

Xoserve Funding Governance and Ownership

Programme Overview Board Terms of Reference

Introduction

Ofgem published its FGO Review conclusions in October 2013, in which it confirmed its preliminary recommendation that it would require changes to be made to the prevailing funding and governance arrangements so as to establish a co-operative model. This model requires Gas Transporters (“GTs”) and Shippers to participate jointly in the governance of Xoserve and in the funding of its central services. Ofgem’s decision also confirmed that the GTs will continue to own Xoserve, although the governance arrangements will ensure that they cannot have an undue influence over how Xoserve is run.

In order to take forward the programme of work required to give effect to Ofgem’s FGO Review conclusions, the industry has established the FGO Programme Overview Board (“the FGO POB”), comprising representatives from the GT’s, Shippers, Xoserve, independent Gas Transporters (“iGTs”) and Ofgem.

Scope of Programme Overview Board

The goal of the FGO POB is to achieve in a collaborative manner the transition from prevailing to new arrangements for the funding, governance and ownership of Xoserve consistent with Ofgem’s FGO Review conclusions. Its key tasks are to:

- Develop and maintain a Work Plan
- Set overall direction for Workgroups
- Set agreed outputs for Workgroups
- Agree development and implementation plans for Workgroups
- Receive progress reports from Workgroups
- Receive and consider Workgroup issues for resolution
- Maintain registers of Risks, Issues, Assumptions and Dependencies

The POB will by consensus make determinations and recommendations for Workgroups. Its boundaries on decision making will only constitute a recommendation of changes to Codes, Licences, Xoserve Ltd. Constitutional documents, etc.

Members and Appointment

The POB shall normally be composed of:

- the POB Chair;
- GTs’ Representatives;
- Users’ Representatives;
- An Independent Transporters’ Representative;
- the Ofgem Representative;
- the Xoserve Representative;
- the Programme Manager; and
- other parties who may, at times, be invited to attend the POB.

The POB will appoint an industry Programme Manager, who will provide leadership and direction to the Group.

The Chair shall normally be a representative of a GT business, but this may be varied by agreement of the POB.

The POB Secretary shall be nominated by the Chair of the POB.

Members may appoint, by notice to the Secretary, an individual to be that Members Alternate.

Deliverables

Two Primary Workgroups will be accountable to the POB (with independent Terms of Reference):

- Industry and regulatory matters.
- Xoserve corporate and contractual matters.

Both Workgroups will have a common responsibility to develop arrangements to give effect to Ofgem's conclusions. It is expected that there will be a number of subsidiary Workgroups reporting to a Primary Workgroup.

Procedures for the Conduct of Business (Governance)

The meetings will be held every 2 months or when necessary and will be held in the Xoserve offices at 31 Homer Road, Solihull or where deemed appropriate following a suitable time to communicate the location.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items and all papers to be discussed, shall be forwarded to each member of the POB, and any other person required to attend not less than 5 working days prior to the meeting.

Papers for the meeting should be sent to the POB Secretary at least 7 working days prior to meetings to enable meeting packs to be prepared and circulated to POB members.

Late papers or items will only be considered by exception with prior agreement from the Chairman of the POB.

Quorum

The quorum adopted is at least two (2) shall be GTs' Representatives and two (2) shall be User Representatives.

Where the meeting is quorate, all decisions shall be by the general consensus of the POB members, where necessary on a show of hands. Where such agreement is not obtained, the Chair shall submit the matter to Ofgem.

Minutes

Minutes and actions will be taken for each meeting and circulated to the members by the Secretary in a timely manner. Minutes and Actions will then be approved at the following meeting of the Group.

The group will review, and where necessary update, these Terms of Reference on an annual basis to ensure they are fit for purpose.

Standard Agenda

- 1.0 Introduction
- 2.0 Confirmation of Membership and Apologies for Absence
- 3.0 Review of Minutes and Actions from Previous Meeting
- 4.0 Review of Progress Against Work Plan
- 5.0 Receive Workgroup progress reports
- 6.0 Receive and consider Workgroup issues for resolution
- 7.0 Review of Risks, Issues, Assumptions and Dependencies
- 8.0 Any Other Business

9.0 Date of Next Meeting