



Ofgem Open letter consultation: Review of Xoserve AEP¹ Comments

The Association welcomes the opportunity to comment on the Review of Xoserve.

As an association we have no direct contact with Xoserve but listen to the concerns our members raise. We understand that the core data services provided are generally very good but there are issues concerning changes to system arising from UNC modifications. In this respect we observe the consequences of interactions with Xoserve at Transmission workgroup meetings. From this we have noted a couple of specific instances where there was more direct impact on our members.

- i) Modification 276 Enabling the assignment of a Partial Quantity of NTS (Exit) flat capacity – alternative user pays approach.
- ii) Modification 333A Update of the System Marginal Buy and Sell prices

The User pays aspects of these proposals both took up a disproportionate amount of time at the Transmission Workgroup, probably similar to that discussing the substance of the change proposal itself. This does not seem like good use of time nor does it facilitate the preparation of fully worked up and reasoned analysis in modification reports for consideration by Ofgem.

Modification 276 was approved by Ofgem in March 2010 but has not been implemented through the absence of any agreement over the ACS and now seems to be in limbo even though the change has been demonstrated to facilitate the relevant objectives, so the associated benefits will not be achieved. It is disappointing that no consideration has been given to providing a manual workaround to manage the relatively few occasions when this service is likely to be needed. It may also represent an example inflexible system design in the first instance.

Modification 333A has been implemented but the costs presented to the industry seemed very high for changing two parameters on an annual basis. This was not well presented to industry and again may reflect initial inflexible system design.

¹The Association of Electricity Producers (AEP) represents large, medium and small companies accounting for more than 95 per cent of the UK generating capacity, together with a number of businesses that provide equipment and services to the generating industry. Between them, the members embrace all of the generating technologies used commercially in the UK, from coal, gas and nuclear power, to a wide range of renewable energies.

We therefore consider that it is appropriate to review Xoserve's ownership, governance and funding with a view to improving transparency and customer focus. We consider option C, a co-operative model, would be best suited going forward. We hope that lessons can be learnt from the Elexon and MRASCo models to deliver robust but flexible services in the future.

We would be happy to discuss these issues further, to do so please call Julie Cox on 01782 615397.

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