

UNC DSC Contract Management Committee Minutes
Tuesday 21 December 2021
via Microsoft Teams

Attendees			
Rebecca Hailes (Chair)	(RHa)	Joint Office	Non-Voting
Helen Cuin (Secretary)	(HCu)	Joint Office	Non-Voting
Shipper User Representatives (Voting)			
Oorlagh Chapman	(OC)	Centrica	Class A Voting + Class C
Phillipa Burton	(CLR)	ScottishPower	Class A Voting
Rebecca Greer	(RG)	Corona Energy	Class B Voting
Steve Mulinganie	(SM)	Gazprom Energy	Class B Voting + Class C
Transporter Representatives (Voting)			
Helen Chandler	(HC)	Northern Gas Networks	DNO Voting
Sally Hardman	(SHa)	SGN	DNO Voting
Andrea Godden (plus alternate for R Loukes)	(AG)	National Grid	NTS Voting
Kundai Matiringe (plus alternate for B Rodrigues)	(KM)	IGT Representative	IGT Voting
CDSP Contract Management Representatives (Non-Voting)			
Dave Turpin	(DT)	Xoserve	
Observers/Presenters (Non-Voting)			
Angela Clarke	(AC)	Xoserve	
Clare Louise Roberts	(CLR)	ScottishPower	
Joanne Williams	(JW)	Xoserve	
Linda Whitcroft	(LW)	Correla	
Sian Jones	(SJ)	Correla	
Stephanie Ward	(SW)	Xoserve	
Copies of all papers are available at: https://www.gasgovernance.co.uk/dsc-contract/211221			

1. Introduction

Rebecca Hailes (RHa) welcomed all to the meeting, confirming the meeting to be quorate.

1.1. Apologies for absence

Brandon Rodrigues
 David Addison
 Jayne McGlone
 Richard Loukes

1.2. Alternates

Kundai Matiringe for Brandon Rodrigues, IGT Representative
 Andrea Godden for Richard Loukes, NTS Representative

1.3. Confirm Voting rights

The voting rights were confirmed as detailed below:

Representative	Classification	Vote Count
Shipper		
Oorlagh Chapman	Shipper Class A + Class C	2 votes
Phillipa Burton	Shipper Class A	1 vote
Rebecca Greer	Shipper Class B	1 vote
Steve Mulinganie	Shipper Class B + Class C	2 votes
Transporter		
Helen Chandler	DNO	1 vote
Sally Hardman	DNO	1 vote
Andrea Godden (plus Alternate for Richard Loukes)	NTS	2 votes
Kundai Matiringe (plus Alternate for Brandon Rodrigues)	IGT	2 votes

2. CMS Options Update and Approval

David Turpin (DT) provided a set of revised presentation slides (revisions to slides 6 and 9) with the financial comparison for Options 1 and 2, confirming that narrative provided verbally had been added relating to the ongoing costs and the additional investment costs for customers in Option 2 in Years 6, 11 and 16.

At the meeting held on 15 December 2021, two actions were taken relating to the CMS Options these were:

1201: Xoserve (LW/DT) to consider providing the basis ‘Head of Terms’ or the Terms and Conditions of the CMS service contract for the options.

Update: See discussion below. **Closed.**

1202: Xoserve (LW/DT) to provide split out the distribution of subscription costs and more narrative around the 16-year forecast.

Update: See discussion below. **Closed.**

Claire Louise Roberts (CLR) asked about the end of life and vendor support for the current system. Sian Jones (SJ) explained that temporary support had been put in place, highlighting there was some time left to get the replacement in, but security patches will become increasingly difficult with the age of the technology. SJ confirmed the key dates will be added to the presentation for better visibility. The Committee also asked for a detailed summary report on recent incidents to better understand the impact of using the aged technology.

Steve Mulinganie (SM) noted there was not an option to do nothing and there was a need to reach a decision on the way forward. SJ confirmed that the system is still able to be patched at the moment but there will come a point where patches cannot be made, and this could become a greater security risk.

Stephanie Ward (SW) wished to share an insight to her background, knowledge and expertise having worked in a commercial environment, working with internal solution experts, third party service providers, to achieve win-win situations and delivering value. SW provided an overview of the limitations of the industry model, the ability for investments, and development concepts. SW explained more about the subscription model, the agile development approach, partnership with Correla and the concept of the Anchor Client (please see appendix on page 6).

SW confirmed that the subscription model had no upfront costs, and the cost of providing the product will be recovered through ongoing monthly subscription charges. She noted that Correla, the service provider, will subsidise the cost of the build in return for owning the system (IP). The anchor client approach would see gas market customers benefit from a perpetual right to use and cheaper costs. SW also noted that Correla seek to fund remaining development costs from selling functionality to other users and if popular this in turn could allow Correla to make some profit. The agile development approach will allow changes to be easier, building changes in small bursts.

SW recognised the industry's nervousness with the Correla and Xoserve relationship but reassured the Committee with all these elements combined into Option 1, this created the most cost-effective approach to delivering the CMS replacement requirements.

CLR asked for further clarity on CMS, the upfront costs, and what does it mean relinquishing CMS to Correla. SW explained that Xoserve will not own the IP but will have the right to use and configure the system, SW clarified that Xoserve are not relinquishing control.

SJ explained the changes in approach to IT, noting the recent technology trend to manage applications, support and services through subscription, rather than upfront licence costs, with the added benefit that subscriptions include keeping technology up to date.

Kundai Matiringe (KM) enquired if Option 2 would have the elements of agile development and anchor client as with the subscription model. SW clarified that Option 2 will be to pay upfront for the investment, there will be some agility but not as agile as Option 1, there will be no subscription or anchor client. The Solution would be built to a specification. Any changes would be billed.

Oorlagh Chapman (OC) expressed concern about the delay in sharing detailed information on the two Options with customers, and the difficulties this has caused. SW had not wanted this to have been difficult, realising there has been a focus on answering specific questions, and those delivering information had lost sight of the need to provide the overall picture.

In response to Action 1201, SW responded to the request to see the Terms & Conditions. SW explained that the arrangements with Correla are commercially sensitive and commercially confidential, which could not be shared, clarifying that the Data Services Contract (DSC) is the mechanism for service delivery. SW was happy to discuss any specific concerns and consider any elements of the DSC to target/address any gaps.

OC expressed concern about risks falling on the customer and that the right re-assurances had not been provided to enable timely and informed decisions. Concern was expressed about voting for a subscription model when customers do not know its specification.

SJ reassured the Committee there will be a process for establishing the requirements, looking at the specification and the product customers are subscribing to. SJ explained, the best way to look at these proposals is that they contract at a different point in time. Option 2 is labour for hire option, whereas Option 1 is to pay for something that fits the specification required when the product is available. Payment will not be due until the product fits the bill.

SM expressed a preference for Option 1 and welcomed the discussions today which have rebuilt confidence. It was acknowledged there had been focus on certain aspects which had not led to getting the right information to help build confidence.

SM asked for further information on the levels of subsidy. SJ confirmed that Correla will subsidise the build costs, customers will then pay a subscription to use the product, however Correla cannot disclose any profit margins as this was commercially sensitive with other Software as a Service (SAAS) providers. SJ explained the success of the subscription system for Correla relies on whether the customer likes it and uses it and can then recommend it to any other potential customers.

SM explained the difficulty of comparison when there is not a comparable product to assess if the service will be competitive. SW explained the unique situation and commercial dynamics which made it difficult. The Committee considered the ability to allow a comparison through a procurement process, but it was noted this would then build in additional costs. The only comparison available at the moment was what is the cost now compared to the upfront funding.

CLR noted that the service could be tendered for. SW reported from experience that opting to go with an incumbent service provider saves procurement and developmental costs, as there is knowledge of the current system and consequential impacts, compared to having to build this awareness.

SW stressed that the subscription option is a really good deal. SJ suggested that organisation's IT departments could provide a typical service cost by volume for a comparable service which could provide some comparison in relation to unit costs.

OC reiterated her earlier concerns that not enough detail had been provided making decisions difficult, that today provided some assurance that was previously lacking, and asked for the information relayed to be documented rather than providing verbal updates.

Phillipa Burton (PB) and Rebecca Greer (RG) concurred, wanting the details documented first before making a vote to enable this to be taken back into the constituencies.

SJ was unsure what elements was missing from the presentation provided. It was suggested that the minutes of today's meeting could be considered as a formal record of the assurances provided.

SM believed the right assurances had now been provided by Xoserve and Correla and that he would be in a position to vote on the Options. CLR was also in a position to vote based on the assurances provided during discussions.

RHa enquired for the voting process if all parties would need to vote, taking into account the 90:10 funding split. SM clarified this split was subject to change. The Committee agreed all parties had an equal vote.

KM enquired whether the 2022 Business Plan (BP22) would need to be amended to reflect discussions and re-circulated. DT confirmed the Business Plan would only need to be updated if Option 2 were chosen.

Andrea Godden (AG) thanked all concerned for the clarity provided today on the Option 1 model.

CLR appreciated the overview of Option 1, wishing to note the uncertainty was due to the lack of information.

Following the assurances provided by Xoserve (SW) and Correla (SJ) the Committee agreed to undertake a vote on the two Options presented as follows:

Voting Outcome:	For Option 1	
Shipper Representatives	Voting Count	For/Against
Oorlagh Chapman	0	Abstained (2)
Phillipa Burton	1	For Option 1 (with minutes)
Rebecca Greer	1	For Option 1 (with minutes)
Steve Mulinganie	2	For Option 1
Total	4	For
Transporter Representatives	Voting Count	For/Against
Helen Chandler	1	For Option 1
Sally Hardman	0	Against Option 1
Andrea Godden	0	Abstained (2)
Kundai Matiringe (plus alternate for Brandon Rodrigues)	2	For Option 1
Total	3	For

As a result of the voting undertaken the Committee agreed by a majority vote to approve Option 1.

3. Any Other Business

None raised.

14. Diary Planning

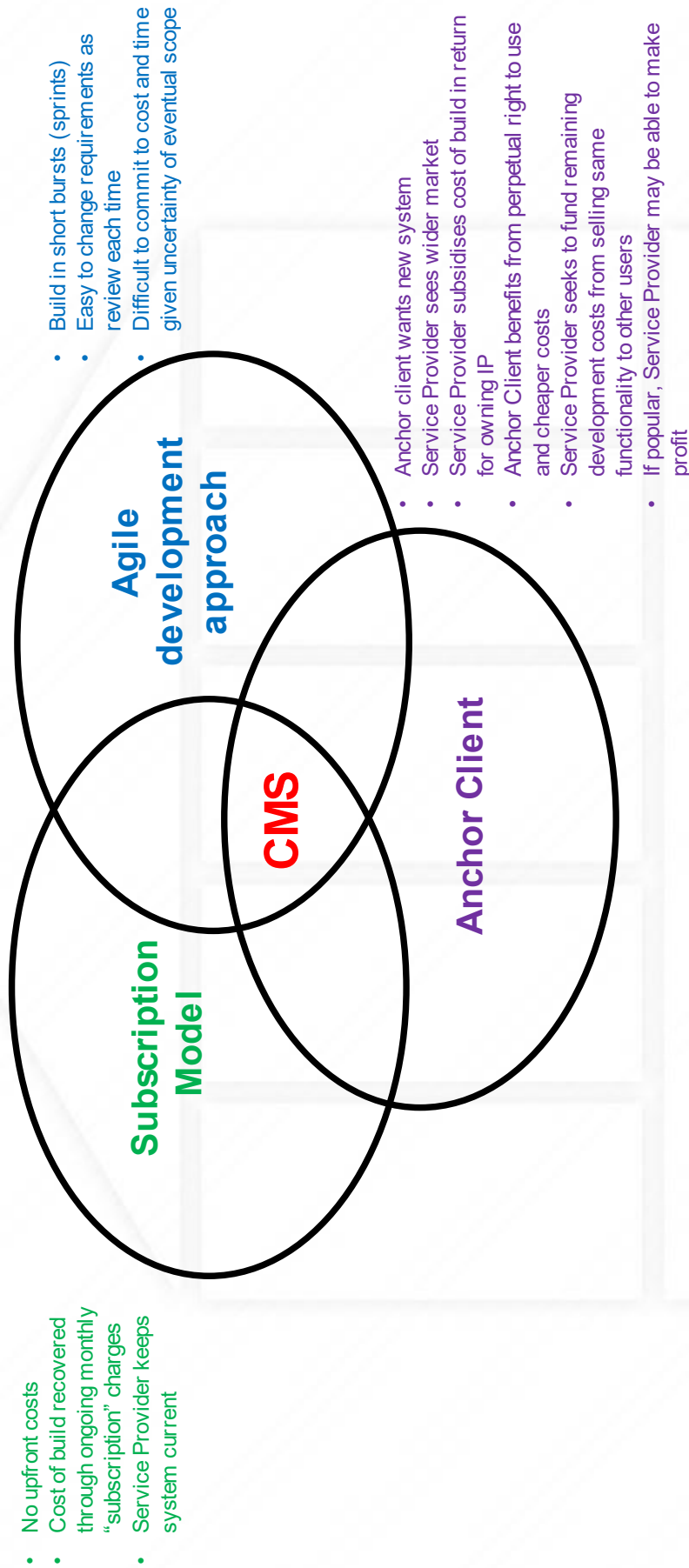
Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Time/Date	Venue	Programme
09:30 Wednesday 19 January 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 16 February 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 16 March 2022	Microsoft Teams	Standard Agenda
09:30 Wednesday 20 April 2022	Microsoft Teams	Standard Agenda

Action Table (as of 21 December 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Target Date	Status Update
1201	15/12/21	2.1	Xoserve (LW/DT) to consider providing the basis 'Head of Terms' or the Terms and Conditions of the CMS service contract for the options.	Xoserve (LW/DT)	21 December 2021	Closed
1202	15/12/21	2.1	Xoserve (LW/DT) to provide split out the distribution of subscription costs and more narrative around the 16-year forecast.	Xoserve (LW/DT)	21 December 2021	Closed

IT development concepts



Combined to create most cost effective approach to delivery of CMS requirements

Commercial in Confidence