

Matrix Analysis and impact of DN Sales on SPA Arrangements

Paper to DISG

Purpose of this paper

To report to DISG on the findings of the SPA Working Group :

- that the sale of one or more of NGT's distribution networks will not adversely affect the operation and provision of SPA systems, services and processes.
- the SPAWG's analysis of the shipper/supplier service line matrix's (with recommendations) and identifies a number of service lines requiring DISG consideration;
- recommendations that shippers/suppliers are given the opportunity to consider the operational impacts arising from the decision to choose option C as an agency model;

Background

The SPA Workgroup (SPAWG) has amended its original terms of reference to focus on a discreet set of DN sales activities. The SPAWG has completed the following tasks:

- Ensuring that DN Sales arrangements do not adversely affect the operation of SPA;
- completing analysis of the governed/ungoverned matrix's of Transco's services to shippers;

Impact of DN Sales on operation of SPA and related systems

The customer transfer process is documented in the network code and will continue to be provided by the agency on behalf of DN's. A central repository of data and a central mechanism to support transfers is also maintained by the agency arrangements. As long as these arrangements are kept in place the SPAWG concludes that the operation of SPA customer transfers will not be adversely affected by the DN sales arrangements.

However, the services that underpin and support the transfer process are not subject to network code governance arrangements i.e end consumer helpline, shipper Meter Point Reference Number (MPRN) internet access site. Whilst, these services are provided to support Transco's licence conditions, shippers are concerned that the agency under pressure from DN's may seek to withdraw or degrade services and insist that the agency puts in place the minimum level of service to satisfy licence requirements.

Therefore, during its analysis of the matrix the SPAWG has identified a number of recommendations and safeguards that attempt to mitigate shipper/supplier concerns.

Shipper/Supplier Service Line Matrix's

The matrix was developed by the Agency Workgroup as a means to compile and document a complete list of agency services. The SPAWG has considered each service line and has applied a means of assessing how DN Sales may affect matrix services. Therefore, the SPAWG has identified for each service line the following:

- whether the service line is unaffected by DN sales arrangements on day one;
- the service line may be affected by DN Sales arrangements and requires further consideration in advance of sale;
- concerns about a service line may fall away when checked against DN/Xoserve service definition contract;
- the service line may need consideration following a DN sale, but there are adequate governance arrangements to deal with the issue if required.

It became clear when considering the matrix that a number of services are not subject to network code governance arrangements and have developed overtime by Transco as non-codified services. Therefore, to aid understanding and analysis of the matrix it has been split into two broad categories governed and ungoverned services.

Ungoverned Services

The list of ungoverned services covers a number of service lines that are not codified. They consist of services that:

- support shipper/supplier back office activities i.e validating customer contracts;
- are provided by NGT to support licensed activities i.e provision of customer helplines, provision of M number data;
- are critical to the day to day operational shipper/supplier Transco relationship;
- contribute to the maintenance of NGT's systems and databases that support the transfer process.

Recommendations

SPAWG concludes that without the continual provision of these services there would be a significant effect on shippers/suppliers abilities to register customers and undertake day to day activities that support key business processes. Therefore, shippers are keen to ensure that ungoverned services are not withdrawn by the agency. The following mitigating actions have been identified by SPAWG:

- concerns about the continual provision of non-codified services may fall away following the release of the agency service definition appendix. NGT intends to recode the matrix to cross-reference service lines against the agency contract this may provide some comfort that ungoverned services will continue under the agency arrangements;
- NGT sets out a commitment to shippers/suppliers that the agency will not withdraw non-codified services;

- robust procedures are developed that enable shippers to quickly escalate concern about agency performance;
- establish procedures to ensure that shippers are given adequate notice of any proposed amendments to agency services and the opportunity to challenge the proposal. This would allow shippers to plan for and manage changes to systems and processes;
- a subset of non-codified services are subject to formal governance arrangements. For example, inclusion in SPAA or UNC schedules.

Governed Services

The SPWAG has assumed that the governed services will form part of the UNC arrangements and acknowledge that there is scope via the UNC to modify these services. During the analysis of the matrix the SPAWG identified a number of agency services that are either briefly referenced in the code or are set out in Network Code appendices. Shippers have raised concerns about their ability to influence modify services particularly those that are currently network code appendices.

Recommendations

- The SPAWG concludes that it is not necessary to define in detail every service in the UNC and assumes that governed services set out in the matrix will form part of the UNC. However, the SPAWG recommends that further definition and specification of service lines is required this could be achieved via UNC schedules;
- Robust procedures are put in place to enable shippers to quickly escalate poor agency service;
- Robust network code change proposals are put in place that make it easier for shippers to raise and progress network code modifications;

Ungoverned/governed services requiring DISG consideration

The SPWAG has identified a list of governed/ungoverned services that require DISG consideration before the sale of networks takes place. The service lines fall under the following categories and are clearly marked in the matrix:

- Due to the Authority decision on the scope of the agency model further consideration is required by NGT on how interfaces will operate following the adoption of option C;
- services will be provided by NGT's Transmission business and are being considered by other DN sales workgroups i.e CIWG, RAWG;
- services will be provided by a governance entity;
- services will be provided by DNs and it is unclear how these services will be managed.

