, Section V6.5**
 - Defines the Transporter Agency Activities
- **Agency Services Agreement**
 - Agreement between the GTs and xoserve
 - Schedule 2 defines service requirements
 - Published on xoserve and Joint Office websites

What is the current scope of Agency services?

- Provide and maintain a supply point register
 - Registration, query management, recording data
- Recording and calculating transportation volumes
 - Metered volume, Annual Quantity, Supply Point Capacity
- Provision of transportation and balancing invoices
- Energy balancing
 - Credit risk management and cash collection
- Demand estimation services
- Other services in relation to UNC
 - User admission and termination, CSEPs, NExA, Must Reads, MPRN Creation

What is the current scope of Agency services?

- Services in relation to GT licence obligations
 - Supply Point Information, Theft of Gas
- Other Network Services
 - UK Link Services, User reports, relationship Management, Data Flows to Networks
- Gemini Services

- Reporting and Testing Services

What are the standards of service for the services?

- Transportation Standards - Defined in the Uniform Network Code.
- Availability and recovery standards – Defined in the UK Link Manual.
- Volume constraints – Defined both in the UNC and UK Link Manual.

How are Agency services currently funded?

- xoserve costs are assumed to be allowed for in GT formulas
- Agency Services Agreement defines services provided and charges to GTs
- Limited other services provided direct to shippers

What is UK Link in this context?

- Uniform Network Code Section U1.1.3(b) defines the UK Link System as the computer systems described in the UK Link Manual
- The UK Link Manual describes the UK Link System as an integrated set of components – Gemini, Supply Point Administration, Invoicing 95, Sites and Meters Database
- The ‘UK-Link rewrite’ is intended to replace only three components:
 - Supply Point Administration
 - Invoicing 95
 - Sites and Meters Database

What services are impacted by the replaced systems?

- Provide and maintain a supply point register
 - Registration, query management, recording data
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What is being planned?

- Replacement of Sites & Meters, Supply Point Administration and Invoicing 95
- Planning assumption is that the replacement systems will need to support:
 - The same scope of services
 - At the same standards of service
 - With existing UNC terms and parties and
 - Existing commercial framework between the Agency and the Gas Transporters
- Initiate industry discussions on scope, in particular in the areas of the practicalities of functionality and implementation, in order to identify opportunities to streamline processes
- Switch over to replacements in 2012/13, which implies commencement in 2009/10

User Pays

- 2nd Consultation rationale:
 - Gives GTs/xoserve an incentive to provide additional services
 - Gives users an incentive to manage costs imposed on xoserve
 - More flexible response to change
 - Incremental system capacity is valued
- xoserve supports an industry discussion and some of the issues for consideration are:
 - A service can benefit a range of stakeholders
 - High proportion of 'fixed' investment and operating costs
 - Cost of change could be treated differently to initial scope
 - Potential for increased complexity

Issues for Consideration

- Significant time challenge to provide interim presentation by December and complete review by February 2007
- Options for limiting scope:
 - Accepting some of the current planning assumptions
 - Only considering services impacted by replacements
 - Prioritising services and time limiting discussion
- Is it possible to assume no change to standards of service
- Impacts beyond UK-Link need to be taken into account, e.g. shipper systems
- User Pays requires more definition and clarity
- Planning and governance need to be agreed at an early stage