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By email to: CustomerExperience@xoserve.com

18 October 2021

Dear Xoserve

Thank you for the opportunity to provide feedback on Xoserve's Business Plan for 2022 - First Draft.

Please see below ScottishPower's response to the request for feedback.

Firstly, ScottishPower would like to echo Eon's concern raised in the Principles and Approach feedback in September 2021, with regards to increased Industry costs. As an Industry we are suffering increasing costs to parties with little opportunity to influence or mitigate such increases.

The current crisis within the UK Wholesale Energy Market is one example of increasing costs borne by Energy Suppliers with the result that many have failed putting more burden on those who remain.

There has been a total of 15 Energy Suppliers that have ceased to trade during 2021, with 13 of those in the last 2 months and this is anticipated to continue adding to the financial pressure on suppliers and customers.

During our 1-2-1 session with Xoserve regarding the draft business plan we raised concern about the potential for the current conditions in the Energy Market to impacting Xoserve's BP22 draft. We would like to understand if Xoserve foresee any risks or impact to the current draft, if so, what actions are being taken to mitigate risks to parties.

MTB Costs

The MTB cost has risen from £52.7m in BP 2020/21 to £53.8m for 2021/22, we would have expected this cost to reduce once the sale of Correla had completed as Xoserve's workforce had decreased. Can you please provide a lower level of granularity of all activities and resources making up this spend?

CSS Programme

- **Would you prefer for the plan to include a value for contingency in the CSS programme, in case the programme is further delayed or PIS reshaped/extended?**

In view of the Faster Switching Go Live date due to being confirmed in January 2022, it is too early to expect that there will be delay to the Programme. Currently the Programme is on track to be delivered within the current Go Live range of June to August 2022. There is no explicit contingency in the current BP21 for CSS. **ScottishPower would like Xoserve to explain the specific costs that would result in an increase of £2.5m for a delay of 3 months, i.e. directly as a result of a delay.**

We are also concerned regarding the increasing cost for CSS as the MTB run cost from 2022/23 has increased from £3.4m in BP21 to £3.9m in BP22. In BP21 the annual cost forecasted for supporting CSS post Go Live for 2023/24 was £3.3m.

BP22 has seen an increase of +£0.5m from the value stated in BP21, due to changes to the Industry Central Switching Service (CSS) programme. We would like to understand how this cost is attributed to the Business Plan. Can you please provide a lower level of granularity of all activities and resources making up this spend?

Rec General

The introduction of the new Gas Enquiry Services (GES) under the REC is looking to replace the existing Gas Enquiry Service (DES) that is currently provided to Shippers under the UNC. There are ongoing Industry discussions around DES and whether Xoserve will continue to provide this service to Shippers and Transporters. ScottishPower would like assurance that we will not pay twice for this service in the REC & UNC.

If the final decision is that parties would need to access this service under the REC only, we would expect to see this reduction visible in the final BP22.

CMS

- **What additional information would you need in order to identify your preferred funding option for CMS?**

The funding cost for the replacement of CMS is currently £1.3m in 2023/24 and £1.1m in 2024/25 and it states these values reflect further investment from Correla allowing for services to be on a subscription basis. At present it is unclear what services would be available to parties and at what cost, more detail will be needed to understand what options are available.

The introduction of the CMS rebuild was designed to automate clunky and time-consuming operational processes and minimise the need for customers to contact Xoserve (self-serve function). Once the CMS Platform has been implemented, we would expect to see a reduction in overall costs forecasted in the business plan from the efficiencies and resource reductions made year on year. When would customers expect to see this reduction reflected in the BPs?

Decarbonisation

We appreciate this is 100% GDN's funded but wanted to highlight that Shipper impacts need to be fully impact assessed given the recent issues we had seen with the Hydeploy Pilot this year. As we move towards Net Zero we are going to see this sort of activity more frequently over the coming years and any Shipper impacts need to be identified as early as possible to mitigate any risks and allow changes to be made in a timely manner.

Please do not hesitate to contact me or Mark Bellman if you have any questions arising from this response. Clairelouise.Roberts@ScottishPower.com Phillipa.Burton@ScottishPower.com.

Yours sincerely,

Claire Roberts
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