

Joanna Campbell  
Ofgem  
9 Millbank  
London  
SW1P 3GE

16 April 2014

Dear Joanna,

**XOSERVE – CONSULTATION ON THE LEGAL AND REGULATORY FRAMEWORK TO ESTABLISH NEW ARRANGEMENTS FOR THE GAS CENTRAL SERVICE PROVIDER**

We are pleased to respond to the above consultation letter. I have attached a brief Annex which responds to the specific questions raised and in particular emphasises our support for the process and gives our preference for Option 1. Our response is not confidential and can be published on the Ofgem website.

With regard to the delivery of the reforms to Xoserve, we have concerns that Ofgem's expected deadline of 1st April 2015 is at risk of delay, given that the required workstreams are yet to commence.

Ofgem has placed the responsibility for the industry workstreams on the Gas Transporters (GTs). We note the option outlined by Ofgem, to place delivery obligations on GTs – for example requiring delivery by 1 April 2015. While we think that the obligation may need to be cast in terms of taking all reasonable steps, to recognise that delays could in principle be caused by other parties, the history of this matter suggests that a licence condition on GTs will be a necessary and proportionate step.

If you have any questions arising from this response, please do not hesitate to get in touch.

Yours sincerely,



**Rupert Steele**  
Director of Regulation

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**SCOTTISHPOWER RESPONSE**

**Question 1: Can the UNC efficiently require parties to jointly participate in the governance and funding arrangements or is it more appropriate to include these requirements in each party's licence?**

We believe that the UNC is an appropriate governance mechanism to require parties to jointly participate in the governance and funding arrangements of Xoserve. Having considered the options presented by Ofgem within the consultation document, we concur with Ofgem's view that at this time, Option 1 represents a suitable way forward to bring about required changes to the control, accountability and funding of Xoserve.

**Question 2: Are there any additional benefits in Xoserve becoming a Party to the UNC, when compared to the service agreement approach?**

We are not of the opinion that the arrangements would benefit from Xoserve becoming a Party to the UNC, for the reasons outlined by Ofgem. We believe that the service agreement approach would be a better fit to ensure that arrangements are delivered and discharged.

ScottishPower  
16 April 2014