

XOSERVE BOARD RESPONSE TO GDPCR INITIAL CONSULTATION

1 xoserve's role

Jointly owned by the five gas distribution Network companies and National Grid's gas Transmission business, xoserve delivers transportation transactional services on behalf of each of the Networks to the gas Shippers. By providing centralised services across the industry, xoserve enables gas supply competition to operate efficiently in Britain.

The services that xoserve delivers are fundamental to the commercial operation of the gas industry and promote efficiency.

2 Scope of xoserve's response to the GDPCR initial consultation

The majority of the matters raised in the initial consultation document do not directly concern xoserve, however we would like to register our views on some high level principles relating to section 6, specifically "xoserve and agency funding arrangements".

3 xoserve's track record

The agency model and xoserve were developed following extensive industry consultation leading up to DN sales.

The provision of our services continued seamlessly through the transition to multiple ownership of the gas distribution networks, indicating that the present arrangements are working well on a day-to-day basis.

Over a sustained period xoserve (formerly the Shipper Services department of Transco) has demonstrated the capability to deliver operational performance and substantial change programmes to the benefit of the gas industry.

4 xoserve's views – high level principles

4.1 Appropriate funding

xoserve's primary concern is that through the price control reviews (which include both Transmission and Distribution), our business is appropriately funded, to ensure that the key processes and systems underpinning the commercial operation of the gas industry and facilitating competition in gas supply continue to be reliable and robust..

4.2 Transparency of funding and services

xoserve believes that it would be helpful in assessing performance and financing change if the level of funding allowed for xoserve services were transparent and the nature and volume of those services base lined.

4.3 Change and associated funding and risk

Material changes to the services delivered by xoserve must be funded and risks of change should be borne by the appropriate parties. This will benefit the industry by aligning charging with services delivered and discouraging requests for services that cost more than the benefits that they provide.

4.4 Supporting change

Within the context of the above, xoserve supports any model that facilitates the ongoing delivery of change by xoserve for the benefit of gas consumers, the industry as a whole and for individual stakeholders.