

Rebecca Pickett
Senior Policy Analyst
Ofgem
9 Millbank
London
SW1P 3GE

22 March 2017

Dear Rebecca,

Re: Consultation on proposed direction to Special Condition 4C to treat CDSP services that GTs are paid for as excluded services

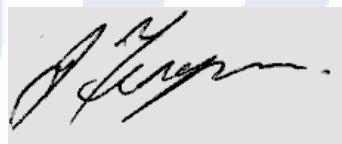
Thank you for the opportunity to respond to your consultation. Northern Gas Networks (NGN) has been actively involved in the changes to both industry arrangements and the proposed Licence changes to transition the management of Xoserve from Transporter Agency to a co-operative model with a Central Data Service Provider (CDSP) and has been involved in the discussions on the future handling of the Must Read service where GDNs provide direct resource, either in house or through contracts, to provide services associated with the Must Read data processing carried out by the CDSP.

Under the previous User Pays arrangements GDNs received excluded services revenue for the full service and paid Xoserve for the data processing element. As a result of the new arrangements Xoserve will now provide the data processing as a direct service to shippers and as a result the GDNs will need to continue to charge shippers directly for provision of the direct labour element and our own local data processing.

The proposed direction to Special Condition 4C of the distribution licence enables the GDNs to continue to collect the revenue under the same regulatory category and is therefore appropriate to ensure continuity of regulatory accounting. Under the revised arrangements we are only aware of the Must Read service that falls into this category at this time.

I hope you find these comments useful and please contact me should you require further information.

Yours sincerely,



Joanna Ferguson
Regulation & Industry Codes Manager

Telephone: 07883 099616

