XOserve

ASSURANCE

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SIMPLICITY

Business Plan 2023

First Draft

For Xoserve's financial year April 2023 to March 2024

Contents

A message from the CEO

We are currently living through some of the most turbulent times in recent memory. Covid-19 and the war in Ukraine have led to economic uncertainty and the spectre of energy supply shortages through the winter, while the extreme weather this summer is a timely reminder of the urgent need to address climate change. As the energy industry wrestles with the delicate balance between security of supply, affordability and decarbonisation, society as a whole is coming to terms with Britain's new national identity, following recent changes in both political leadership and head of state.

Against this backdrop, Xoserve continues to deliver reliable mutualised services to over 85 customers. We act as the single point of contact for the majority of gas data items and gas market processes and are increasingly finding ourselves in a cross-industry coordination role to drive collaboration, engagement and innovation on topics such as decarbonisation.

While customers benefit from the economies of scale available from adopting this "shared services" model, each customer has different business needs and commercial drivers, which one single homogeneous set of services will never be able to fully satisfy. However, we do our best to navigate these complexities to create a plan which we believe is in the best interest of market participants and the consumers that we all serve.

In developing BP23, we have reflected additional scope that stakeholders have asked us to take on. The Daily Metered Service transfers to us from April 2023 as a direct UNC obligation and we have also been asked to take responsibility for the Non-Daily Metered Service for 3 of the 4 DNs from next year. In addition, initiatives which went live during this year, such as Flow Weighted Average CV and the Central Switching Service (CSS), appear in our run costs for the first time.

At the request of Government, we have also recently commenced support for the gas side of the Energy Price Guarantee (EPG) scheme, which reduces the amount that consumers have to pay per unit of gas. I'm incredibly proud that Xoserve is able make such a direct, positive impact on families already under financial pressure and even more proud of the team (both in Xoserve and our service providers), for responding so positively to the difficult asks of them. EPG is included in BP23 as a project cost, reflecting its role as a temporary measure.

Our budget for 2023-24, including these scope increases, the EPG and project costs equates to an annual cost per meter point (excluding services provided on a "pay per use" basis) of just:

- £1.17 for DNs
- £0.34 for IGTs
- £1.35 for Shippers.

We are now looking at how we can extend our capabilities to support the non-domestic sector and will share any budget updates arising from this work in draft 2.

Our focus on the EPG has, unfortunately, had a knock-on effect to other activities, most notably the publication of this first draft of BP23. Creation of the BP is a mammoth task of which customers only see a small proportion, meaning that any unexpected activities are likely to have an impact. I would like to thank all our customers for their patience as we completed this first draft.

Regardless of the delay, we are keen to maximise the opportunity for consultation. We have therefore taken the decision to retain e three drafts (first, second and final) but this means that each consultation period will be shorter.in order to give us time to act on your feedback. For further information on this year's consultation process, please refer to pages 45-47.

The team looks forward to hearing from you.

Stephanie Ward

Chief Executive Officer

About Xoserve

Xoserve is the Central Data Services Provider (CDSP) for the gas industry. We provide a suite of vital services for gas Suppliers, Shippers and Transporters, ensuring that Britain's retail gas market runs efficiently and reliably.

Xoserve is funded, governed and owned by the gas industry. Our services are provided on a mutualised, centralised basis to all gas market participants.

Our UK Link system holds the details of over 24 million gas meter points in Britain, including address, meter details, supplier and read history. For priority sites, we also hold emergency contact details in case of gas supply problems. This data, related information-flows, as well as invoicing and settlement solutions, demand sophisticated computer networks, supported by highly knowledgeable people to support reliable and efficient delivery.

We use the UK Link system, alongside the Gemini system, which we also manage, to collect information provided by the industry. This allows us to provide transportation invoicing services for Gas Distribution Networks and National Grid Gas, as well as energy balancing and settlement services for the gas market.

Data flows are managed through our Information Exchange (IX), which provides a dedicated secure network between Xoserve and industry participants. Once received, the information we hold can be accessed and viewed through the Gas Enquiry Service (GES), provided by Xoserve through the Retail Energy Code (REC). Before July 2022, this information was provided through the Data Enquiry Service (DES). We also provide data visualisation, dashboards and analytics to our customers through the core part of our Data Discovery Platform (DDP).

While these systems are key to the effective running of the gas market, we don't just provide, procure and assure technical solutions. We also perform a wide range of industry processes, undertake procurements on behalf of the industry and manage key contracts with third parties, such as the allocation of Unidentified Gas Expert (AUGE) and Performance Assurance Framework Administrator (PAFA). Our experience and expertise have also allowed us to provide key insights into the retail gas crisis in autumn/winter 2021, helping to manage the impacts of Shipper and Supplier failures and thus minimising the financial implications for remaining market participants.

Following a review of Xoserve's funding, governance and ownership model (FGO) in 2017, Xoserve's activities have been funded directly by both Gas Transporters and Gas Shippers.

"We also perform a wide range of industry processes and undertake procurements on behalf of the industry."

FGO also saw a change in Xoserve's governance arrangements, creating a Board consisting of eight Non-Executive Directors, nominated by our customer consistencies, with an independent Chair. The Board's role is to challenge, review and oversee the activities Xoserve undertakes, including the preparation of the Business Plan.

In 2021, as a direct response to customer feedback, we introduced a new Board Assurance Statement, which sets out the activities the Board has undertaken, to assure that the Business Plan is fit for purpose. Last year's statement can be found on page 42.
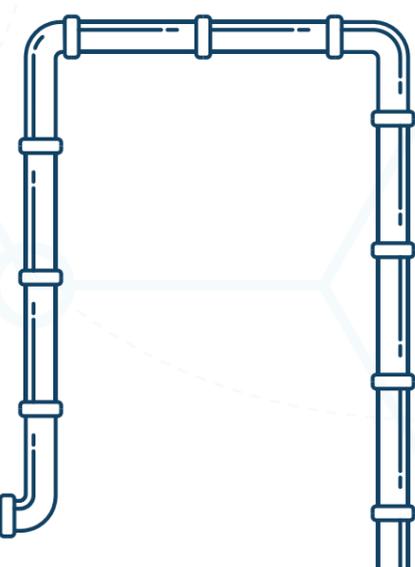
Each year we process:

12 million data files processed

Around **150 million** rolling Annual Quantity calculations

Around **3 million** customer switches
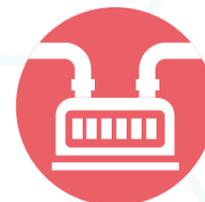
Over **1 billion** meter reads

Over **8,000** reports to customers

Around **£4 billion** in invoices for gas transportation

More than **1 million** changes to gas meter details

Our Business Plan 2023 is being published at a time of great uncertainty. Our aims with this Business Plan are to recognise the challenging environment in which our customers continue to operate, whilst continuing to reliably deliver the services that customers need, and invest only in the most critical areas.

Industry Context

Prioritisation has never been more important. While the security of supply remains a core focus for Xoserve's activities, both the environmental impacts of Gas usage, and the rising cost to consumers have never been in sharper focus.

Environmental Sustainability

Energy Trilemma

Energy Security

Affordability
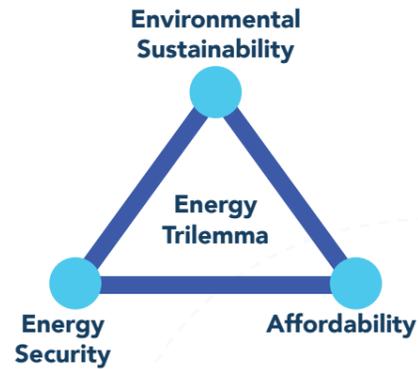
During 2021-22, the provision of CDSP services by Xoserve to the gas sector by cost £3.31 per meter point at an aggregated basis across all customers. The average annual domestic gas bill for the same period increased by 153% compared to our last Business Plan publication, from £594 to £1,503, based on:

- Average annual gas usage for a medium user in the UK is 13600kWh (based on 12 months from April 2021).
- Average p/kWh for gas in the UK of 10.3p
- Average annual standing charges of £102.20

Source: https://energysavingtrust.org.uk/about-us/our-data (Taken Sept. 2022)

This meant that the provision of these services equated to 0.22% of a typical domestic supply point.

As we look ahead, the cost of gas means that the average domestic gas bill will rise to an artificially capped £2,500 per year with real term costs predicted to be between £2,900 to £3,800 per year. (Source: ICAEW | Energy price cap update). With CDSP costs per meter point remaining fairly consistent within this Business Plan at £3.49 per meter point (including RECCo charges), the proportion of consumer bill being spent on CDSP will reduce to between 0.12% and 0.09% of the total average annual bill.

Amidst such cost pressures, it is easy to lose sight of longer-term challenges, such as the need to decarbonise Britain's energy system. Achieving a transition for the future consumer without driving up costs for today's consumers requires coordination across the sector and the application of extensive knowledge. Our support of industry decarbonisation activities remain a key focus for us throughout BP23 and beyond.

Finally, in recognition of the ever-increasing cyber security threat we all face in a more volatile world, we've taken the decision to move funding for Cyber Security back into projects for 2023-24, to reflect the need for a stabilisation period as initiatives complete.

Business Plan Overview

This Business Plan proposes a total cost of £87.3m for 2023-24. This covers both the operating costs of delivering on existing services, and the investments needed to deliver the developments or additional services that are needed for DSC parties to continue to deliver to their customers.

Service and Operate costs have risen from £54.6m to £61.5m. The addition of CSS costs for the first time as well as the subscription costs for CMS, changes to the Daily Metered (DM) and Non-Daily Metered (NDM) service provision and the Flow Weighted Average Calorific Value (FWACV) work all contribute to this change. Reductions in service and operate costs are offset by movements of Information Security funding back into projects.

Projects for 2023-24 now total £25.8m. This is a slight reduction by comparison to BP22, when compared like for like. The conclusion of the CSS programme plays a significant role in this reduction, however is offset by the inclusion of the corresponding increases for Cyber Security (as it remains in projects for another year) as well as the funding required for the Energy Price Guarantee (EPG) scheme.

More detailed information on this can be found in the following section. Supporting information that details the funding proportions across our customer constituencies can be found on pages 16-23.

Budget Summary

Of the £87.3m costs for 2023-24, £25.8m will be for the delivery of projects and investments, with the remaining £61.5m covering Service and Operate required for the ongoing delivery of existing services.

Figure 01 illustrates proposed BP23 totex (total expenditure) for BP23 split by Service and Operate and Projects.
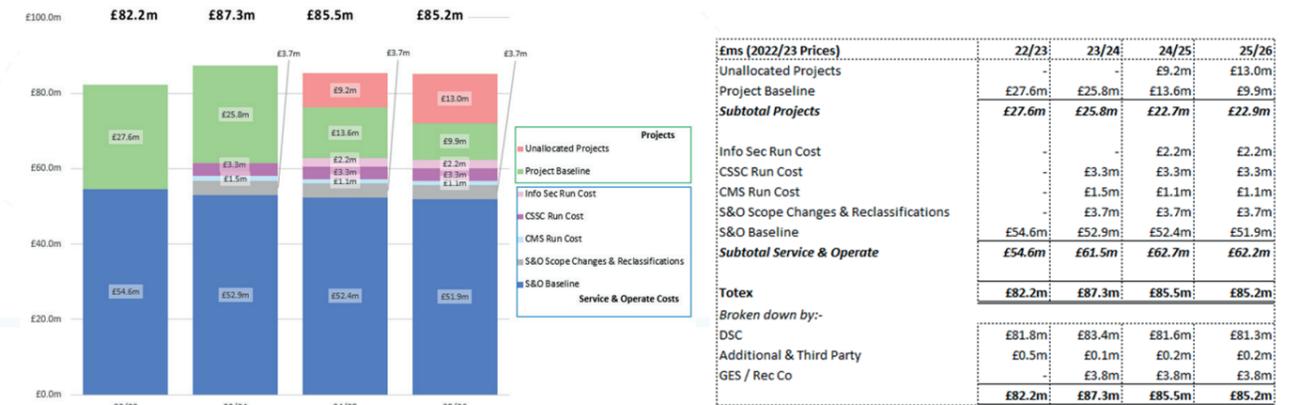

£ms (2022/23 Prices)	22/23	23/24	24/25	25/26
Unallocated Projects	-	-	£9.2m	£13.0m
Project Baseline	£27.6m	£25.8m	£13.6m	£9.9m
Subtotal Projects	*£27.6m*	*£25.8m*	*£22.7m*	*£22.9m*
Info Sec Run Cost	-	-	£2.2m	£2.2m
CSSC Run Cost	-	£3.3m	£3.3m	£3.3m
CMS Run Cost	-	£1.5m	£1.1m	£1.1m
S&O Scope Changes & Reclassifications	-	£3.7m	£3.7m	£3.7m
S&O Baseline	£54.6m	£52.9m	£52.4m	£51.9m
Subtotal Service & Operate	*£54.6m*	*£61.5m*	*£62.7m*	*£62.2m*
Totex	**£82.2m**	**£87.3m**	**£85.5m**	**£85.2m**
Broken down by:-				
DSC	£81.8m	£83.4m	£81.6m	£81.3m
Additional & Third Party	£0.5m	£0.1m	£0.2m	£0.2m
GES / Rec Co		£3.8m	£3.8m	£3.8m
	£82.2m	£87.3m	£85.5m	£85.2m

Figure 01 – Totex values for the current and three year plan period split by Service and Operate cost and projects.

In addition to the application of inflation at a rate of 4.8% (reflecting the 'Consumer Prices Index including owner occupiers' cost, or CPIH), we have made the following changes from those signalled in our 2022-23 cost base:

- The inclusion of CSS operating costs - £3.3m
- CMS subscription costs - £1.5m
- Scope changes totalling £3.7m driven by transition to GES and customer requests for the CDSP to take on new activities including Daily Metered and Non-daily Metered reads and faster payments for Failure to Supply Gas (FSG).
- The transfer of Information Security run costs into Service and Operate cost will now take place in 2024-25, one year later than proposed in BP22 to reflect the need for a stabilisation period as initiatives conclude.
- Gemini sustain investment will result in Service and Operate reductions throughout the plan period

In the project and investment space, details for the proposed deliverables and associated costs can be found on pages 27 to 30. The only additional project included in this year's plan is the administration of the Energy Price Guarantee Scheme, costing £1.5m in 2023-24 and £750k in 2024-25.

In response to customer feedback, we will be providing key financial information in a number of formats to aid readability and transparency, and in recognition of the variety of different ways our customers utilise this information.

Key Principles

In terms of content and engagement, Business Plan 2022 (BP22) was one of our Xoserve's most comprehensive to date. We provided greater levels of detail about the investments than ever before, but in doing so, information became convoluted and difficult to access. Consequently, as announced in our Principles and Approach document, BP23 will contain clearer descriptions, in order to demonstrate the value of the services we provide.

You will see a number of changes in the Business Plan as a result, including:

- Revised terminology, to align more consistently with other organisations in the energy industry, including:
  - o Costs for running the CDSP services are now referred to as Service and Operate costs, rather than Maintain the Business (MTB) costs. Please see page 12 for an explanation of the rationale for this.
  - o One off pieces of work are referred to as projects, rather than investments. While these still reflect investment by customers to evolve the services, we believe the benefits they deliver can be better understood by considering what type of project they are. Please see page 24-26 for more information.
- Service and Operate costs will be broken down by Service Area, in each draft of BP23, including this one, rather than just the final version.
- A description of the activities which make up each Service Area is included on pages 44-49.
- We have included information on the volumetrics relating to each service area, to help put the costs in perspective.
- We have provided greater association between projects and their impact on Service and Operate costs.
- Financial information is presented in tables as well as bar charts.
- Xoserve will work with customers to help them understand the proportion of constituency charges their individual organisation is likely to incur.
- We will improve and expand how we engage and communicate with customers, with more flexible engagement routes. See Customer Engagement on page 39 for more information.
- There is a centralised, secured area for our Customers to access the supporting material for BP23, eg, the underpinning Business Cases for projects and other documents relating to the BP.
- We will provide personalised responses to each customer who has taken time to provide us with feedback.

We will continue to deliver an extensive programme of engagement in the development of our Business Plan. The initial stage began with the Principles and Approach (P&A) document, which was finalised in July 2022, and the planning process will continue through to January 2023, when the final version of BP23 will be published, along with the charges for 2023-24. The timeline of activities can be found in Customer Engagement on page 39.

As in previous Business Plan years, each project will be supported by a detailed Business Case and overview presentation, including a cost-benefit analysis, to demonstrate the basis for proposing the project. The Business Cases are available on a secure SharePoint site, details of which have been provided to DSC Contract Managers.

Earlier this year, in direct response to customer feedback, we started to explore with the DSC Contract Management Committee (CoMC), the industry's appetite to fund a comprehensive efficiency review of Xoserve's services. Unfortunately, the capacity we had created to look at this has had to be redirected to respond to the Government's urgent request for help with the EPG. Consequently, we have advised CoMC to request funding from change budget if they wish this work to proceed before the next financial year.

Finally, our Board of Directors (which is made up of eight Non-Executive Directors, nominated by our various customer constituencies, and an independent chair) will continue to scrutinise the business planning process and capture its activities in this respect via a Board assurance statement. The Board Assurance Statement sets out how it has been engaged with the business planning process and how it has assured itself that the Business Plan represents what is required. The Board Assurance Statement provided in BP22 is included on page 42, for customer review and feedback.

Financial Information

This section sets out the basis of our financial forecasts and how the financial information has been presented.

We have retained and improved the format and structure of our financial information in line with last year's plan to help customers see what's new and what has changed.

The financial information in BP22 was stated at 2021-22 prices. To allow a direct comparison between BP22 and the business plan here, we have restated all values shown in BP22 to reflect the uplift applied in order to generate the 2022-23 charging statements. This uplift reflected the 'Consumer Prices Index including owner occupiers' housing costs' (CPIH) in December 2021 (4.8%). The December 2023 CPIH indexation will be used this year to convert the finalised BP23 numbers into charging statements for 2023-24.

As noted on page 6, the financial information in this Business Plan will use different terminology. In response to customer feedback, costs for delivery of the CDSP services (formerly known as Maintain the Business or MTB) will now be referred to as Service and Operate Costs. One off pieces of work will now be referred to as projects. Since projects reflect ongoing investment programmes funded by customers, we will continue to examine the business cases at investment level. However, we believe the impact they make on the CDSP Services can be better understood by understanding what type of project they are. Projects in BP23 will be allocated to one of the four new categories along with a reference to the previous focus area definition.

As in previous Business Plans, an unallocated project pot for years two and three of the Plan has been included to help customers with their budgeting processes, reflecting potential funding requirements for as yet unknown projects. The unallocated project pot for 2023-24 has been removed.

We have also shown any impacts resulting from project costs being reclassified to Service and Operate costs or consequential Service and Operate costs when projects have ended.

Finally, we have provided a breakdown, by each customer constituency, of the contribution of each constituency to the plan.

Total expenditure (Totex)

Figure 02 illustrates proposed total expenditure for BP23 and compares this to the equivalent values in BP22. This reflects the total costs required to run Xoserve, provide the CDSP Services and deliver projects to support customers in the context of the future direction of the energy market. The proposed budget for 2023-24 is £87.3m.

Service and Operate cost

Service and Operate expenditure represents the cost of running Xoserve and providing CDSP services to DSC Customers, along with GES to RECCo. We promised in BP20 that we would reduce our baseline Service and Operate costs year-on-year, on a like for like basis, for those 3 years and that this profile would be maintained despite the business restructure in March 2021. This profile has been carried into BP23 and the proposed budget for Service and Operate for 2023-24 is £61.5m.

Changes in scope have, however, resulted in increases in Service & Operate above this like-for-like baseline. These include run costs for CSS of £3.3m and CMS of £1.5m which were previously identified, along with new scope changes totalling £3.7m driven by transition to GES and customer requests for the CDSP to take on new activities including Daily Metered and Non-daily Metered reads and faster payments for Failure to Supply Gas (FSG). The transfer of Information Security run costs into Service and Operate cost will now take place in 2024-25, one year later than proposed in BP22.

You can find more detail on these changes in the Service and Operate section on page 12.

Project costs

The proposed budget for projects in 2023-24 is £25.8m. As the graph and table on page 11 show, this is an increase of £2.8m in comparison with our BP22 forecast for the same year. This movement is predominantly driven by the introduction of the Energy Price Guarantee (EPG) which requires £1.5m funding, and a £2m reclassification of Protection Against Cyber Crime funding from Service and Operate cost to investment. More details of each project proposed for BP23 can be found in the Investment Overview section from page 30-44.

Based on the meter point count as at 23 August 2022, totex for 2023-24 equates to a cost per meter point for each constituency as follows:

- DNs: £1.17 (£1.21 if Specific Services are included)
- IGTs: £0.34
- Shippers: £1.35 (£1.45 if Specific Services are included)
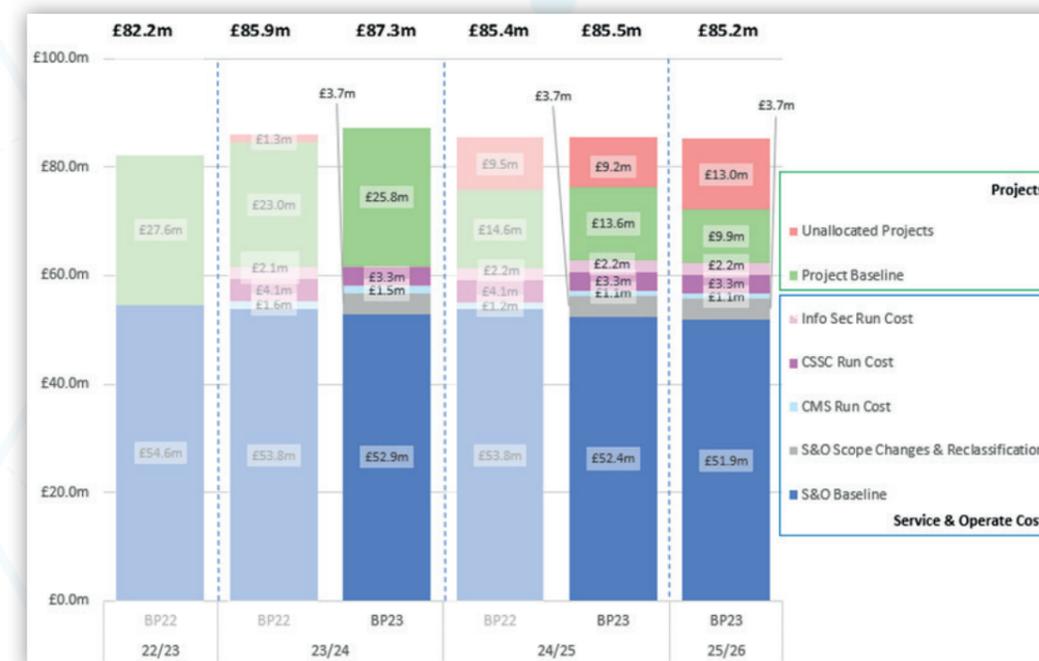
£ms (2022/23 Prices)	22/23	23/24		24/25		25/26
	BP22	BP22	BP23	BP22	BP23	BP23
Unallocated Projects	-	£1.3m	-	£9.5m	£9.2m	£13.0m
Project Baseline	£27.6m	£23.0m	£25.8m	£14.6m	£13.6m	£9.9m
Subtotal Projects	*£27.6m*	*£24.3m*	*£25.8m*	*£24.1m*	*£22.7m*	*£22.9m*
Info Sec Run Cost	-	£2.1m	-	£2.2m	£2.2m	£2.2m
CSSC Run Cost	-	£4.1m	£3.3m	£4.1m	£3.3m	£3.3m
CMS Run Cost	-	£1.6m	£1.5m	£1.2m	£1.1m	£1.1m
S&O Scope Changes & Reclassifications	-	-	£3.7m	-	£3.7m	£3.7m
S&O Baseline	£54.6m	£53.8m	£52.9m	£53.8m	£52.4m	£51.9m
Subtotal Service & Operate	*£54.6m*	*£61.5m*	*£61.5m*	*£61.2m*	*£62.7m*	*£62.2m*
Totex	**£82.2m**	**£85.9m**	**£87.3m**	**£85.4m**	**£85.5m**	**£85.2m**

Figure 02 – proposed BP23 Totex compared to BP22

Service and Operate Costs
(formerly known as MTB)

Context

Most of the services we provide are delivered under the Data Services Contract (DSC), a 'one to many' contract between Xoserve and the majority of its customers (Great Britain's Gas Transporters, Independent Gas Transporters (IGTs) and Shippers). This contract describes the services that Xoserve provides to most of the industry, along with the governance around these services. We also have contracts with RECCo for provision of the Gas Enquiry Service and a number of third party contracts as governed by DSC.

Xoserve provides a mutualised, centralised service to all gas market participants to ensure that data, about gas use and supply, is transported, processed, exchanged and updated securely, creating a single, consistent source of information across the industry. At a high level, these services centre around the maintenance of the central register of the 24 million gas meter points in Great Britain. The register includes address, meter details, supplier and read history.

From this central register we identify which companies are responsible for gas entering and leaving the network, which lets it remain 'in balance' between supply and demand, and invoice for/provide information to the gas transporters. We also record and share emergency contact details for priority sites.

The central register, and its related information, flows via sophisticated computer networks, with highly skilled people to support reliable and efficient delivery of these critical services. The Service and Operate budget reflects the cost of delivering the CDSP Services.

Delivering these services centrally, in a mutualised way, enables consistency of approach and shares economies of costs across the gas industry. This approach allows Xoserve to respond to unexpected events on behalf of the gas market, such as the run of market participant failures in 2021, in the most expedient way. However, it also requires a sharing of costs across the industry which may not be directly aligned to the consumption of these services.

£ms (2022/23 Prices)	22/23	23/24		24/25		25/26
	BP22	BP22	BP23	BP22	BP23	BP23
Info Sec Run Cost	-	£2.1m	-	£2.2m	£2.2m	£2.2m
CSSC Run Cost	-	£4.1m	£3.3m	£4.1m	£3.3m	£3.3m
CMS Run Cost	-	£1.6m	£1.5m	£1.2m	£1.1m	£1.1m
S&O Scope Changes & Reclassifications	-	-	£3.7m	-	£3.7m	£3.7m
S&O Baseline	£54.6m	£53.8m	£52.9m	£53.8m	£52.4m	£51.9m
Service & Operate Costs	£54.6m	£61.5m	£61.5m	£61.2m	£62.7m	£62.2m

Figure 03 - comparison of Service and Operate components against BP22

Year-on-year movements

Figure 04 shows the year-on-year movements in Service and Operate costs (in £m) from April 2023 to March 2026, and identifies the drivers for each movement.

There have been several scope changes since the publication of BP22 which are driving this:

- As a result of industry decisions, the Daily Metered (DM) and Non-Daily Metered (NDM) services are being split and retendered. The obligation to provide the DM service is moving to Xoserve. The obligation to provide the NDM service remains with the GDNs, some of whom have chosen to use Xoserve, as the CDSP, to discharge those obligations on their behalf. Subject to the successful award of new contracts, the forecast annual running cost from April 2023 is £0.7m for DM and £0.8m for NDM.

- Additional £0.1m to cover process changes to accommodate faster payments for Failure to Supply Gas (FSG) as approved by DSC ChMC in July 2022.

- An increase of £0.1m due to the introduction of the REC which led to increased industry code development requirements as approved by DSC ChMC in August 2022.

- A reduction from the decommissioning of the Data Recorder Service of £0.2m (which was originally signposted in BP22).

- As a result of the implementation of the Retail Energy Code, the contract and funding for Gas Enquiry Service has moved from DSC Customers to RECCo. The service enhancements required by RECCo have resulted in £1.8m of additional run costs which will be wholly funded by RECCo.

In addition to the scope changes detailed above, the following changes to Service and Operate costs have been made.

- UK Link savings (-£0.7m from 2023-24) as a result of core platform migration to cloud.

- Run costs to deliver the Flow Weight Average Calorific Value service have risen to £0.2m reflecting the final scope. This was approved by DSC Change Management Committee in July 2022 and is an increase of +£0.15m from BP22.

- In previous Business Plans we signposted that operate costs associated with running the Central Switching Service arrangements will be included 2023-24 onwards. BP23 includes £3.3m for this.

- In BP22, we included the initial estimate of the subscription costs associated with the replacement CMS. We have maintained this cost in BP23 (£1.5m in 2023-24 and £1.1m in 2024-25.)

- In BP22, we highlighted that Service and Operate would increase by £2m in 2023-24 due to the inclusion of Cyber Security costs. We have since decided to retain all costs for Cyber Security in the project costs for 2023-24 to reflect the need for a stabilisation period as activities complete. Run costs, resulting from the change programme, of £2.2m will be introduced from 2024-25 onwards.

- The Gemini Sustain project will deliver reductions of £0.85m from 2023-24, a further £0.5m from 2024-25 and £0.5m from 2025-26, as a result of the delivery.

The values above are an overall position to the Business Plan. We have detailed the impact to each customer constituency in the customer constituency funding section.

Figure 04 - year-on-year Service and Operate movements in costs (in £m) from April 2023 through to March 2026

Service Categories

The CDSP services are categorised into three areas:

- **General services**

  These are the day-to-day CDSP activities. The individual services are grouped into 17 service areas, which in BP21 accounted for approximately 92% of the Service and Operate budget for 2021-22.

  A description of the scope covered by each Service Area can be found in the table on pages 44-49, along with the associated volumetrics and charges for 2021-22, to help put the costs into perspective.

- **Specific services**

  These are optional services invoiced based on use. There are around 60 specific services which customers can select, including services such as Information Exchange (IX) annual maintenance, must reads, and reporting. These accounted for approximately 7% of the MTB budget for 2021-22.

  A full list of the specific services offered during 2021/22 can be found in the CDSP charging statement.

- **Additional and third-party services**

  DSC customers can request additional services under the DSC. Third party customers, such as meter asset Managers and providers, central bodies, and Suppliers, can only request designated services (eg IX or SwitchStream) from the CDSP, without express permission from the DSC CoMC to receive any other additional service.

  Examples of additional services, under the DSC, include adhoc individual reporting, APIs, consultancy, training and testing support.

  The charges for these services are invoiced directly to the relevant organisation, based on use. These account for the final 1% of the Operate and Service cost budget for 2021-22.

> In order to help Customers understand the value they receive from the CDSP services, we have sought to capture the breadth of complexity of the General Services in the table on page 44-49. These are grouped into 15 service areas and account for an approximate percentage of the Service and Operate in BP23.

Service and operate charges by service area

Figure 05 below shows how the total service and operate costs of £61.5m break down across the services areas within general services, the amounts estimated for those services which are charged based on usage (specific services, additional services and third party services), and the constituency share of each area along with the associated cost per meter point relating to General Services (based on meter point count as at 23 August 2022).

Service Area no.	Service Area £000s	Annual Service Area Charge	Shippers		National Grid NTS	DN Operators		IGTs		Other
			Share of Annual Service Area Charge	Annual Service Charge per Meter Point £	Share of Annual Service Area Charge	Share of Annual Service Area Charge	Annual Service Charge per Meter Point £	Share of Annual Service Area Charge	Annual Service Charge per Meter Point £	Share of Annual Service Area Charge
1	Manage Shipper Transfers	1,839	1,839	0.07	-	-	-	-	-	-
2	Monthly AQ processes	1,552	1,552	0.06	-	-	-	-	-	-
3	Manage updates to customer portfolio	5,489	4,940	0.20	-	549	0.02	-	-	-
4	Meter Read / Asset processing	1,084	358	0.01	-	727	0.03	-	-	-
5	Demand Estimation obligations	1,679	840	0.03	-	840	0.04	-	-	-
6	Customer Relationship Management	3,037	1,913	0.08	258	768	0.03	97	0.03	-
7	Customer Joiners/Leavers (UK Gas Market)	855	-	-	428	428	0.02	-	-	-
8	Energy Balancing (Credit Risk Management)	1,136	-	-	1,136	-	-	-	-	-
9	Customer Reporting (all forms)	1,692	575	0.02	118	885	0.04	113	0.04	-
10	Invoicing customers	7,566	-	-	908	6,659	0.30	-	-	-
11	Management of Customer Issues	739	296	0.01	37	361	0.02	46	0.02	-
12	Customer Contacts	2,767	1,383	0.06	166	1,079	0.05	138	0.05	-
13	Managing Change	14,367	7,471	0.30	1,006	5,747	0.26	144	0.05	-
14	Gemini Services	5,096	-	-	5,096	-	-	-	-	-
15	Value Added Services	1,770	1,416	0.06	-	313	0.01	41	0.01	-
16	CSS	3,334	3,334	0.13	-	-	-	-	-	-
17	Distribution Network Wholly Funded	225	-	-	-	225	0.01	-	-	-
	Total General Services Charge	54,227	25,916	1.04	9,153	18,579	0.84	579	0.20	-
	Total Specific Services Charge	3,364	2,546	0.10	-	818	0.04	-	-	-
	Total Additional / 3rd Party Charge	129	-	-	-	-	-	-	-	129
	Total Rec Co Charge	3,750	-	-	-	-	-	-	-	3,750
	Total Service & Operate Business Plan 23	61,470	28,462	1.14	9,153	19,397	0.87	579	0.20	3,879

Figure 05 - Draft Service and Operate charges by constituent for general services, specific services and additional/third party services. RECCo charges are also included.

Service areas 16 and 17 are subject to approval via CoMC governance.

These charges are shown at 2022-23 prices. Charges will be uplifted using CPI-H (Consumer Price Index with Housing costs) as at December 2022 to create the final charging statement in January 2023.

Constituency Funding

Xoserve serves a wide range of Customers, including signatories to the DSC, organisations signed up to the UNC and other industry bodies.

Most of our funding is split between our DSC Customers. This is initially split on a constituency basis, enabling us to align funding for our services (whether Service and Operate or projects) to the parties who are obliged to deliver these services under Network Code or who derive most benefit from these services, based on their role within the gas market. The rules which drive the allocations (which were agreed by CDSP and constituency representatives at the time of FGO) are explained in further detail on page 4.

For each constituency we have shown:

- the current year funding with a three-year forecast
- the BP22 three-year forecast inflated by CPIH (4.8%) to show 2022-23 prices
- the reasons for the movements between 2022-23 current and 2023-24
- BP23 forecast charges position and between BP22 and BP23 versions of 2023-24 and 2024-25 charges; and
- how the charges are apportioned to individual customer organisations.

The table on the following page describes our DSC customers.

DSC Customers fall into the following constituencies:

Customer Constituency	Description
Shippers	Shippers buy gas from producers. They may also store gas with a storage operator to help it manage the balance between its supplies and consumer demand.
National Grid (NTS)	The National Transmission System (NTS), owned by National Grid, the national high-pressure network connecting Gas Transporters (distribution networks), Shippers and connection customers.
Gas Distribution Networks (GDNs)	Distribution networks own and operate the local network of pipes that transport the gas from National Grid's National Transmission System (NTS) to homes and businesses.
Independent Gas Transporters (IGTs)	IGTs build, own and operate local networks, connecting new business and consumer properties to the NTS via distribution networks.

In addition, we contract with third parties (such as Meter Asset Managers) and RECCo for certain services. The charges paid by these organisations are included in the Totex and Service and Operate costs but do not form part of the constituency funding splits detailed on the following pages.

The constituency funding splits show in in the following pages are based on the meter point costs as at 23 August 2022.

Movements from 2022-23 (current) to forecast for 2023-24 (BP23)

For Shippers, projected charges for 2023-24 are forecast to reduce by £1.4m from the 2022-23 position.

Service and Operate charges have increased by £4.1m in 2023-24, primarily due to the introduction of CSS run costs (+£3.3m) which are wholly funded by Shippers. In addition, CMS subscription costs are included (+£1.3m), along with the provision for the Daily Metered Reads service (+£0.7m). These increases are offset by savings from the delivery of UK Link Roadmap which realise a £0.3m reduction. There is a further £0.5m reduction from decommissioning of former Xoserve's Data Enquiry Service (DES) and removal of direct API provision costs and a £0.1m reduction from the decommissioning of the Data Recorder Service (which was signposted in BP22).

Project charges for 2023-24 are forecast to reduce by £7.1m, driven by the conclusion of the CSS project. The reductions are partially offset by the inclusion of £1.5m for the EPG Scheme and by the deferral of information security run costs into Service and Operate, by one year.

Movements in years 2023-24 and 2024-25 from BP22 to BP23

The Service and Operate charges shown in BP23 are £3.3m lower in 2023-24 and £3m lower in 2024-25 than the equivalent in BP22 (MTB). The reductions are driven by a £2.7m reduction resulting from GES charges moving to RECCo and, in 2023-24 only, the decision not to move cyber security costs into Service and Operate until 2024-25.

The provision of the Daily Metered reads service (+£0.7m) makes up the majority of the £0.8m scope increase in BP23.

Compared to the BP22 position, the BP23 project profile for Shippers increases by £1.6m in 2023-24 and £1.3m in 2024-25. The increases are driven by additional funding requirements of the EPG Scheme and changes in the unallocated project pot values.

Individual Organisation Charging

Shippers will be charged 1/12th of the overall general services and investment charge each month. Individual organisations' share of this charge is calculated based on meter point count shares which are taken at the start of each month.

£ms (2022/23 Prices)	22/23	23/24		24/25		25/26
	BP22	BP22	BP23	BP22	BP23	BP23
Projects	£13.2m	£6.1m	£7.7m	£6.8m	£8.1m	£9.1m
BP23 S&O Scope Changes	-	-	£0.8m	-	£0.8m	£0.8m
S&O Baseline	£24.4m	£31.0m	£27.7m	£30.7m	£28.3m	£28.3m
Subtotal Service & Operate	*£24.4m*	*£31.0m*	*£28.5m*	*£30.7m*	*£29.1m*	*£29.1m*
Total Charges	**£37.6m**	**£37.1m**	**£36.2m**	**£37.4m**	**£37.2m**	**£38.2m**

Figure 06 – proposed BP23 Shipper charges compared to BP22

Movements from 2022-23 (current) to forecast for 2023-24 (BP23)

For GDN customers, the projected charges for 2023-24 are forecast to increase by £1.1m from the 2022-23 position.

Total Service and Operate charges have increased by £0.4m in 2023-24. This is primarily due to the provision of the NDM Reads service (+£0.8m), run costs for FWACV (£+0.2m), share of CSS run costs (£+0.1m) and faster FSG payments (+£0.1m). These increases are offset by Service and Operate savings from the delivery of UK Link Roadmap (-£0.4m), a £0.1m reduction from decommissioning of DES and a £0.1m reduction from the decommissioning of the Data Recorder Service (which was signposted in BP22).

Project charges have increased by £0.7m which is driven by the decision to retain cyber security costs in projects until 2024-25.

Movements in years 2023-24 and 2024-25 from BP22 to BP23

The BP23 baseline Service and Operate charges are £0.9m lower in 2023-24 and £0.2m lower in 2024-25 than the equivalent (MTB) in BP22. The reductions are driven by the decision to retain cyber security costs in projects until 2024-25 a reduction of £0.2m resulting from GES charges moving to RECCo. Scope increases in 2023-24 and 2024-25 include the introduction of the NDM read service (+£0.8m), FWACV (+0.2m) and FSG payments (+0.1m).

The project investment charges are the same for 2023-24 but higher in 2024-25 in BP23 due to the increase in the unallocated project pot value.

Individual Organisation Charging

GDNs will be charged 1/12th of the overall general services and investment charge each month. Individual GDNs' share of charges is fixed for the year, based on the meter point count share taken on 1 December.

£ms (2022/23 Prices)	22/23	23/24		24/25		25/26
	BP22	BP22	BP23	BP22	BP23	BP23
Projects	£6.7m	£7.4m	£7.4m	£8.0m	£8.4m	£10.2m
BP23 S&O Scope Changes	-	-	£1.1m	-	£1.1m	£1.1m
S&O Baseline	£19.0m	£19.2m	£18.3m	£19.2m	£19.0m	£19.0m
Subtotal Service & Operate	£19.0m	£19.2m	£19.4m	£19.2m	£20.1m	£20.1m
Total Charges	£25.7m	£26.6m	£26.8m	£27.2m	£28.5m	£30.3m

Figure 07 – proposed BP23 GDN charges compared to BP22

Constituency Funding: IGTs

Movements from 2022-23 (current) to forecast for 2023-24 (BP23)

For IGTs, the projected charges for 2023-24 are forecast to increase by £60k from the 2022-23 position.

In 2023-24, Service and Operate charges remain at similar levels compared to 2022-23.

The project charges are £70k higher in 2023-24, primarily driven by scope increases in Open and Timely Data and the impacts of cyber security costs being retained in projects until 2024-25.

Movements in years 2023-24 and 2024-25 from BP22 to BP23

There is a slight increase to Service and Operate charges, due to IGT meter point growth in 2023-24 and 2024-25.

The investment charges are £30k higher in 2023-24 and £60k lower in 2024-25, due to the change in the unallocated project pot.

Individual Organisation Charging

IGTs will be charged 1/12th of the overall general services and investment charge each month. Individual IGTs' share of charges are fixed for the year, based on the meter point count share taken at 1 December.
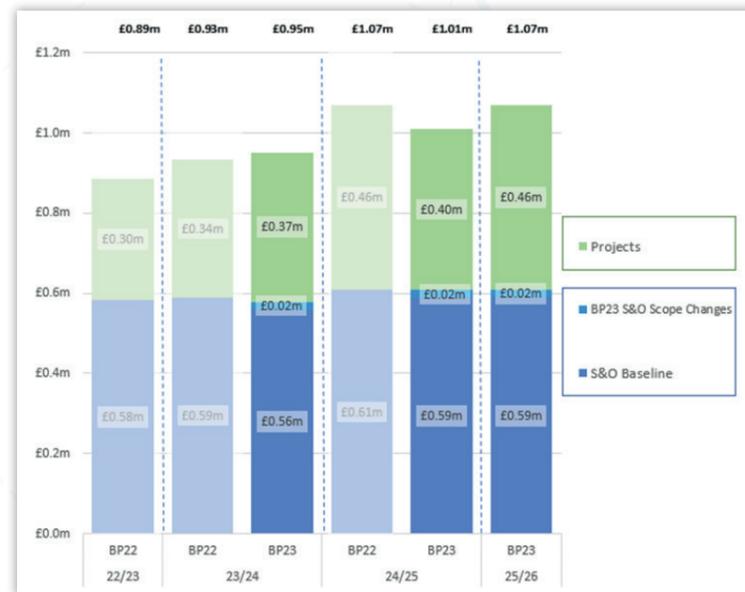
£ms (2022/23 Prices)	22/23	23/24		24/25		25/26
	BP22	BP22	BP23	BP22	BP23	BP23
Projects	£0.30m	£0.34m	£0.37m	£0.46m	£0.40m	£0.46m
BP23 S&O Scope Changes	-	-	£0.02m	-	£0.02m	£0.02m
S&O Baseline	£0.58m	£0.59m	£0.56m	£0.61m	£0.59m	£0.59m
Subtotal Service & Operate	£0.58m	£0.59m	£0.58m	£0.61m	£0.61m	£0.61m
Total Charges	£0.89m	£0.93m	£0.95m	£1.07m	£1.01m	£1.07m

Figure 08 – proposed BP23 IGT charges compared to BP22

Constituency Funding: National Grid

Movements from 2022-23 (current) to forecast for 2023-24 (BP23)

For National Grid, the total charges for 2023-24 are forecast to increase by £1.9m from the 2022-23 position.

Total Service and Operate charges reduce by £1m in 2023-24, predominantly driven by the Gemini Sustain project. Project costs are £3m higher in 2023-24, which reflects increases in Gemini Sustain and Gemini Regulatory Change areas.

Movements in years 2023-24 and 2024-25 from BP22 to BP23

The Service and Operate charges shown in this draft of BP23 are £1.1m lower in 2023-24 and £1.3m lower in 2024-25 than shown in BP22 (MTB). The reductions are driven by savings from the Gemini Sustain project and, for 2023-24 only, the decision not to move the cyber security costs into Service and Operate until 2024-25.

The majority of the project profile variances for National Grid relates to the Gemini Roadmap and beginning the next phase of modernisation for the Gemini system and services.

Individual Organisation Charging

National Grid will be charged 1/12th of the overall general services and investment charge each month.

£ms (2022/23 Prices)	22/23	23/24		24/25		25/26
	BP22	BP22	BP23	BP22	BP23	BP23
Projects	£7.3m	£10.5m	£10.3m	£9.0m	£5.9m	£3.2m
BP23 S&O Scope Changes	-	-	£0.0m	-	£0.0m	£0.0m
S&O Baseline	£10.2m	£10.3m	£9.2m	£10.3m	£9.0m	£8.5m
Subtotal Service & Operate	£10.2m	£10.3m	£9.2m	£10.3m	£9.0m	£8.5m
Total Charges	£17.5m	£20.8m	£19.4m	£19.3m	£14.9m	£11.7m

Figure 09 – proposed BP23 National Grid charges compared to BP22

In the Principles and Approach (P&A) document published in July, we acknowledged the financial challenges that Customers are currently facing. Therefore, the only new project for 2023-24, outside of those already included within BP22, is work associated with the facilitation of the Energy Price Guarantee (EPG) scheme. In the P&A, we also sign-posted our intention to refer to one-off pieces of work as projects. We believe the benefits they deliver can be better understood by considering what type of project they are. Since these reflect the next phase of investment by Customers in multi-year projects, the underpinning Business Cases will remain aligned to the investment themes within which Customers approved the original investments.

This section of the plan will:

- provide an overview of proposed BP23 projects,

- show the evolution of investment from costs forecast and approved in BP22, through to costs proposed for BP23 at a total and per-investment/project level,

- show projects and respective costs into new investment categories,

- provide executive summaries for each investment area and overviews of the business case for each project

We propose to move forward with the previously approved multi-year projects. This activity sustains, modernises and optimises critical gas industry IT platforms such as UK Link and Gemini and is therefore essential. Across the full period covered by this Business Plan (2023-26), these projects reduce Service and Operate costs by £6m and reduce the amount of future investment funding by £3m.

We intend to further evolve the Data Discovery Platform (DDP), delivering Customer priorities, such as insights that will enable DDP users (>100 organisations / 800 individuals) to identify settlement data anomalies and scrutinise invoices at meter point reading numbers (MPRN)-level in the platform.

As in previous years, we propose that Customers invest in drawdown funds that enable Xoserve to develop, design and deliver change emanating from an increasingly diverse industry code landscape, with use of these funds being agreed by our industry-elected DSC committees.

Against the backdrop of an ever-evolving geopolitical landscape and the gas industries response to the UK's Net Zero target, we propose to continue our multi-year Information Security and Decarbonisation projects through to completion.

Given the 'user experience' improvements already achieved in the development of our website, we do not propose further investment in Digital projects in BP23. We will end BP22 having delivered a task-based, more user friendly and easier to navigate website experience, that can be sustained and evolved through the Service and Operate costs.

Total costs of investments

The total proposed investment cost for BP23 is £25.8m. This is £2.8m more than we predicted in BP22, with £1.3m associated with 'unallocated projects' (applied in the BP22 forecast to attain a flat future investment profile) removed. This change has predominantly resulted from:

- a new requirement from the government to facilitate the EPG scheme, which increases 23/24 investment costs by £1.5m

- reclassification of Protection Against Cyber Crime costs from Service and Operate to Investment (to reflect the need for a stabilisation period as the transformation activities complete), thus increasing investment costs by £2m, albeit with a corresponding reduction in Service and Operate.

All movements between the BP22 forecast and proposed BP23 costs can be found in the 'Investment Overview' section on the next page.

Figure 10 – Evolution from BP22 Forecast to BP23 Proposed Investment

£ms (2022/23 Prices)	22/23	23/24		24/25		25/26
	BP22	BP22	BP23	BP22	BP23	BP23
Exceptional Customer Experience	£0.3m	£0.3m	-	-	-	-
Opening Up Our Data	£0.9m	£0.4m	£0.7m	£0.4m	£0.6m	£0.6m
Gemini Roadmap	£7.0m	£9.8m	£9.5m	£8.2m	£4.9m	£2.0m
UK Link Roadmap	£1.9m	£6.7m	£6.4m	£0.6m	£1.4m	£2.0m
Protecting against Cyber Crime	£3.1m	£0.4m	£2.4m	-	£0.6m	-
Decarbonisation	£1.9m	£1.9m	£1.8m	£1.9m	£1.8m	£1.8m
REC Change	£9.2m	£0.3m	£0.4m	£0.3m	£0.4m	£0.4m
General Change	£3.3m	£4.6m	£3.2m	£12.8m	£12.3m	£16.2m
Energy Price Guarantee Scheme Admin	-	-	£1.5m	-	£0.8m	£0.0m
Project Costs (BP22 Mapping)	**£27.6m**	**£24.3m**	**£25.8m**	**£24.1m**	**£22.7m**	**£22.9m**

Figure 11 – Evolution of BP22 forecast to proposed costs for BP23 by investment area

£ms (2022/23 Prices)	22/23	23/24		24/25		25/26
	BP22	BP22	BP23	BP22	BP23	BP23
Operate & Maintain - Business as Usual	£5.7m	£7.3m	£7.0m	£5.5m	£3.3m	-
Operate & Maintain - Continuous Improvement	£4.5m	£4.0m	£4.0m	£3.6m	£2.7m	£2.7m
Major Change Projects	£12.0m	£6.4m	£9.6m	£0.3m	£2.4m	£2.0m
Drawdown Funded Projects	£5.3m	£6.6m	£5.2m	£14.8m	£14.4m	£18.2m
Project Costs	**£27.6m**	**£24.3m**	**£25.8m**	**£24.1m**	**£22.7m**	**£22.9m**

Figure 12 – Evolution of BP22 forecast to proposed costs for BP23 by project type

In both tables above, the values in the blue cells include the inflation applied to investment costs detailed in BP22. Proposed BP23 costs will be subject to the same process.

Project Categories

Having concluded that the benefits of investments made by customers can be better understood by considering what type of project they are, we have undertaken an exercise to map individual initiatives to project type.

The table below explains the four project types we have identified and shows which category each project included in investment funding in BP23 fits in.

Project Type	Sub-category	Description	BP23 Project
Operate/maintain projects	Business as usual	Work is needed to keep the CDSP Services running and covers the ongoing maintenance activities for UK Link, Gemini and other supporting systems. Sometimes, organisations include such activities within their operational costs but, for the sake of transparency, we will continue to show these as separate projects.	• UK Link Service Essentials (UK Link Roadmap) • Core Platform Migration (UK Link Roadmap) • Gemini Sustain (Gemini Roadmap)
	Continuous improvement	Work is designed to deliver incremental improvements to the CDSP Services, with stated benefits (whether quantitative or qualitative) passed onto customers.	• Capacity for Change (UK Link Roadmap) • Timely and Open Data (Opening Up Our Data) • Gemini Regulatory Change (Gemini Roadmap) • Nonstandard items for Data Reporting (General Change)
Major change projects		To create something new or to bring about a significant change, which delivers clearly defined benefits. This type of work has a defined scope of work, and a start and end date for project funding through the Business Plan. Following our restructure in March 2021, where project scope is known, costs can be fixed, thus insulating customers from project overspend.	• Information Cyber Security Strategy (Protecting Against Cyber Crime) • UK Link Future Enhancements (UK Link roadmap) • Energy Price Guarantee scheme
Drawdown projects		To enable Xoserve to respond to unexpected market requirements, we will continue to set aside an agreed, but unallocated, budget which can be drawn down for any additional service requirements which surface during the year. Any spend from these budgets is agreed via DSC Change Management Committee (ChMC) and unspent budget is either returned to customers or, by agreement, retained by Xoserve to be used for future projects.	• DSC Change Budget (General Change) • REC Change Budget (REC Change) • Decarbonisation • Unallocated investment

Investment Funding by Project Type

This section compares the forecast of investment costs in BP22 (shown at the pre-inflation cost to aide comparison), with investment now being proposed BP23. We are using the new investment categories to group projects together and provide commentary on movements between forecast and proposed BP23 amounts. We also show where and when changes to Service and Operate materialise as a result of project activity.

Operate and Maintain Projects – Business As Usual

- This £6.98m investment will fund projects needed to keep the CDSP services running in BP23.

- £6.4m of this total relates to the Gemini Sustain project funded by National Grid, the reporting of which has resulted in a £0.85m increase in savings to Service and Operate costs from 2023-24.

- Other costs have not changed since our BP22 forecast, other than in respect of inflationary factors, with a re-profiling of the Gemini Sustain project leading to a £0.85m increase in the reduction in Service and Operate from 2023-2024

- The total annual reduction of £1.55m in Service and Operate, also includes a £0.7m reduction driven by the UK Link Core Platform Migration project

BP22 Approved (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25
UK Link Service Essentials	UK Link Roadmap	255	360	360
Core Platform Migration	UK Link Roadmap	1,550	228	-
Gemini Sustain	Gemini Roadmap	3,670	6,400	4,850
Projects Total		**5,475**	**6,988**	**5,210**
Service & Operate - Reclassify, Increase & Saving		-	- 700	- 700
Total Expenditure		**5,475**	**6,288**	**4,510**

BP23 Proposed (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25	25/26	NTS	GDN	IGT	Shipper
						Projects Funding Split %			
UK Link Service Essentials	UK Link Roadmap	255	360	360	-	7.2%	46.4%	1.5%	44.9%
Core Platform Migration	UK Link Roadmap	1,550	228	-	-	0.0%	90.0%	0.0%	10.0%
Gemini Sustain	Gemini Roadmap	3,670	6,400	2,930	-	100.0%	0.0%	0.0%	0.0%
Projects Total		**5,475**	**6,988**	**3,290**	**-**				
Service & Operate - Reclassify, Increase & Saving		-	- 1,550	- 2,050	- 2,550				
Total Expenditure		**5,475**	**5,438**	**1,240**	**- 2,550**				

Variance BP22 vs BP23 (+ = increase) (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25	25/26
UK Link Service Essentials	UK Link Roadmap	-	-	-	N/A
Core Platform Migration	UK Link Roadmap	-	-	-	N/A
Gemini Sustain	Gemini Roadmap	-	-	-1,920	N/A
Projects Total		**-**	**-**	**-1,920**	**N/A**
Service & Operate - Reclassify, Increase & Saving			-850	-1,350	N/A
Total Expenditure		**-**	**-850**	**-3,270**	**N/A**

Operate and Maintain Projects – Continuous Improvement

- This £3.998m investment will fund four projects delivering incremental improvements to CDSP services in BP23. This is £0.218m higher than our BP22 forecast.
- Due to the degree of website improvements already achieved across previous plans, we are not recommending further investment in the Digital project, resulting in a £0.29m reduction in comparison with the forecast on BP22. We will continue to evolve and improve Xoserve.com as part of day to day activity.
- We have increased funding for the evolution of DDP (Opening Up Our Data) in response to customers prioritising more complex changes to the platform, such as MPRN-level insights into settlement data anomalies for shippers and more granular invoice ('Golden Bullet') insights for DNs. Delivering these priorities increases costs by £0.366m (of which £0.1m is required only in BP23).
- Additionally, we have increased the Gemini Regulatory Change budget by £0.142m to reflect the latest view of industry code change that may be required for delivery in the period.
- There is no change to the funding required for Capacity for Change, Non-Standard Data Item for Reporting and Governance of Data (which completes in BP22).

BP22 Approved (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25
Capacity for Change	UK Link Roadmap	50	61	-
Digital	Exceptional Customer Experience	315	290	-
Open & Timely Data	Opening Up Our Data	649	349	349
Gemini Regulatory Change	Gemini Roadmap	2,970	2,970	2,970
Non Standard Items for Data Reporting	General Change	110	110	110
Governance of Data	Opening Up Our Data	210	-	-
Projects Total		4,304	3,780	3,429
Service & Operate - Reclassify, Increase & Saving		172	172	172
Total Expenditure		4,476	3,952	3,601

BP23 Proposed (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25	25/26
Capacity for Change	UK Link Roadmap	50	61	-	-
Digital	Exceptional Customer Experience	315	-	-	-
Open & Timely Data	Opening Up Our Data	649	715	608	608
Gemini Regulatory Change	Gemini Roadmap	2,970	3,112	2,000	2,000
Non Standard Items for Data Reporting	General Change	110	110	110	110
Governance of Data	Opening Up Our Data	210	-	-	-
Projects Total		4,304	3,998	2,718	2,718
Service & Operate - Reclassify, Increase & Saving		172	-	-	-
Total Expenditure		4,476	3,998	2,718	2,718

Projects Funding Split %

NTS	GDN	IGT	Shipper
0.0%	34.5%	0.0%	65.5%
7.2%	46.4%	1.5%	44.9%
0.0%	41.7%	8.3%	50.0%
100.0%	0.0%	0.0%	0.0%
7.2%	46.4%	1.5%	44.9%
7.2%	46.4%	1.5%	44.9%

Variance BP22 vs BP23 (+ = increase) (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25	25/26
Capacity for Change	UK Link Roadmap	-	-	-	N/A
Digital	Exceptional Customer Experience	-	-290	-	N/A
Open & Timely Data	Opening Up Our Data	-	+366	+259	N/A
Gemini Regulatory Change	Gemini Roadmap	-	+142	-970	N/A
Non Standard Items for Data Reporting	General Change	-	-	-	N/A
Governance of Data	Opening Up Our Data	-	-	-	N/A
Projects Total		-	+218	-711	N/A
Service & Operate - Reclassify, Increase & Saving		-	-172	-172	N/A
Total Expenditure		-	+46	-883	N/A

Major Change Projects

- This £9.632m investment funding three major change projects in BP23, is £3.496m more than our BP22 forecast.
- This includes £1.5m to fund activity associated with the Energy Price Guarantee (EPG) scheme, announced by the Government in September 2022.
- On reflection, we have decided to retain all costs for Information Security within the Protecting Against Cyber Crime project investment for 2023-24 given the need for a stabilisation period, as the transformation activities complete. This means a reduction of £1.996m in the forecast Service and Operate for 2023-24 and a corresponding increase in the project costs when compared with the costs shown in BP22. At the end of the investment period, the current forecast is for Service and Operate of £2.2m from 2024-25 onwards.
- The £5.712m cost to deliver the UK Link Future Enhancements project remains unchanged from BP22.

BP22 Approved (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25
Central Switching Service	REC Change	8,500	-	-
UK Link Future Enhancements	UK Link Roadmap	-	5,712	250
Information Cyber Security Strategy	Protecting Against Cyber Crime	2,460	424	-
Data Privacy Law Compliance (EU GDPR)	Protecting Against Cyber Crime	525	-	-
ISO27001:2022 & NIST 2 Gap Analysis	Protecting Against Cyber Crime	-	-	-
Energy Price Guarantee Scheme Admin	N/A	-	-	-
Projects Total		11,485	6,136	250
Service & Operate - Reclassify, Increase & Saving		-	1,996	2,097
Total Expenditure		11,485	8,132	2,347

BP23 Proposed (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25	25/26
Central Switching Service	REC Change	8,500	-	-	-
UK Link Future Enhancements	UK Link Roadmap	-	5,712	1,000	2,000
Information Cyber Security Strategy	Protecting Against Cyber Crime	2,460	2,420	-	-
Data Privacy Law Compliance (EU GDPR)	Protecting Against Cyber Crime	525	-	-	-
ISO27001:2022 & NIST 2 Gap Analysis	Protecting Against Cyber Crime	-	-	600	-
Energy Price Guarantee Scheme Admin	N/A	-	1,500	750	-
Projects Total		11,485	9,632	2,350	2,000
Service & Operate - Reclassify, Increase & Saving		-	-	2,197	2,197
Total Expenditure		11,485	9,632	4,547	4,197

Projects Funding Split %

NTS	GDN	IGT	Shipper
0.0%	0.0%	0.0%	100.0%
7.2%	46.4%	1.5%	44.9%
7.2%	46.4%	1.5%	44.9%
7.2%	46.4%	1.5%	44.9%
7.2%	46.4%	1.5%	44.9%
0.0%	0.0%	0.0%	100.0%

Variance BP22 vs BP23 (+ = increase) (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25	25/26
Central Switching Service	REC Change	-	-	-	N/A
UK Link Future Enhancements	UK Link Roadmap	-	-	+750	N/A
Information Cyber Security Strategy	Protecting Against Cyber Crime	-	+1,996	-	N/A
Data Privacy Law Compliance (EU GDPR)	Protecting Against Cyber Crime	-	-	-	N/A
ISO27001:2022 & NIST 2 Gap Analysis	Protecting Against Cyber Crime	-	-	+600	N/A
Energy Price Guarantee Scheme Admin	N/A	-	+1,500	+750	N/A
Projects Total		-	+3,496	+2,100	N/A
Service & Operate - Reclassify, Increase & Saving		-	-1,996	+100	N/A
Total Expenditure		-	+1,500	+2,200	N/A

Investment Funding by Project Type

Drawdown Projects

- This £5.2m investment will fund General Change and Decarbonisation projects as they are iteratively agreed with the DSC Contract Management Committee. This is £0.15m more than the BP22 forecast.

- The Performance Assurance Committee (PAC) has requested an increased (+£0.05) budget to be ringfenced in the General Change budget, and an additional £0.1m has been set aside for technical development of CSS-consequential changes that may flow from the REC.

- £1.271m Unallocated Projects fund for 2023-24 (a balancing financial value that customers request we apply to Drawdown projects to keep investment costs 'flat' across the whole business plan period) has been removed.

BP22 Approved (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25	
DSC Change Budget	General Change	3,000	3,000	3,000	
Decarbonisation	Decarbonisation	1,800	1,800	1,800	
REC Change Budget	REC Change	250	250	250	
Unallocated Project Pot	General Change	-	1,271	9,099	
Projects Total		**5,050**	**6,321**	**14,149**	
Service & Operate - Reclassify, Increase & Saving		-	-	-	
Total Expenditure		**5,050**	**6,321**	**14,149**	

BP23 Proposed (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25	25/26
DSC Change Budget	General Change	3,000	3,050	3,050	3,050
Decarbonisation	Decarbonisation	1,800	1,800	1,800	1,800
REC Change Budget	REC Change	250	350	350	350
Unallocated Project Pot	General Change	-	-	9,150	13,000
Projects Total		**5,050**	**5,200**	**14,350**	**18,200**
Service & Operate - Reclassify, Increase & Saving		-	-	-	-
Total Expenditure		**5,050**	**5,200**	**14,350**	**18,200**

Projects Funding Split %			
NTS	GDN	IGT	Shipper
2.1%	34.8%	5.4%	57.7%
4.4%	95.6%	0.0%	0.0%
0.0%	35.5%	5.5%	59.0%
7.2%	46.4%	1.5%	44.9%

Variance BP22 vs BP23 (+ = increase) (£'000)	BP22 Investment Focus Area	22/23	23/24	24/25	25/26
DSC Change Budget	General Change	-	+50	+50	N/A
Decarbonisation	Decarbonisation	-	-	-	N/A
REC Change Budget	REC Change	-	+100	+100	N/A
Unallocated Project Pot	General Change	-	-1,271	+51	N/A
Projects Total		**-**	**-1,121**	**+201**	**N/A**
Service & Operate - Reclassify, Increase & Saving		-	-	-	N/A
Total Expenditure		**-**	**-1,121**	**+201**	**N/A**

Business Case Overview

Aside from EPG, all projects being proposed in BP23 represent the next phase of multi-year change investments. For consistency with previous Business Plans, we have therefore shown the Business Cases under the familiar investment themes used in BP22, as per the table below.

Business Case	BP23 Project
UK Link Roadmap	- UK Link Service Essentials - Core Platform Migration - UK Link Future Enhancements - Capacity for Change
Gemini Roadmap	- Gemini Sustain - Gemini Regulatory Change
Decarbonisation	- Decarbonisation
Open and Timely Data	- Opening Up Our Data
General Change	- General Change
Protecting Against Cyber Crime	- Security Improvement Programme - Privacy Improvement Programme
Energy Price Guarantee	- Energy Price Guarantee

In response to customer feedback, we have made our Business Cases more detailed, focusing on the costs and perceived benefits of our recommended approach to projects, which we hope will make these easier to evaluate. In each Business Case we provide an executive summary and analysis, including a breakdown of:

- Investment drivers through a customer lens

- How the proposed investment compares with previous years (all projects aside from EPG are multi-year works)

- Other options considered

- Benefits (financial / non-financial)

- Key risks being addressed via the project

- What would happen if the investment was not made

- All relevant financial information

We hope that this approach adds value and welcome feedback as to what else Customers would like to see in future Business Cases.

Each business case can be found in our new, centralised secure area here Xoserve Business Plan Supporting Information - Home (**SharePoint.com**). An overview of each one can be found in the following pages.

Business Case Overview: UK Link Roadmap

This investment is the continuation of a controlled approach to maintenance and optimisation of the platform, following the move to cloud. Scope includes delayering, reducing and replacing older inflexible technologies with newer, more cost-efficient ones, in preparation for a mandated SAP4HANA upgrade in 2027. The roadmap aligns UK Link infrastructure and applications with industry best practice (MS Azure Well-Architected Framework). It will deliver process automation / enhancement, real-time data integration, data quality improvements and Azure reporting and MI capability.

Customer Benefit

- £2.1m reduction in Service and Operate costs across 3 years
- 25% reduction in project delivery timescales and costs associated with UK Link Major Releases (a reduction of £0.5m required for General Change from BP24)
- 20% reduction in the total number of defects in Post Implementation Support associated with major and minor releases
- 75% automation of core process testing scenarios
- Early preparation for mandated SAP4HANA upgrade in 2027

Proposed Investment Costs for BP23

- £6.36m to be funded as per table below:

BP23 Proposed (£'000)	23/24 £M	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
UK Link Future Enhancements	5.712	7.2%	46.4%	1.5%	44.9%
UK Link Service Essentials	0.36	7.2%	46.4%	1.5%	44.9%
Capacity for Change	0.061	0.0%	34.5%	0.0%	65.5%
Core Platform Migration	0.228	0.0%	90.0%	0.0%	10.0%

- The proposed BP23 investment is in line with BP22 forecast

Business Case Overview: Gemini Roadmap

This investment will sustain and modernise core system components as we move to a 'microservice' solution and fully agile development. It will reduce storage needs, automate code deployment, testing and processes, and enhance reporting / user experience. The investment also caters for the funding of design and delivery costs associated with any future regulatory change raised during the period that impacts Gemini processes.

Customer Benefit

- Ongoing reductions in Service and Operate cost of £4m and £2m reduction in required Regulatory Change budget across investment period
- Increased system availability from 99% to 99.6%
- Improved user experience driven by more intuitive navigation, faster access to the platform and data flexibility via enhanced APIs

Proposed Investment Costs for BP23

- £9.512m to be funded as per the table below:

Project	23/24 £m	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
Gemini Regulatory Change	3.112	100%	0%	0%	0%
Gemini Sustain	6.4	100%	0%	0%	0%

- Sustain project costs are in line with BP22 forecast, with Regulatory Change costs increasing by £0.142.

Business Case Overview: Opening Up Our Data

This proposal recommends continued investment in the change costs associated with the Data Discovery Platform (DDP Core). As in previous Business Plans, we propose to deliver 6 new releases in DDP Core with scope prioritised by customers. Top customer priorities for BP23 include the means to visualise / scrutinise MPRN-level data that underpins gas settlement processes such as AQ Calculation, Amendment and price forecasting based on actual usage.

Customer Benefit

- Delivery of changes into self-serve channels as prioritised by customers
- Close to real time MPRN-level view of data that underpins key settlement processes
- Potential to use new dashboard and data to identify erroneous settlement costs / forecast future costs
- Reduced need to raise change requests to access data
- Capability to analyse larger, more complex data sets.
- Improved integration with customer systems through API's.

Proposed Investment Costs for BP23

- £0.715m to be funded as per the table below:

Project	22/23 £m	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
DDP Change	0.364	0%	41.7%	8.3%	50%
Shipper / DN Specific Change & Run	0.351	0%	35%	0%	65%

- Proposed investment is £.0366m more than forecasted in BP22, due to customer prioritisation of changes that require larger / more complex data exposure
- Costs include a one-off data exposure exercise (£0.1m) which will drop out from BP24

Business Case Overview: Protecting Against Cyber Crime

The continuation of our 4-year Information Security and Privacy programme to increase CDSP resilience to an ever changing and escalating cyber threat. The next phase of work builds on improvements already achieved in cyber security maturity, further focusing on the reduction of risk and includes a stabilisation period as transformation completes. Full scope will be shared with customer CISO's prior to BP approval.

Customer Benefit

- Reduced risk of a cyber-attack leading to a reduced likelihood of Personal Data Breach and/or loss of customer critical services
- Reduction of the potential impact if this risk materialises
- Continued certification in ISO27001:2013
- Planning for certification to ISO27001:2022
- Cyber security maturity in line with industry standards as advised by NCC Group

Proposed Investment Costs for BP23

- £2.42m to be funded as per the table below:

Project	23/24 £m	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
Information Cyber Security Strategy	2.42	7%	46%	2%	45%

- Reclassification of £2m from Service and Operate costs to investment (no increase to total BP23 costs) to reflect the need for a stabilisation period

Business Case Overview: Energy Price Guarantee

The Domestic Energy Price Guarantee (EPG) will reduce the unit cost of gas for domestic consumers from 1 October 2022. Xoserve will administer the EPG scheme, making payments to registered Gas Suppliers on a weekly basis for gas consumed in the previous week. This investment will fund the activities for the duration of the scheme and the ensuing reconciliation period (14 months from the closure of the scheme). These activities include the extraction of data, the calculation and validation of initial and reconciled payments at supplier level.

Customer Benefit

- Enables Suppliers to reduce the unit price that they charge their customers, subject to a minimum unit rate (the tariff floor)
- Lower bills for domestic consumers than would otherwise be the case, alleviating financial pressure on households
- Prevents households from falling into fuel poverty

Proposed Investment Costs for BP23

- £1.5m to be funded as per the table below:

Project	23/24 £m	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
Energy Price Guarantee Scheme Admin	1.5	0.0%	0.0%	0.0%	100.0%

- The costs of running the scheme for the year equate to approx. 1% of the value of the first week's subsidy payable under the scheme

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Business Case Overview: Decarbonisation

This investment continues to fund our leading role in the evolving journey towards decarbonisation of the gas network and Net Zero. Scope for BP23 includes support for the development of H100 (a hydrogen trial involving 300 domestic supply points), Hydrogen Village (2,000 domestic and industrial and commercial (I&C) supply points) and Hydrogen Town (10,000 Domestic and I&C properties on 100% Hydrogen) alongside the early engagement and scoping of other projects such as Future Billing Methodology and Hydrogen Checker, and Project Union (Hydrogen backbone). We will also continue to support the navigation of the political and industry landscape on behalf of customers.

Customer Benefit

- Centralised / shared cost of maintaining representation in the Hydrogen debate thus mitigating costs for individual customers
- Improved understanding across the industry of related project developments, outcomes and policy decisions
- Development of centralised subject matter expertise as delivery requirements are better understood
- Ability to fund additional initiatives in-year, subject to customer approval

Proposed Investment Costs for BP23

- £1.8m to be funded by:

Project	22/23 £m	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
Decarbonisation	1.8	4.4%	95.6%	0.0%	0.0%

- Drawdown fund with spend approved by funding parties
- Proposed investment is the same as forecasted in BP22

Business Case Overview: General Change

Link to SharePoint page

This is a drawdown fund to cover the design, build, test and implementation of all changes approved by the DSC Change Management Committee. These are most likely to emanate from code (UNC/REC) Modifications and/or changes to CDSP products / services. Design activity will occur throughout the period, with changes delivered in one of our periodic Major Releases, or as standalone deliveries (as appropriate). The investment includes funding for Performance Assurance Committee reporting change, coordination and delivery of Market Trials should they be required to robustly deliver a major release, and REC impact assessments / change delivery.

Customer Benefit

- Flexible / customer driven capability to enable the delivery of as-yet unknown changes following ChMC approval
- Delivery of short notice mandated industry code obligations and / or central system and process efficiencies
- Provision of intuitive new / amended MI aiding settlement risk management in PAC
- Ability to process REC change without compromising timescales for the development / delivery of other changes

Proposed Investment Costs for BP23

- £3.5m (if fully utilised) to be split between:

Area	23/24 £m	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
General Change	3.05	2.1%	34.8%	5.4%	57.7%
REC Change	0.35	0.0%	35.5%	5.5%	59.0%
Non Standard Items for Data Reporting	0.11	7.2%	46.4%	1.5%	44.9%

- Drawdown based subject to approval at DSC Change Management Committee
- Based on historic value to delivery trends / requirements
- Proposed investment is £150k greater than forecasted in BP22, due to ring-fenced amounts for enhanced PAC reporting (+£50k) and REC technical Impact Assessment (+£100K)

Customer Engagement

Customer engagement is vital to the development of our Business Plan. We will continue to provide key updates via CoMC and at the various DSC constituency sessions. We also continue to offer bilateral meetings to customers, with specific agenda items, and follow up sessions after the publication of each draft to explore any specific feedback.

Going forward, we are introducing the following additional communications channels to provide greater flexibility:

- **SharePoint**

    We'll be emailing DSC Contract Managers with a link to access a SharePoint. This will host all supporting documentation, including the Business Cases for BP23. SharePoint can be used to provide feedback and ask questions about BP23. If you're a DSC Contract Manager and haven't received your email by 17 October 2022, please contact us at customerexperience@xoserve.com

- **Virtual drop in sessions**

    Links and invitations will be emailed to all Customers and will be announced on Xoserve website and the dedicated SharePoint. Customers will access meetings via a Microsoft Teams link and will be able to book individual time for a more personal service. In-person options are also available for Customers who could visit our offices in Solihull.

- **Webinars**

    We will invite customers to join us for a live webinar to go through major points in the draft publications of the BP23. The webinars will be advertised online, including access details. Recordings of the sessions and content will be uploaded to xoserve.com afterwards.

- **Videos**

    We will add videos to the website to give Customers a summary of the final Business Plan.

Timeline — Xoserve activity:
- Publish draft P&A Document
- Publish Updated P&A Document
- Publish Annual Review 21/22
- Publish BP23 1st Draft
- Detailed Project Reviews
- Customer Engagement activities
- Publish BP23 2nd Draft
- Focussed Customer Sessions
- Publish BP23 Final Draft
- BP23 Board approval
- Issue Charging Statements
- Publish BP23

Timeline months: May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan

Customer activity:
- Principles and Approach comments due
- Q1 2022-23 Xoserve Financial Review (CoMC)
- CoMC Project Presentations
- BP23 1st Draft Written Consultation Responses Due
- Half Year 2021/22 Financial Review (Contract Mgmt. Committee)
- BP23 2nd Draft Written Consultation Responses Due
- Q3 2022-23 Draft Financial Review (Contract Mgmt. Committee)

Customer Engagement Timeline

The table and diagram below set out the timeline for this year's business planning cycle.

Customer feedback is important to us as we drive customer experience improvements though our business plan. For feedback or clarification, please feel free to contact us via email: customerexperience@xoserve.com

Steps	Date	Action	Provider	Receiver	Deliverable
1	13 October	Issue draft BP23 for consultation one	Xoserve	All Customers	Draft Business Plan
2	17 October	Individual Customer meetings on request and constituency Customer meetings	Xoserve	All Customers	Microsoft Teams calls
3	19 October	Overview presentations and feedback at the CoMC meeting	Xoserve and CoMC	All Customers	Microsoft Teams presentation
4	28 October	Deadline to provide written feedback	All Customers	Xoserve	Written feedback
5	16 November	Issue second draft of BP23 following feedback	Xoserve	All Customers	Updated draft Business Plan
6	30 November	Deadline to provide feedback on second draft	All Customers	Xoserve	Written feedback
7	14 December	Updated final draft BP23	Xoserve	Xoserve Board/ All Customers	Updated draft Business Plan
8	End of January	Final version published following Xoserve Board approval	Xoserve	All Customers	Final Business plan

Join the Consultation

We would love to hear from you throughout the business planning process so that you can help us shape the finalised BP23. We've added some questions on page below for your attention but welcome any and all actionable feedback.

You can provide your feedback in the following ways:

- Email: **customerexperience@xoserve.com**
- Visit: **xoserve.com/contactus**
- SharePoint: **Xoserve Business Plan Supporting Information - Home (SharePoint.com)**
  Here, you will find all our project overviews and Business Cases for your review.
  Please use the comments functionality at the bottom of each page to provide your feedback.

Consultation Questions

1. Does your organisation support the inclusion of the projects that we are proposing? If not, please state which projects you would wish us to cease and why.

2. Which initiative(s) would you prioritise and why?

3. Do you think the change in terminology has added clarity to our Business Plan? What other changes of terminology would help you?

4. Do you have any questions about the transition of funding from Investment Projects to Service and Operate costs over the next three years? If so, what are they?

5. Have you found the curated SharePoint site, which includes Business Cases and supporting material to be helpful in invigorating the Business Plan? How else could we change how we share information with you to improve your experience?

6. Is there additional information that you would like to see to support our Business Cases? If so, what is it?

7. What changes, if any, would you like to see in the Board Assurance Statement? The statement that the Board gave in BP22 is shown on page 42.

Board Assurance Statement in BP22

The Board has been engaged throughout the process of developing this Business Plan. Reporting to the board, the Senior Leadership Team have agreed and overseen all stages of the BP22 process, in terms of both content and the engagement approach with the DSC customers.

As a result of such engagement, we have assured ourselves that Xoserve's 2022 Business Plan (BP22):

- Reflects an investment profile that is focused on the continued delivery of CDSP services through – the maintenance and improvement of systems and services. This includes:
  - o Exceptional Customer Experience
  - o Opening Up Our Data
  - o Gemini Roadmap
  - o UK Link Roadmap
  - o Protecting Against Cyber Crime – the development of new systems/services driven by major industry programmes (e.g. CSS) or by other regulatory changes (e.g. UNC/IGTUNC modifications).
  - o Decarbonisation
  - o REC Change
  - o General Change
- Reflects maintain the business (MTB) costs that include the savings identified in the BP21 Business Plan, have not been increased as a result of the creation and sale of Correla in March 2021 and are provided to an appropriate level of detail
- Has been created by reference to, and has been informed by, market requirements and insights gathered through the extensive programme of engagement activities undertaken with Xoserve's customers from the consultation on the Principles and Approach through to the production of the final plan, and including three consultation phases involving all DSC customers.
- These activities have included: – specific engagement with DSC customers across all constituencies through 24 meetings with 37 different organisations – Updates/walkthroughs at monthly DSC Contract Management Committee meetings – Receipt of, and response to, written feedback from all phases of consultation
- Includes a description of consumer benefits developed through conversations with our customers
- Is achievable and realistic in terms of the investments proposed and the timescales in which they can be delivered
- Has taken into account the current market conditions and customer feedback on the rising costs within the industry
- Includes the benefits of the private equity investments and alternative funding approaches now possible through Correla in the case of the Contact Management System replacement option chosen by the DSC Contract Management Committee
- Reflects business cases for investments that have been reviewed by the Xoserve team who have used their knowledge of programme delivery and their experience of previous industry changes and investment programmes to validate that the proposed investments offer value for money and deliver customer benefits in service provision, reliability and improvements
- Where the plan includes spend of investment funds not yet fully defined or with unallocated budget, these will be controlled throughout the year through the agreement and management of Statements of Work for each investment.

We are confident, therefore, that the plan is a true and accurate reflection of our view of what is required to deliver the CDSP services and meet customer requirements in the period 2022-25, including industry developments and the obligations in the Data Services Contract, and that the associated investments and costs represent value for money to achieve the benefits described in BP22.

Glossary

API	Application Programming Interface
AUGE	Allocation of Unidentified Gas Expert
BEIS	Department for Business, Energy and Industrial Strategy
BP	Business Plan
BSI	British Standards Institution
CDSP	Central Data Service Provider
CE	Customer Effort – a measure of 'how easy is it for customers to deal with Xoserve as measured through the Institute of Customer Service survey?'
ChMC	DSC Change Management Committee
CoMC	DSC Contract Management Committee
CMS	Contact Management Service
CPIH	Consumer Prices Index including owner occupiers' housing costs
CR	Change Request
CRM	Customer Relationship Management
CSS	Central Switching Service
CSSC	Central Switching Service Consequential
C2S	Cost to Serve – a measure of 'How much does it cost to deliver CDSP Services before and after any project implementation?'
CV	Calorific Value
CX	Customer Experience
DDP	Data Discovery Platform
DES	Data Enquiry Service
DESC	Demand Estimation Sub-Committee
DSC	Data Services Contract
FWACV	Flow Weighted Average Calorific Value

GDN	Gas Distribution Network
GDPR	General Data Protection Regulation
GES	Gas Enquiry Service
GRDA	Gas Retail Data Agent
ICS	Institute of Customer Service
IX	Information Exchange
LDZ	Local Distribution Zone
MRA	Master Registration Agreement
MTB	Maintain the business to be renamed Operate Costs from BP23
NDM	Non-Daily Metered
NPS	Net Promoter Score
OTD	On-Time Delivery – a measure of 'Do we provide the outcome to the customer in-line with agreed SLAs/timescales?'
PAC	Performance Assurance Committee
PAFA	Performance Assurance Framework Administrator
PIS	Post-Implementation Support
REC	Retail Energy Code
RECCo	Retail Energy Code Company
RFT	Right First Time – a measure of 'Do we provide the expected outcome to the customer at the first time of asking'
SOLR	Supplier of last resort
SPAA	Supply Point Administration Agreement
TOTEX	Total Expenditure
UKCSI	UK Customer Service Index
UNC	Uniform Network Code

Area	Service area	Service description	2021/22 volumes/details	2021/22 Charge	Funded by
1	Manage Shipper transfers	UK Link automated processing of file flows associated with end consumer registrations, switching and supply point data. Includes a share of the UK Link support and service desk costs. Contracting with, and management of the services provided by the Performance Assurance Framework Administrator (PAFA) and Allocation of Unidentified Gas Expert (AUGE). This included the provision of reports that supported PAFAs management of c.40 performance plans across industry and data extracts to enable the AUGE to support the analysis of Unidentified Gas (UIG) causes and the development of the annual UIG weighting factors. Provision of insights into industry performance through reporting channels.	8.8 million switches Over 30 Shipper performance reports provided to PAFA per month. Over 50 data extracts for use in AUGE analysis work.	£1.145m	100% Shipper
2	Monthly AQ processes	UK Link automated processing of file flows associated with Annual Quantities (AQ) and Supply Point Offtake Quantities (SOQ). All activities associated with AQ calculation processes including AQ query resolution. Also includes monitoring, notification and creation of AQ performance dashboards for meter points that have crossed the class 1 threshold as well as a share of the UK Link support and service desk costs.	148.8 million rolling AQ calculations	£1.035m	100% Shipper
3	Manage updates to customer portfolio	Running and maintaining the Contact Management System (CMS), including the interfaces to and from the UK Link system where updates are required to the supply point register. Progression of any customer queries raised in CMS, including the investigation, and resolution. Change to CMS delivered via minor releases. Includes a share of the UK Link support and service desk costs.	449,037 CMS contacts 349,892 needing manual interaction	£3.866m	90% Shippers 10% GDNs

Area	Service area	Service description	2021/22 volumes/details	2021/22 Charge	Funded by
4	Meter read/asset processing	The automated processing of meter asset and meter read file flows in UK Link. This includes files and notifications associated to; • Exchanges or updates to records for traditional meters, smart meters, automatic meter reading equipment, and datalogger equipment. • Updates to the metering conversion factors that are used to calculate meter volume and energy. • Meter readings for all classes of meter points. • Read replacement processes inclusive of daily read error notices. • Generation and notification of estimated opening and transfer readings. Includes a share of the UK Link support and service desk costs. • All activities associated with meter reading processes including meter read validation and rejection, calculating meter volume and energy from the raw meter read data, and calculating consumption adjustments.	We processed updates to 4.6m assets in 2021/22. We have a single metric of 1.23bn meter reads processed. This means we also calculated 1.23bn unique metered volume and energy values.	£1.053m	33% Shippers 67% GDNs

5	Demand estimation obligations	Demand activities:
		• Develop end-to-end methodology to determine gas demand profiles.
		• Manage sampling, collection and validation of daily gas consumption for several thousand meter points.
		• Analyse consumption data against variables such as weather and calendar, in order to build demand models which can be used to calculate the estimated consumption for 25m Non-Daily Metered (NDM) meter points.
		• Industry consultation and engagement with Demand Estimation Sub Committee (DESC).
		• Review and maintain the gas industry's weather parameter (the composite weather variable (CWV) and it's 'seasonal normal' version (SNCWV), to reflect the latest consumer and weather patterns.
		• All of the above is necessary so the team are able to produce demand profiles for the next gas year which are required as variables to support key industry processes such as NDM nominations/ allocation, capacity invoicing, AQ calculation and read estimation.
			• Meter point data received from 20-30 sample data providers
			• >50,000 meter point reference numbers (MPRNs) processed
			• 27 million daily consumption data records processed
			• 507 demand models created
			• Industry meetings supported:
			  o 7 DESC
			  o 5 UNC workgroup 0754R
			• Approx. 1,200 demand estimation customer reports issued
				£1.850m	50% Shippers
					
					50% GDNs

Glossary of General Services

Area	Service area	Service description	2021/22 volumes/details	2021/22 Charge	Funded by
6	Customer relationship management	Provision of customer relationship management team and services for all customer constituents. Customer training and education, that includes induction days for new industry entrants, customer expert days where customers are given access to a range of subject matter experts, and change awareness session to ensure stakeholders are fully informed on any industry change.	85 customers Over 400 meetings (virtual and physical) 12 virtual training events 545 attendees from 90 different organisations, representing 9 industry segments Knowledge increase (as rated by customer feedback): 65.9% 11 new e-learning modules launched on Xoserve.com.	£3.146m	63% Shippers 9% NTS 28% GDNs/ IGTs
7	Customer joiners/ leavers (UK gas market)	The management and support for customers joining and exiting the gas market includes cessation notices, Supplier of Last Resort (SoLR) processes, and invoking deed of undertaking. Acceding parties to the Data Services Contract (DSC) and UK Link user agreement, creation and removal of access to UK Link. Management of the Market Domain Data (MDD) and arranging user agreements. Information exchange (IX) installation, change and removal of equipment services.	Onboarded into the market: • 15 Shippers/ traders • 40 Non-Shippers Supported Market exits: • 13 Shippers • 31 Non-Shippers Managed: • 340 customer queries • 69 changes of invoicing details • 54 Information Exchange (IX) service requests Implemented new processes (MOD0788) to enables Suppliers to use other Shipper relationships to source additional supplies of gas)	£0.880m	50% NTS 50% GDNs
8	Energy balancing (credit risk management)	All activities in respect of energy balancing credit risk management, debt collection, and management of neutrality.	1,755 energy balancing invoices produced, validated, and issued on behalf of National Grid Net value of £42.8m	£1.183m	100% NTS
9	Customer reporting	Creation, maintenance, and distribution of reporting, both for external customers and management information required internally. Includes a share of the UK Link support and service desk costs.	>8,000 reports issued to DSC customers	£1.797m	34% Shippers 7% NTS 59% GDNs/ IGTs

Area	Service area	Service description	2021/22 volumes/details	2021/22 Charge	Funded by
10	Invoicing customers	Creation and issue of invoices for: • Gas transportation on behalf of National Grid Transmission and the distribution networks • DSC services provided by Xoserve Covers: UK Link automated calculation and creation of NTS and LDZ capacity, commodity, reconciliation, balancing and request to bill invoices (e.g., failure to supply gas). Also includes a share of the UK Link support and service desk costs. Validation and approval of invoices prior to issue and management of any customer queries raised against an invoice.	29,637 invoices issued to DSC Customers 29,674 invoices produced, validated and issued on behalf of the Distribution Networks Capacity invoices to value of £3,671m Commodity invoice to value of £218.6m	£7.734m	12% NTS 88% GDNs
11	Management of customer issues	Management and communication of customer impacting issues including: • Incident Management • Defects which become apparent through the normal course of business where the functionality implemented does not result in the expected outcome. • Data security incidents (including potential data breaches) • Process issues and other, non-system • Issue management to identify underlying causes and prevent recurrence.	9 major incidents	£0.768m	40% Shippers 5% NTS 55% GDNs/ IGTs

Glossary of General Services

Area	Service area	Service description	2021/22 volumes/ details	2021/22 Charge	Funded by
12	Customer contacts	Service desk operation. Telephony service for the domestic enquiry telephone service line.	107,747 customer calls received 6,708 queries raised. 4,850 Incidents raised via the following channels: • Email 2,162 • Xoserve.com 1,559 • Phone 246 • Self-Service 883 14,278 Service Requests raised via the following channels: • Email 9,329 • Phone 2,416 • Portal 2,533	£2.888m	50% Shippers 6% NTS 44% GDNs/ IGTs
13	Change management	Development, governance, delivery, and assurance of change outside major change programmes. The investment funding excludes Gemini change.	General Uniform Network Change	£14.644m	52% Shippers 7% NTS 40% GDNs 1% IGT
14	Gemini services (general)	Gemini automated processing of file flows between the Gemini and UK Link system, the operation and support of the Gemini system, monitoring performance and incident management. Includes the provision of essential maintenance. Change management: the development, governance, delivery, and assurance of Gemini change.	8,000+ Gemini users £3bn revenue calculated and collected 250 external integrations 28 core business processes	£5.815m	100% NTS

Area	Service area	Service description	2021/22 volumes/ details	2021/22 Charge	Funded by
15	Value added services (general)	The DDP platform is a data visualisation tool, used to access reporting information. It enables customers to: • query their organisation's data (through pre-configured logon) • create bespoke reports via a personalised dashboard, removing the need to raise service requests • visualise data using a range of chart tools and comparison screens to gain insights, evaluate and reacting to industry changes and trends • use trend analysis to identify opportunities for improving data accuracy or process performance • access the detail sitting between high-level key performance indicators to support decision making	141 organisations using 8 API (application interfaces) with average of 5.25m calls per month 55 dashboards providing 250 data visualisations with each providing insight that aligns with specific customer requests. (E.g. Shipper Read Performance against industry obligations.) 2TB of data, 4 billion rows and c.800 data items exposed to customers. 1,365 users registered to use DDP.	£1.802m	80% Shippers 20% GDNs/ IGTs
16	Central Switching Service (CSS)	This service was launched in 2021. It provides a consistent set of arrangements for suppliers of electricity and gas and consumers and governs the operation of faster and more reliable arrangements for consumers to switch their energy supply. Xoserve's Central Switching Service Consequential (CSSC) Programme was set up in 2018 as a result of the launch of Ofgem's Switching Programme. It delivers all direct and consequential impacts on CDSP systems and services. It allows introduce faster switching services that interface with existing systems and processes, to allow continued delivery of shipper registration, settlement, and transportation invoicing	N/A	N/A	100% Shippers
17	Distribution Network Funded activities	Services which are wholly funded by Distribution Networks. Currently contains the costs associated with delivering the Flow Weighted Average Calorific Value service.	N/A	N/A	100%DN

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