

Impact of DN Sales on SPA Arrangements

Update paper to DISG

Purpose of this paper

In August 2004 the SPA Workgroup (SPAWG) presented its findings to the DISG and concluded that:

- the risk that the sale of one or more of NGT's distribution networks will adversely affect the operation and provision of SPA systems, services and processes, can be managed so long as appropriate risk-mitigation measures are put in place.

Since the presentation to DISG the workgroup has continued to meet to progress the suite of mitigating actions developed by SPAWG members. This paper which represents the views of workgroup sets out the following to DISG:

- updates the DISG on the SPAWG's conclusions on NGT's User Forum proposals, escalation process and the SPAWG workplan;
- explains that the risk mitigating measures identified by SPAWG are being progressed by shippers and are open to shippers to pursue as and where appropriate;
- updates the DISG on the areas of work which SPAWG members consider require further development prior to the sale of NGT's distribution networks.

SPAWG Workstrands

Following the report to DISG the SPAWG amended its terms of reference to focus on pursuing the mitigating actions presented to DISG as well as the following workstrands:

- NGT's User Forum Proposals

SPAWG was tasked to develop further NGT's User Forum proposals. The User Forum seeks to include industry participants who directly or indirectly use services provided by xoserve. NGT suggests that the Forum facilitates discussion concerning changes to xoserve services. NGT provided draft operating arrangements and terms of reference for the Forum. Some SPAWG members whilst supportive of NGT's proposals stressed the need for further debate and understanding of the operational arrangements that underpin the User Forum. In particular, the role of the Forum in relation to existing operational fora and Network Code bodies like the UK-Link Committee, how the Forum is constituted and its terms of reference.

DISG Update - The SPAWG has discussed extensively the User Forum arrangements. In particular, the interaction of the User Forum with existing Network Code meetings. Some SPAWG members support merging, or aligning the timing of, the User Forum with the UK Link Committee meeting. NGT does not consider the User Forum and UK Link Committee should be merged, but are considering the timing of the User Forum in relation to other industry fora. NGT

proposes that the User Forum will be in addition to the two existing xoserve fora (SPA Management Forum, Billing Operations Forum), with the User Forum open to a broader set of industry participants than existing Network Code or xoserve operational fora.

NGT suggests that the User Forum establishes a mechanism through which shippers, suppliers, network owners and xoserve can monitor and review the delivery and development of services provided under the services definition contract. It is NGT's view that the User Forum has the potential to discuss a wide range of topics which are not as focused as the issues considered by other industry fora.

The SPAWG members broadly support the User Forum arrangements and are awaiting further details of the governance arrangements that will support the UK Link Committee meeting to be provided under the Joint Office. Xoserve suggest that the first User Forum meeting may take place in April/May 05.

- Escalation Process

NGT has presented to SPAWG and DISG an overview of the arrangements to support Shipper escalation of issues.. The SPAWG undertook further analysis to firm up the procedures that underpin this process. For example, the timings that support each escalation phase.

DISG Update - The SPAWG supported NGT's proposals. SPAWG members welcomed the ability to escalate issues directly to a senior xoserve manager or a DN contact rather than following a set and rigid escalation process.

- SPAWG Workplan

NGT presented a workplan which provides indicative dates for completing the outstanding matrix issues. The issues and timeframes set out by NGT should be reviewed by SPAWG and the workplan utilised as a means to track progress, close down/include new issues that may arise and assign where appropriate to more suitable industry fora.

DISG Update – NGT has circulated revised SPAWG Workplans. The SPAWG has discussed the content of the workplan and it has so far proven to be a useful tool to track the progress of outstanding issues.

- Introduce into governance

The SPAWG identified a number of undefined services and Transco documents that are not subject to network code governance. Whilst, the SPAWG's role is not to recommend the raising of particular network code modifications, the opportunity for shippers to seek to improve the definition and governance of services and Transco documents was identified as a mitigating action open to shippers.

DISG Update - This approach has been utilised by shippers, as two Transco Network Code modifications have recently been raised which seek to put in place greater definition and governance around xoserve services and Transco

documents. Modification 0717 'Provision of Supply Point Information Service' seeks to put in place minimum acceptable service levels around the delivery of supply point information services. Also, modification 0730 'Extending established Network Code governance arrangements to relevant documents' is another example of shippers seeking to improve the governance and influence change over defined processes that are not subject to governance arrangements. It is open for shippers to continue to raise network code modifications where appropriate.

Areas requiring further development

A number of SPAWG shippers recently prepared a paper which identified outstanding issues against a number of shipper/supplier matrix service lines.

Some SPAWG members are concerned about the lack of detail surrounding the operational/day to day interfaces with new DN owners. In particular, DN connection arrangements, the management of Daily Metered sites, shrinkage activities. It is recommended that DISG consider whether more detailed understanding of potential DN operational interfaces should be considered.

Some SPAWG members are concerned that they have not been presented with detailed analysis in these areas and that these issues are not identified on an NGT/Ofgem DN sales workplan. The SPAWG shippers recommend that NGT provide further clarity about the operational/contractual interfaces with DNs as soon as possible so that shippers/suppliers can make arrangements to gear up for:

- revised working practices;
- the development where necessary of contractual arrangements and;
- the scoping out of systems to support DN data information flows.