



**By email only**

Mick Watson  
Ofgem  
9 Milbank  
London  
SW1P 9GE

16<sup>th</sup> December 2015

Dear Mick,

**Informal consultation on changes to Standard Special Condition A15 (Agency) of the Gas Transporters Licence**

RWE npower welcomes the opportunity to respond to Ofgem's informal consultation on the changes to Standard Special Condition A15 (Agency) of the Gas Transporters Licence. We are generally supportive of the work and progress made in implementing these changes following Ofgem's review of Xoserve's funding, governance and ownership arrangements in 2011. With this in mind I have set out below our comments and recommendations following our analysis.

We agree with the proposed amendments made to Gas Transporters Licence and believe that these changes are required in order to implement the options developed by Ofgem as a result of the review. We believe that this will also help Xoserve as a service provider in continuing to provide an efficient and high quality service, responsive to network users' needs, and wider industry change.

Whilst we are in general agreement with the proposed way forward we are open to a potential change to the drafting in respect of the minimum requirements relating to the provider of Central Data Service Provider (CDSP) function at the phase 2 implementation date.

It is our view that the CDSP should be modelled as a 'not for return of profit' organisation as it will continue to be funded by code parties and reflects its move from a specific agent of the Gas Transporters to one that serves the wider gas community on a more equitable basis. In our view, it is not necessary for Xoserve Ltd to be constrained by the 'not for return of profit' model as long as appropriate governance is in place to guarantee that any commercial work does not detract from its highest priority, which is provision of the core service. Examples of such governance would be:

- A clear definition of the CDSP role
- Robust performance monitoring against that role
- A specific approach to ensure that any commercial work undertaken by Xoserve is ring fenced to eliminate the potential for cross subsidy..

There are existing models for such arrangements within the industry, which could be considered for application here an example being Electralink with its core service of Data Transfer Service provider, where any profits made are fed back into future user charges, and its separate commercial activities. If Xoserve Ltd is able to work for private gain outside of its CDSP function, the Xoserve Board must have full sight of its commercial undertakings regardless of whether they are Transporter or Shipper Board members particularly as they will need to measure Xoserve's performance. Members will be working for the benefit of Xoserve, not a

perceived constituency and will be bound by confidentiality agreement therefore full disclosure of commercial information is necessary.

In conclusion, RWE npower generally supports the amendments made to Standard Special Condition A15 (Agency) of the Gas Transporters Licence and agrees that these reflect the proposed changes made to Xoserve's obligations and contracts; corporate governance; CDSP governance; business planning and budget setting; and charging and cost allocation. However we are open to change with regard to the 'not for return of profit' model in respect of Xoserve Ltd.

If you would like to discuss our response, please contact me.

Your sincerely

*Azeem Khan*

Azeem Khan

RWE npower

Trigonos  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

T 07989 493912  
I [www.rwegeneration.com](http://www.rwegeneration.com)

Registered office:  
RWE Npower Group plc  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

Registered in England  
and Wales no. 8241182