

User Pays Contract Expert Group Minutes

Monday 15 December 2008

Elaxon, 350 Euston Road, London

Attendees

Tim Davis (Secretariat)	TD	Joint Office
Andy Miller	AM	xoserve
Colette Baldwin	CB	E.ON UK
Helen Barratt	HB	xoserve
Kevin Woollard	KW	British Gas
Lorna Gibb	LG	Scottish Power
Richard Phillips	LD	RWE npower
Rosie McGlynn	RM	EDF
Shelley Rouse	SR	Statoil

1. Introduction

TD welcomed all to the meeting. Rather than review the action log, it was agreed that the contract should be considered since the changes made indicated xoserve's response to the points raised at the previous meeting.

2. Contract Walk-Through

The group went through the draft Non-Code User Pays Contract page by page, and comments have been recorded in the (change tracked) copy of the draft Contract and Refinements Register published alongside these minutes.

Other points raised and clarified were:

1. Users could populate the Contract with a list of Authorised people, who would then be able to request additional services;
2. Voting at a meeting (as opposed to written votes) must be by the Contract Manager or an authorised deputy from the same organisation;
3. If a party ceases to take any services, they remain a party to the contract, and hence are able to take services in future without re-signing the framework contract;
4. Under 7.6, loss of data by xoserve, liabilities were not proposed - this would be a risk that xoserve would seek to mitigate through appropriate insurance and the cost of any such insurance would be reflected in higher user pays charges, such that all would pay more were xoserve to indemnify Customers.

The potential UPUC voting arrangements were discussed, and some unhappiness expressed on reflection regarding the two step test, whereby at least four votes against were required to block change as well as the pass rate for change to progress being increased from 75%, as initially agreed, to 80% of weighted votes. There was a concern that this could prove to be a barrier to change, and too high a hurdle. However, there was some doubt about precisely how the voting process would operate. It was therefore agreed that this should be revisited at the User Pays User Group meeting scheduled for 12 January, and that some additional explanation and worked examples should be provided to inform the debate.

Action UPCEG 007: TD to provide exposition of the proposed voting rules

Action UPCEG 008: AM to provide worked examples of the proposed voting rules

AM indicated that ACS amendments would be needed to reflect the position now reached, notably to allow for funding the BER (Business Evaluation Report). RM suggested that, in the interests of clarity and to help customers understand user pays, the Contract terminology should be consistent with that adopted for Code User Pays Services under the auspices of Modification Proposal 0213 – for example ROM (Rough Order of Magnitude) instead of EQR (Evaluation Quotation Report). AM indicated that the Code and Non-Code concepts were different in that, under the former, the implications of a proposal would be set out whereas, under the latter, the intention was to set out options and choices, not a single solution to a fixed proposal. Shippers emphasised that the key would be transparency, making it clear what level of costs was involved in all stages of the process and what was being provided for that cost.

There was some discussion about the potential for including a provision that the contract could be changed without utilising the change process where this was a requirement as a consequence of other changes, for example SPAA changes. There was discomfort around this suggestion, and it was argued that no such provision applied to other agreements. However, it was agreed that xoserve could draft a provision to accommodate regulatory or legislative obligations.

AM agreed to endeavour to circulate a revised version of Schedule 2 incorporating the comments received as soon as practical, seeking immediate comments. A complete contract would then be made available by close of play on 19 December, and it was agreed that this should be the version which users are asked to sign.

5. Any other Business

RP raised that full supporting information to enable validation of invoices was not being received. xoserve were surprised by this and HB agreed to pursue the issue.

Action UPCEG 009: HB to ensure xoserve is providing sufficient information to support invoice validation**6. Diary Planning and Next Steps**

Meetings are booked for the second Monday of each month at ENA, Horseferry Road, London. Moving the start time from 10:00 to 10:30 was requested, and this was agreed.

The meeting on 12 January 2009 will consider the terms of reference for both the proposed UPUC and UPCEG, and particularly the UPUC voting arrangements. The meeting will also provide an opportunity to discuss any outstanding issues with the Contract.

ACTION LOG – User Pays Contract Expert Group

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
UPCEG 001	20/11/08	2	Investigate LSO issue raised by E.ON.	xoserve (GF)	
UPCEG 002	20/11/08	3	Review drafting of clause 11.1.	xoserve (GF)	Considered on 15 Dec Closed
UPCEG 003	20/11/08	3	Review the funding of analysis activities model used by CUSC for its suitability for with User Pays.	xoserve (GF)	
UPCEG 004	20/11/08	3	To review clauses 3.1 & 9.1 to refer change proposals back to the User Pays User Group.	xoserve (GF)	Considered on 15 Dec Closed
UPCEG 005	20/11/08	3	The Parties present agreed to review in particular, clauses 3, 7, 9, 12 and schedule 2 and provide any additional views to xoserve prior to meeting 8 December and where possible prior to 28 November.	All	Considered on 15 Dec Closed
UPCEG 006	20/11/08	3	Confirm meeting location for meeting on 15 December 2008.	Joint Office (BF)	Meeting room arranged at Elexon Closed
UPCEG 007	15/12/08	2	Provide exposition of the proposed voting rules	Joint Office (TD)	To be available for 12 Jan meeting
UPCEG 008	15/12/08	2	Provide worked example of the proposed voting rules	xoserve (AM)	To be available for 12 Jan meeting
UPCEG 009	15/12/08	3	Ensure xoserve is providing sufficient information to support invoice validation	xoserve (HB)	