

SPA Workgroup

Work Programme Overview

Introduction

The terms of reference for the Agent Workgroup have been updated to support the establishment of the SPA Workgroup (SPAWG). The original terms of reference for the AWG have been met and following Ofgem's decision on the scope of the agency arrangements further developments concerning the funding, ownership and governance of the agency will be taken forward by the DISG.

The Agency and governance decision document set out Ofgem's aspirations to reform the arrangements that support agency SPA services. Ofgem identified a number of key components which require development (see below). The SPAWG has been established to take forward the following areas of change:

- Funding of SPA services
- Ownership of agency SPA services
- Governance of agency SPA services

It is essential that the sale of NGT's networks does not hinder these changes, therefore, the SPAWG will ensure that DISG is updated on workgroup progress and where appropriate makes recommendations to support the DN sales process.

Purpose of work programme

Ofgem has compiled this work plan to facilitate the Agency SPA development programme. As the work programme is progressed there are a number of factors that may influence deliverables these are:

- Policy decisions arising from DN Sales, the Customer Transfer Project and NGT's price control review

As the work programme progresses the SPAWG may take on a steering role with sub-groups developing policy recommendations for SPAWG/DISG sign on (where appropriate).

Stage One – conclude AWG tasks and identify SPA services

Stage one of the work programme is to gather as much information and understanding about SPA.

The first stage is to bring to conclusion outstanding AWG activities and to compile a complete record of SPA services – this will involve:

- NGT to recode the matrix of shipper/supplier services against Option C (agency model);

- Matrix to be split: SPAWG to identify the SPA elements of the matrix and reach agreement on whether a comprehensive record of SPA services is represented;
- non-SPA services and non-agency functions will be passed to DISG for further consideration with workgroup recommendations.

Stage two – SPA Development consider approaches

- An assessment of straw-man proposals set out by Ofgem – understand and assess the implications of various approaches;
- Discuss and agree on the areas of reform;
- Set realistic and achievable timescales.

Stage three – Governance and Ownership of SPA

Stage three sees the work programme enter a more focused stage and considers in detail the areas of SPA development. Having identified the SPA services the next logical step is to consider the governance arrangements that currently support SPA services and the role of suppliers in shaping and controlling changes to SPA services. This stage will consider in detail the following:

- Whether the network code provides adequate governance for SPA services, identify non governed SPA services, examine and assess alternative governance models i.e SPAA – make recommendations;
- consider DISG governance entity developments;
- identify key SPA dependencies and linkages (business processes, systems and governance). Consider how interactions impact on SPA services e.g change of supplier process;
- consider the implications of supplier involvement over the direction and control over SPA services

Stage Four – Funding of SPA services

- NGT to develop and present to SPAWG ABC costing analysis for agency services;
- SPAWG to evaluate NGT proposals and make recommendations to DISG;

Stage Five – Formalise SPAWG recommendations

- Once recommendations on the key development areas have been considered and agreed by the SPAWG it will be necessary to bring together the various workstrands to enable an industry consultation;
- Ofgem will prepare and present to SPAWG/DISG an RIA on SPA development which will be circulated for consultation;

- Ofgem will present a decision document to SPAWG/DISG;

Stage six – implementation ???