

Mick Watson  
Head of Regulatory Finance Reporting, Systems & Networks  
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4 September 2020

Sent by email to: [regfinance@ofgem.gov.uk](mailto:regfinance@ofgem.gov.uk)

Dear Mick,

**Managing network charge bad debt – proposal enabling networks to recover potential bad debts arising from COVID-19 related deferred network charge payments and to introduce an enduring solution to bad debt recovery in general.**

Xoserve welcomes the opportunity to comment on the proposals for the recovery of potential bad debts resulting from the Network Charging Deferral (NCD) scheme. As part of Xoserve's role as the Central Data Service Provider for the GB gas sector, we operate the settlement and invoicing processes managing around £4 billion of invoices a year for gas transportation.

The views expressed in our response are those of Xoserve only and specifically relate to the gas market elements of Ofgem's proposal. These views do not seek to represent those of our customers or the DSC Panel.

In summary, Xoserve is supportive of the preferred proposals outlined in this consultation. Our full response to your questions is as follows:

**Q1: Do you agree that our proposals would allow the recovery of bad debts, by network licensees, relating to Network Charge Deferral scheme (COVID-19) in 2021-22?**

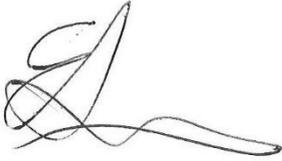
We agree that these proposals will allow for the recovery of bad debts, however we would ask that some consideration be given to the specific mechanism used to do this. The existing Request to Bill (RTB) process between network companies and Xoserve could be used to deliver this proposal.

Provisions already exist for late payment interest or amended payment terms. We would caution against the creation of bespoke invoicing processes to recover NCD debts, as this could be both costly and time consuming. Xoserve welcomes the opportunity to review the mechanics of this recovery with Ofgem and our DSC members in more detail.

**Q2: Do you agree with the introduction of a pass-through term in the RIIO-2 licence as an enduring solution for the recovery of bad debt?**

We support the introduction of the pass-through term on the basis that this will create consistency between sectors and introduce more optionality for the GB gas system to deal with challenges impacting revenues in future.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'E. Dunn'.

Elliot Dunn  
Senior Stakeholder Manager  
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