

XOSERVE FUNDING, GOVERNANCE AND OWNERSHIP REVIEW
NOTE FOR FGO PROGRAMME OVERVIEW BOARD 5TH SEPTEMBER 2014
PROGRAMME MANAGEMENT AND ADVISORY SERVICES

1. Introduction

A sub-group of the FGO Programme Overview Board (“the FGO POB”) met on 23 July 2014 to review responses to the FGO Pre-Market Engagement document and to consider how best to progress the development of a formal tender. The sub-group agreed that:

- Programme Management Services would be required, and that there should be no particular difficulties in defining the scope of these for inclusion in a tender;
- Advisory Services are also likely to be required, but that defining these with sufficient clarity for inclusion in a tender represented a greater challenge; and
- Advisory Services could be classified under three broad headings, namely:
 - Transformational Change;
 - Advice; and
 - Doing (referred to in this note as Delivery).

Representatives from the Shipper organisations participating in the sub-group (Eon, npower and Gazprom) agreed to draft a statement on the potential scope and nature of the Transformational Change Service.

Xoserve representatives participating in the sub-group agreed to draft a statement on the potential scope and nature of the Advice and Delivery Services.

2. Purpose

The purpose of this note is to:

- Provide a draft statement on the potential scope and nature of the Advice and Delivery Services; and
- Consider the preferred procurement approach for Advice and Delivery Services.

The preferred procurement approach for the Transformational Change Service will also need to be considered once the statement on the potential scope and nature of this Service is available.

3. Service Definitions

Advisory Services are those Services required by the industry to achieve the transition from prevailing to new arrangements for the funding, governance and ownership of Xoserve consistent with Ofgem’s FGO Review conclusions.

Advice Services are concerned with the exploration and examination of Ofgem’s FGO Review conclusions in order to develop options and recommendations for an effective approach to their implementation.

Delivery Services are concerned with the preparation of legal, contractual, financial and other business documentation that achieves the effective implementation of Ofgem’s FGO Review conclusions.

4. Service Scope

The Advice Services and Delivery Services outlined below have been identified by reference to the Work Activities and Deliverables identified by the FGO POB at its meeting on 16 July 2014.

5. Advice Services

Advice Services could be procured to develop options and recommendations for the effective implementation of the following features of Ofgem's conclusions:

- The repositioning of Code parties' and Licensees' service obligations;
- The contractual framework for the provision of Central Data Services by Xoserve to its customers, including arrangements for the Charging and Invoicing of Central Data Services;
- The constitution and working arrangements of the Xoserve Board;
- The Xoserve Business Planning process, including the Central Data Services Cost Allocation Model and Charging Methodology; and
- The funding and financing of Xoserve relevant to the provision of Central Data Services

6. Delivery Services

Delivery Services could be procured to prepare legal, contractual, financial and other business documentation for the following:

- Changes to industry Codes;
- Changes to Licences (to the extent that this work is not undertaken by Ofgem);
- Changes to Xoserve contracts for the provision of Central Data Services;
- Changes to the Xoserve Articles of Association, Shareholder Agreement and Board arrangements;
- The Xoserve Business Plan for the first year of operation under the new funding, governance and ownership arrangements;
- The Central Data Services Cost Allocation Model and Charging Methodology; and
- Arrangements for the funding and financing of Xoserve relevant to the provision of Central Data Services.

7. Procurement Approach

Advice and Delivery Services may be procured centrally and provided to the industry through the FGO POB (and/or the supporting Workgroups), or procured by and provided to individual stakeholder organisations through bilateral contractual arrangements.

Based on the potential scope and nature of Advice and Delivery Services outlined above, it is suggested that Advice Services would be procured centrally and provided to the industry, and that Delivery Services would be provided to individual stakeholder organisations through bilateral contractual arrangements. Stakeholders would be able to choose whether to procure local Delivery Services or to deploy resources from within their own organisations to undertake the relevant tasks.