

**IGT039 Meeting #21**  
**Minutes**

Present:

Colette Baldwin (CB)	E.On	Andy Miller (AM)	Xoserve
Elaine Carr (EC) *	Scottish Power	Trevor Peacock (TP)*	FPL
Cher Harris (CH)*	SSEPL	Adam Pearce (AP)	ESP
Gethyn Howard (GH) (Chair)	GTC	Kristian Pilling (KP)	SSE
Anne Jackson (AJ)	SSE	Kiran Samra (KS)	NPower
Jonathan Kiddle (JK)	EDF Energy		
Steve Ladle (SL)	Gemserv obo.	*via teleconference	
	IGT UNC		

### 1) Introductions

The meeting attendees introduced themselves. GH confirmed that the intention of the meeting was to review the legal drafting complete to date and that should there be sufficient time, the Xoserve “option 1” contractual model could also be discussed.

### 2) Review of actions

- 1) JD to undertake further analysis on SSP funding.  
*GH confirmed that JD had sent his apologies and that GH had not received an update on this analysis. GH confirmed that he would contact JD to obtain an idea of when this work may be completed. – **carried over***
- 2) GH to circulate high level comparison of the SoS regimes.  
*GH confirmed that he had circulated this work and that it was on the agenda for discussion at the next Shipper Workgroup meeting on April 7<sup>th</sup>. - **complete***
- 3) AM to map out various permutations for modification funding under option 1.  
*AM confirmed that this work had been circulated on February 27<sup>th</sup> and that he had additional material to present at the meeting. - **complete***
- 4) AM to update process diagrams from BRD ahead of meeting #21.  
*AM confirmed that this had been completed though it was noted that discussions are due to take place on Friday 21<sup>st</sup> March to discuss the new connections process which may result in further changes to the diagrams. - **complete***

### 3) Review of legal drafting

GH introduced the topic by explaining that the drafting had not yet been subject to formal legal review. The intention was therefore to undertake a page turn exercise to show the approach taken but also to raise any questions or issues that had become apparent during the drafting exercise as well as to answer any queries that would be raised during the page turn exercise. GH commented that Part CI had been selected as the first section as it covered many of the activities that the Agency would be undertaking on behalf of the IGTs and this would therefore be a good example of how the other parts of the IGT UNC may look.

SL commented that where possible and relevant, defined terms should be pointed to those in the UNC to ensure such terms continued to be aligned. An example was provided in CI 2.1 where such an approach could be used.

SL also commented that it would be useful to understand the principles of the drafting, asking whether this was that the IGT UNC should be as thin as possible. AM commented that it may be beneficial for processes to be referred to those in the UNC but for actual requirements to remain in the IGT UNC itself. GH commented that wherever possible this was the approach taken but was very much dependent on the content of the UNC which was being pointed to as in some cases the UNC had additional processes that wouldn't apply to IGTs. JK added that there may be alignment issues with any consequential modifications to the IGT UNC references as a result of a UNC changes as both Codes had different release dates. It was noted that it would also be beneficial for the IGT UNC to amend its release dates to mirror those of the UNC.

SL suggested that to aid maintenance of the IGT UNC, a reference table would be useful which could set out the links between the IGT UNC and UNC. GH commented that he had such a table but it related to the current UNC rather than Nexus state UNC. GH did not believe that this would be an issue however as it would be a case of updating the references but hadn't at this stage had time to undertake this.

The group considered the MPRN allocation process and how this may work under SSP. SL commented that Gemserv currently administer the MPRN Allocation process and that the procedure is set out under an MPRN allocation guidance document. SL agreed to check the document to determine whether the current process would still be workable under SSP.

The group discussed AQs under paragraph 6 and noted that as Xoserve do not hold property types, IGTs will still need to undertake the annual review of the NExA table and Xoserve will provide the information to support this. It was acknowledged that the text needs to reflect this. It was also noted that there would be 3 AQ values in use:

- Opening AQ
- Fixed AQ
- Rolling AQ

It was agreed that the 3 AQ types would need to be included in the IGT UNC under parts CI 2.2 and paragraph 6.

CB noted that in some parts of the drafting, the references pointed to in the UNC were very specific and could potentially cause issues in keeping the IGT UNC in alignment with the UNC should the references that are being pointed to change. GH agreed that this could potentially be difficult to maintain and could end up using resource to raise housekeeping changes. GH agreed to gain a view on whether a higher level approach could be used which would avoid this issue from occurring in any future drafting.

Detailed observations on the drafting can be found in the drafting issues log in appendix 1 to these minutes.

Action – SL to check the document to determine whether the current process would still be workable under SSP.

#### a. Xoserve Contractual “Option 1” discussion

AM provided an overview of the proposed contractual framework for the recovery of Xoserve development costs. This was based on option 1 as discussed at meeting #20 (see previous minutes for details) and had been further evaluated and a new document entitled “Section 3, scenario 8” had been produced (included in Appendix 2 to these minutes). AM explained that the original proposal to recover Xoserve development costs once IGT Agency Services were in place was for GT costs to be recovered via the User Pays mechanism and Shipper costs to be recovered via the Non-Code User Pays route. AM explained that difficulties arose as the code and non-code user pays routes used two different processes with different contractual terms and that there was a large risk that consequently a modification could be approved but the non-code user pays change not agreed, leaving a gap in funding. Difficulties could also arise as the timeframes are not required to align between a code and non-code user pays change running in tandem and so this could present further issues.

The group discussed this issue and a number of solutions were proposed:

- *Introduce rules to ensure that where applicable, a Non-code user pays change progresses in the same timeframe as a Code user pays change.*

The group noted there may be issues with rules being introduced in the Non Code User Pays contracts for Code purposes and vice versa.

- *IGTs to be able to recover costs under a formal user pays mechanism under the IGT licence.*

It was noted that at previous meetings, Ofgem were not looking to introduce User Pays under Licence for IGTs.

- *Bring the ACS under the governance of the UNC.*

The group IGTAD could then make reference to the ACS to bring IGTs under its remit and the IGT UNC could then back off payment obligations from Shippers to IGTs where costs are to be recovered for Agency Service development costs. It was suggested that this may negate the need for a licence condition change for IGTs to include user pays.

It was noted however that whichever solution be taken forwards, this would only be on a temporary basis as such arrangements would be amended in line with the output of the Xoserve funding, governance and ownership review. GH agreed to discuss the options with

JD of Ofgem to see if there were any particular options which could be discounted at this stage.

Action – GH to speak to JD about potential options to progress Xoserve development cost recovery.

#### **4) Next Steps and Work Plan Review**

GH commented that the main areas for completion were the legal drafting and agreement of the Xoserve contractual terms. It was noted that there is work going on elsewhere such as the Standards of Service review at the next Shipper Work Group but that the aim was to have produced a complete set of legal drafting during May. GH also believed that there would be no reason why the work group report could not be started as a work in progress. The group therefore agreed to set 3 meetings in the diary to help provide structure and focus points over the coming months.

#### **5) Future Meeting Dates:**

Venues all TBA

29<sup>th</sup> April

29<sup>th</sup> May

2<sup>nd</sup> July – for lawyers to attend and review legal text.

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#### **Actions:**

- 1) JD to undertake further analysis on SSP funding.
- 2) SL to check the document to determine whether the current process would still be workable under SSP.
- 3) GH to speak to JD about potential options to progress Xoserve development cost recovery.

Appendix 1

Part	Paragraph	Raised by	Comment	Response	Action Complete?
CI	General		C1.3 of the IGT UNC is Called Daily Read Requirement & C1 5 Supply Point Classification. This ties to UNC G1.5 & M6.2 respectively but there are cross overs in content		
	1.2	SL	1.2 should stay in IGT UNC		
	2.2 (e)		This needs to be updated to list the 3 types of AQ (opening, fixed, rolling)		
	5.5		to be pointed across but define "days" not business days		
	6.1	AP	6.1 needs a way of carving out infill		
	6.1		this section needs to refer to the x3 types of AQ and link to UNC for rolling AQ where possible		
	6.3(a)		SOQ is not defined using the same term in the UNC so need to identify this and undersand if this acheieves the same thing as SOQ		
	6.6		IGTs will still undertake annual review of NExA table and Xoserve will provide the information to do this. Text needs to reflect this. 6.6 can be removed as follows GDN process	Removed Will require IGTAD update to link in termination notices together or at least for NG to check/notify the IGTs	Y
	8.1.2		8.1.2 can be removed as won't over ride IGT UNC arrangements. However changes needed to iGTAD to link them together		Y
	10.4		10.4 can be removed as class 1 will be DM mandatory so the clause will not be applicable post NEXUS	Removed	Y
19		Not clear what this is trying to achieve. Doesn't appear in UNC so unlikely to be needed.			

## **Appendix 2**

### **Contractual scenarios for change, current and future – WORKING DRAFT**

#### **1. Introduction**

This document outlines a series of scenarios regarding changes to GT and iGT UNC, and to Non-Code User Pays services.

There is an element of repetition in the document but this is necessary to demonstrate that all scenarios have been covered.

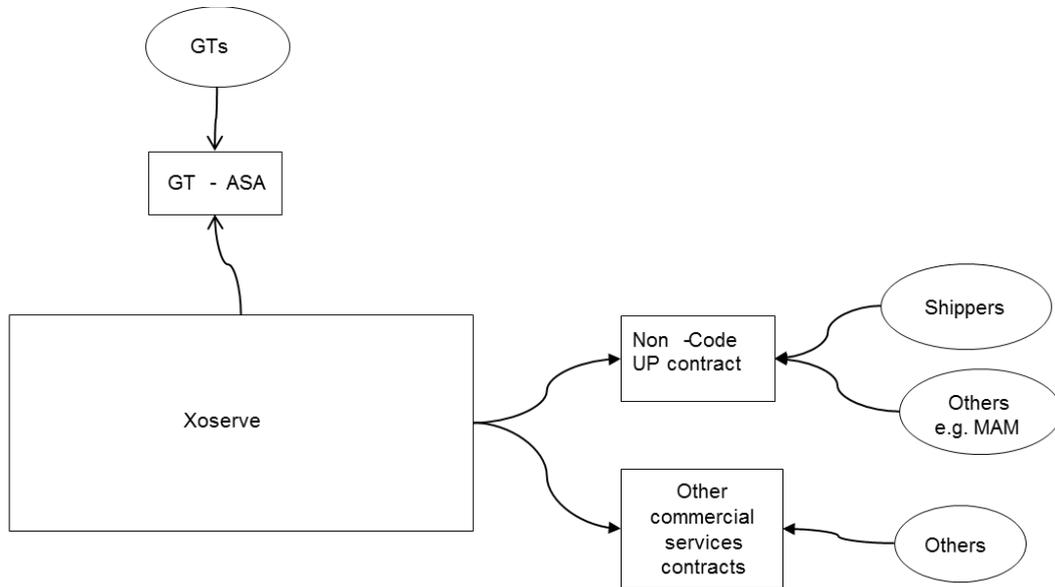
Section 2 explains the current arrangement and section 3 explains the arrangements post the implementation of the iGT Agency Services initiative.

The contractual documents described are:

- Agency Services Agreement. The contract between the GTs and Xoserve for the provision of services. Referred to as the ASA
- Framework Contract for the Provision of Non-Code User Pays Services and the supporting Services Schedules. The contract between User Pays customers and Xoserve for the provision of Non-Code User Pays Services.
- Agency Charging Statement. The GTs statement detailing the scope of User Pays services and Core services and the charges for the User Pays services (both Code and Non-Code), subject to Ofgem review and veto. Referred to as the ACS.
- iGT Agency Services Agreement. The contract expected to be established between the iGTs and Xoserve for the provision of services. Referred to as the iASA.

## 2. Current Arrangements

The diagram below details the current contractual arrangements.



The table below sets out the change drivers and impacted parties

Matrix detailing impacted parties to different change drivers						
		UKT	DNs (all)	DNs (subset)	UKT and DNs (all)	Shippers
1	Change not mod driven	Y	Y	Y	Y	
2	Change, mod driven, UKT only, User Pays, 100% UKT	Y				
3	Change, mod driven, DNs only, User Pays, 100% DNs		Y			
4	Change, mod driven, UKT and all DNs User Pays 100% GTs				Y	
5	Change, mod driven, User Pays 50:50 split	Y	Y		Y	Y
6	Change, mod driven, User Pays 100% shippers	Y	Y		Y	Y
7	Non-Code User Pays, service schedule change					Y
8	Non-Code User Pays, new service schedule					Y

Additional notes are provided below:

- 1) GTs (all or a subset) request change through the ASA change process. Any costs associated with the change are invoiced to the relevant GTs
- 2) follows the usual mod development process. An ACS is generally not produced as Xoserve's costs are recovered through the ASA.

3) follows the usual modification development process. The split of costs between the DNs is established with the DNs. An ACS is generally not produced as Xoserve's costs are recovered through the ASA

4) follows the usual modification development process. The split of costs between UKT and the DNs (and then between the DNs) is established with UKT and the DNs. An ACS is generally not produced as Xoserve's costs are recovered through the ASA.

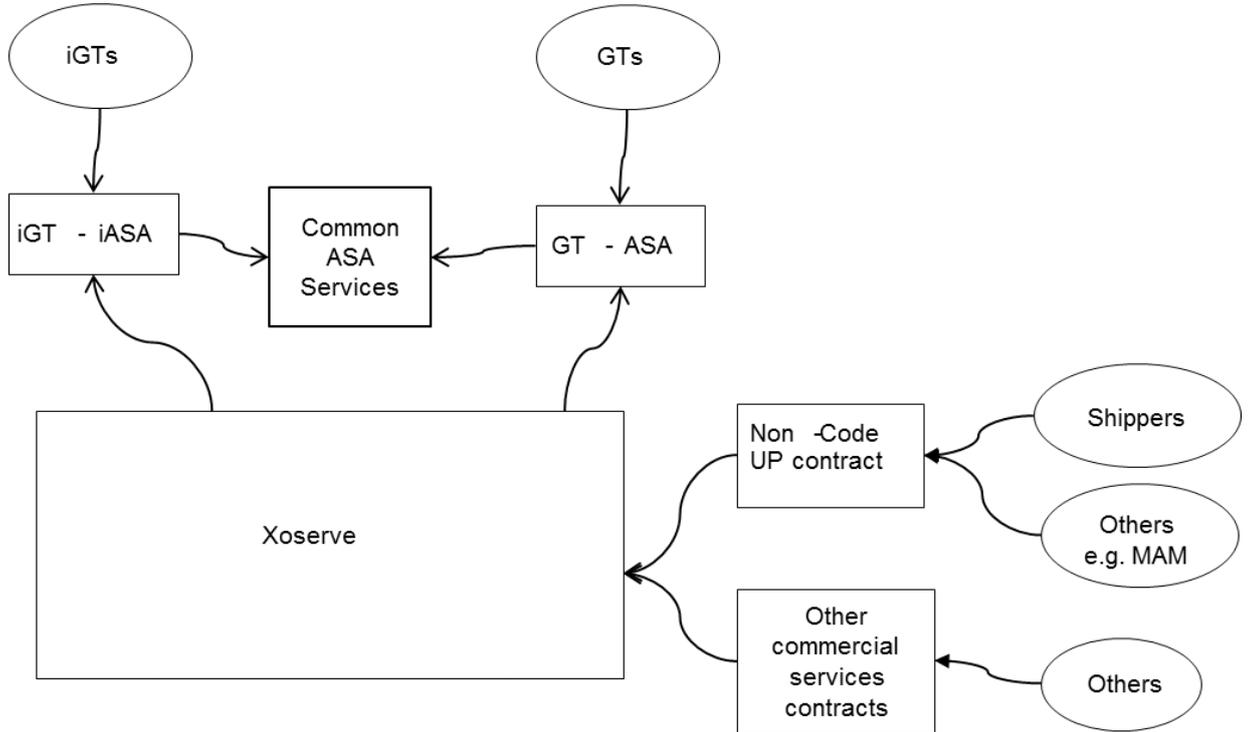
5) and 6) follow the usual mod development process. An ACS is prepared at the workgroup meetings and the cost split ratio between relevant GTs and shippers is determined. The ACS is submitted to Ofgem for non-veto. Ofgem generally provide a view on the ACS with their modification decision letter.

The cost apportionment between UKT and / or DNs is established with UKT and the DNs. All Xoserve costs are charged to the relevant GT(s) through the ASA and the GTs pay Xoserve accordingly. Charges to be paid by the Shipper are invoiced to the Shipper, by Xoserve, but in the name of the relevant GT(s). The GT(s) collect the money from the Shippers.

7) and 8) Any changes follow the change process in the Framework Contract. An ACS is prepared at the change meetings and is submitted to Ofgem at the appropriate time for non-veto.

### 3. Future Arrangements for the iGT Agency Services initiative

The diagram below sets out the potential contractual arrangements.



The table below sets out the change drivers and impacted parties

Matrix detailing impacted parties to different change drivers										
		UKT	DNs (all)	DNs (subset)	UKT and DNs (all)	iGTs (all)	iGTs (subset)	UKT and DNs (all) and iGTs (all)	DNs (all) and iGTs (all)	Shippers
1	Change not mod driven	Y	Y	Y	Y	Y	Y	Y	Y	
2	Change, mod driven, UKT only, User Pays, 100% UKT	Y								
3	Change, mod driven, DNs only, User Pays, 100% DNs		Y							
4	Change, mod driven, UKT and all DNs User Pays 100% GTs				Y					
5	Change, mod driven (iGT UNC only), all iGTs							Y		
6	Change, mod driven (UNC (iGT UNC optional)), UKT and all DNs and all iGTs User Pays, 100% GTs and iGTs							Y		
7	Change, mod driven (UNC (iGT UNC optional)), all DNs and all iGTs User Pays, 100% DNs and iGTs								Y	
8	Change, mod driven, User Pays 50:50 split	Y	Y		Y			Y	Y	Y
9	Change, mod driven, User Pays 100% shippers	Y	Y		Y					Y
10	Non-Code User Pays, service schedule change									Y
11	Non-Code User Pays, new service schedule									Y

Additional notes are provided below

- 1) Change non mod driven

Any party to the ASA or iASA can request a change under the contract. The change may be from a single, some or all gas transporters. All costs are charged back under the relevant ASA and / or iASA.

2), 3) and 4 – change mod driven - are as current arrangements

5) Change Mod driven (iGT UNC only) all iGTs

Is the scenario where an iGT UNC modification is approved that changes the way in which Xoserve provides services to, or on behalf of, iGTs. The cost apportionment mechanism between iGT Licence Holders is established with the iGT Licence Holders. Xoserve's costs are recovered from the relevant iGTs through the iASA.

6) Change, Mod driven (UNC (iGT UNC optional)) chargeable to the GT community

Is the scenario where a UNC (and if required supporting iGT UNC) modification is approved that creates a User Pays service that is 100% chargeable to the GTs and iGTs. The cost apportionment mechanism between GTs and iGTs is established and then further cost apportionment between GTs and cost apportionment between iGT Licence Holders is established. Xoserve's costs are recovered from the relevant GT(s) and iGT Licence Holder(s) through the ASA and iASA.

7) is as 6 but without UKT

8) Change, Mod driven, User Pays funded by Shipper community and GT community

Is the scenario where a UNC (and if required supporting iGT UNC) modification is approved that creates a User Pays service which is to be paid for by UKT, GTs, iGTs and shippers.

An ACS is prepared at the workgroup meetings and the cost split ratio between the GT community and shippers is determined. The ACS is submitted to Ofgem for non-veto of the charging basis for the costs to be charged to Shippers.

The cost apportionment between the GT community (UKT, DNs and iGT Licence Holders) is established with these parties.

Xoserve cost recovery

i) Costs incurred on behalf of GTs

All Xoserve costs are charged to the relevant GT(s) through the ASA and the GTs pay Xoserve accordingly. Charges to be paid by the Shipper are invoiced to the Shipper, by Xoserve, but in the name of the relevant GT(s). The GT(s) collect the money from the Shippers.

ii) Costs incurred on behalf of iGTs

Costs chargeable to the iGTs are charged to the iGTs through the iASA and the iGTs pay Xoserve accordingly.

With regards to the costs to be recovered from shippers, iGTs do not [and are not expected to?] have a User Pays facility to recover Xoserve's costs from shippers. This does create some difficulties. Xoserve has incurred some costs that it needs to charge out. The use of the Non-Code User Pays mechanism can be developed but there is an essential requirement that the Non-Code User Pays and UNC and iGT UNC have consistent terms with regards to the development of the change. There is the issue of timing of the development and approval of a User Pays schedule, Modifications and supporting ACS. There is also the issue that the User Pays schedule, modification(s) and ACS are subject to separate, unrelated governance processes. There is a risk that the scenario of the modification being approved but the User Pays schedule (for the recovery of the Xoserve costs incurred on behalf of the iGT) not being agreed.

9) is as 8 but without any costs being apportioned to the GT community

10) and 11) Any changes follow the change process in the Framework Contract. An ACS is prepared at the change meetings and is submitted to Ofgem at the appropriate time for non-veto.