

The Joint Office, relevant Gas Transporters and other interested parties



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UNC673: 'Amendment of UNC and DSC arrangements to enable Xoserve to bid for and provide CSS Services'

We have received a request from Gazprom Energy that its modification proposal UNC673 is given urgent status and follow expedited modification procedures.¹ This letter confirms that we have agreed to that request.

Background

The Data Communications Company (DCC) has invited tenders for a range of services including the Central Switching Service (CSS) that together will implement the outcomes of the Ofgem Faster and More Reliable Switching Programme.

The Central Data Services Provider (CDSP) has agreed with its customers under the Data Services Contract (DSC) to bid for some aspects of the central switching system services, as a commercial service to the DCC, to be submitted in the company name of Xoserve Ltd.

Under the terms of the DSC, the control, funding, liabilities of the CDSP bid(s) and any subsequent revenues that may arise from provision of CSS Services are to be ring-fenced to Shipper Users only. In order to facilitate the CDSP's ability to participate in the DCC procurement process, we recently approved UNC666², which established the 'CDSP Bid Group' comprised of the CDSP and Shipper User representatives only, consistent with the approach to funding.

The modification proposals

The proposer considers that the UNC (General Terms D and respective CDSP Service Documents) does not currently support the arrangements required for Xoserve to enter into the next stage of the procurement process in December, or to enter in to a contract to provide CSS Services to the DCC. Amendments are therefore expected to be required to:

- UNC General Terms D;
- CDSP Service Documents:
 - CDSP Service Description;
 - Budget and Charging Methodology and Cost Allocation Methodology; and
 - Transitional Arrangements Document.

The proposed arrangement would include a new and extended role for the CSS Bid Group, such that it would have the power to approve and authorise the CDSP to enter into an agreement with the DCC in the event that its final bid is successful. This authorisation may

¹ Modification Proposal UNC673 can be found on the Joint Office website at: www.gasgovernance.co.uk/0673

² UNC666: '[Establishment of a CSS Bid Group for CDSP central switching system bid activities](#)'

be subject to the material terms of the agreement also being approved by the CSS Bid Group.

Marked up legal text showing the proposed amendments to each of these documents was provided alongside this proposal.

UNC Modification Panel View

Given the timings of the proposal being raised, it has not been practicable to both obtain a UNC Modification panel view and adhere to the proposer’s suggested timetable. However, we note that the UNC Panel members voted unanimously for UNC666 to follow urgent procedures³ and consider that UNC673 is a natural continuation of the process set in motion by UNC666.

Authority decision

In reaching our decision, we have considered the details contained within the modification proposal and the Proposers’ justifications for urgency. We have also assessed the requests against the criteria set out in Ofgem’s published guidance⁴. In particular, we have considered whether it is linked to “*an imminent issue or a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s)*”.

Consistent with our earlier view on the request that UNC666 be granted urgent status, we agree that adherence to the DCC procurement timetable is a relevant date related event for the purposes of our consideration. In the event that the CDSP is unable to meet the DCC’s deadlines or fulfil the established criteria for whatever reason, it is unlikely to be taken forward into the next stage of the procurement process.

Whilst the outcome of the procurement process is for the DCC to determine, we consider that granting urgent status to UNC673 may facilitate the DCC’s full and proper consideration of the CDSP bid on its merits. We therefore accept the proposers suggested timetable, as set out below:

Process	Date
Workgroup meeting	26 October 2018
Consultation commences	31 October 2018
Consultation closes	19 November 2018
Final Modification Report available for Panel	20 November 2018
Modification Panel recommendation	22 November 2018
Ofgem decision expected by	30 November 2018

For the avoidance of doubt, our decision is limited purely to the question of whether UNC673 should follow urgent procedures and should not be taken as any indication of our view on the merits of this modification proposal specifically, or indeed of any tender submitted to the DCC.

Rob Salter-Church
Director, Retail Systems Transformation

³ Panel minutes and voting record are published on the Joint Office website: www.gasgovernance.co.uk

⁴ Ofgem’s Guidance is published on our website: www.ofgem.gov.uk/system/files/docs/2016/02/160217_urgency_letter_and_amended_criteria_2.pdf