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**WWU response to Ofgem consultation on proposed modification to Standard Special Condition (SSC) A15 (Agency) of the gas transporters licence and proposed new SSC A15A (Central Data Service Provider)**

Dear Rupika,

Thank you for the opportunity to comment on the revised drafting. As this consultation focused on drafting rather than principles, our comments are listed by clause rather than by issue.

**Clause 6a**

We welcome the addition of clause 6a which clarifies that the UNC legal text for modification proposal 0565 will oblige parties to sign the Data Services Contract (DSC). This adds certainty and reduces the risk of parties not signing the DSC by 1<sup>st</sup> April 2017. It is important that parties are ready for go live and have in place the necessary budgets and authorisation so that the CDSP can receive revenue on time.

**Clause 6b**

Xoserve provides WWU, and other networks, with services that we are required to provide in addition to those required by the UNC such as by Supply Point Administration Agreement (SPAA), Smart Energy Code (SEC), information requests under licence or Gas Act or other statute. We acknowledge that currently the majority of services provided by Xoserve are provided as a result of UNC obligations. This means that it makes sense to define these services in the proposed Data Services Contract which will be subject to governance arrangements defined as part of UNC modification proposal 0565. Defining the services as part of the licence would either require them to be quite general in which case further definition would be required in the UNC or, if they were prescriptive, would risk requiring licence changes when a new service was required.

We therefore agree that the addition of new clause 6b is appropriate. Our interpretation of 6b is that the UNC will include a classification of Central Data Services Provider (CDSP) services that covers the following:

- Services to UNC Parties that are obligations under UNC;

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- services to UNC Parties that may be incidental to the UNC obligations and;
- services to UNC Parties that are not a result of or incidental to UNC obligations but are required by that Party, for example to discharge obligations under other industry codes, their licence or primary or secondary legislation.

Our view is that services to other parties such as Meter Asset Managers will fall under the scope of clause 8b.

### Clause 6c

Clause 6c iv relates to obligations on parties to the DSC and states that

“[users will] pay for CDSP services used in accordance with the charging statement...”

We suggest that “used” should be removed because as drafted the clause would appear to require that charges will be transactional charges levied each time a user uses a particular service. As much of the cost of providing CDSP services are relatively fixed it seems more appropriate that services are made available and users pay for them in proportion to their share determined by share of MPRN, share of AQ, previous year usage or similar. We suggest that this approach is the one used by most organisations to allocate fixed or largely fixed central business costs across a relatively homogenous customer base. Removal of “used” does not preclude transactional charges should this be the outcome of the charging methodology discussions.

### Clause 7b

Clause 7 describes the purpose of the CDSP. The discussion around this clause was whether the CDSP should be able to make a profit not whether it should be allowed to provide non-CDSP services. This is clear from the wording of the obligation regarding to the articles of association which refers only to a prohibition on earning a profit and does not restrict the purpose of the company. Therefore we suggest that clause 7b is amended from:

“the [Provider] shall:  
be a company the purpose of which (except where the Authority consents otherwise) is to provide CDSP services which shall not return a profit”

to

“the [Provider] shall:  
be a company the **primary** purpose of which is to provide CDSP services which shall **(except where the Authority consents otherwise)** not return a profit”

We suggest that the word “primary” should be reinstated before “provide” as in the previous draft to make it clear that the CDSP can provide CDSP services but that this is not its main purpose. It would remove the need for Authority consent for the provision of data at cost to an academic institution for example (e.g. to a University that was looking at fuel poverty). Re-positioning the Authority consent sub-clause makes it clear that this consent applies the earning of a profit.

Notwithstanding the above, if the Authority provides consent as allowed by 7b then it also needs to provide a derogation from the obligation on Transporters (also in 7b) to ensure that the articles of association prohibit the distribution of profits and dividends.

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### **Clause 8**

Clause 8 refers to “the CDSP service agreement” we think that this is intended to be “the Data Services Contract” if this is not the case then there is a conflict with clause 6.

### **Clause 8b**

The wording of clauses 6b and 8b means that the scope of CDSP services is very wide and includes anything required by a Party to the UNC (clause 6b) and anything required to help facilitate the efficient and integrated operation of the gas industry (clause 8b). Therefore non-CDSP services are likely to be limited but could include potentially services to the electricity industry (although we cannot think of an example) or provision of data for academic or other research that is not provided as a result of an obligation on a Party to the UNC.

The drafting of clause 8b is rightly not prescriptive as to the arrangements with the recipients of non-CDSP services and it will be up to the CDSP to determine appropriate contractual arrangements.

### **Consequential Licence Changes to Standard Special Condition A12**

The proposed change to A12 1 (a) (iii) to make reference to A15A rather than A15 would put the Joint Office of Gas Transporters (JO) under the same governance arrangements as Xoserve when A15A is implemented. This would mean that the governance of the JO would require Shipper representation, a charging methodology and so forth. As this was out of scope of the consultations that led to the FGO work we assume that this is not the intent of the proposed consequential change. The relevant drafting from A15 needs to be inserted into A12 to ensure that the current effect of A12 is maintained.

Yours sincerely,



Steve Edwards  
Director of Regulation and Commercial  
Wales & West Utilities

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