High Level Solution Options Change Pack

# Communication Detail

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| Comm Reference: | 3069.4 - KL - PO |
| Comm Title: | Class 1 Read Service Procurement Exercise – Modification 0710 |
| Comm Date: | 18/07/2022 |

**Change Representation**

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| Action Required: | Review and Approval |
| Close Out Date: | 01/08/2022 |

# Change Detail

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| Xoserve Reference Number: | XRN5379 |
| \*ChMC Constituency Impacted: | Shipper, DNO, IGT, NG Transmission |
| Change Owner: | Ellie Rogers |
| Background and Context: | [UNC Modification 0710S](https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2020-10/Final%20Modification%20Report%200710S%20v2.0.pdf) (and IGT equivalent Modification [IGT148](https://www.igt-unc.co.uk/igt148-provision-of-class-1-meter-read-service-on-igt-networks-by-the-cdsp/)) were raised to obligate the CDSP to take on Class 1 Read Service provision on behalf of Shippers. This is to transfer the obligation to provide the Class 1 Supply Meter Point Read Service from the Transporters to the CDSP.  *Please note, Modification 0710S and IGT148 are both approved and awaiting implementation.*  [Change Proposal XRN5379](https://www.xoserve.com/change/change-proposals/xrn-5379-class-1-read-service-procurement-exercise-mod-0710/) has been raised in order to proceed with the procurement exercise to put in place a new contract between Xoserve, as the CDSP, and a Class 1 Read Service Provider (to be procured). Plus, to ensure all required activities are completed to allow the Class 1 Read Service to be provided under the new contract from 01 April 2023.  At a high-level, XRN5379 seeks to ensure:   * A new contract between Xoserve, as the CDSP, and the Class 1 Read Service Provider is in place and goes live from 01 April 2023. * Activities to ensure the Service Provider is able to undertake all required activities under the Class 1 Read Service contract. * Invoicing changes are implemented to cease charging Shippers for the service on behalf of the Transporters and commence charging Shippers directly by the CDSP. This is for both service charges and incentive payments for DSC Customers.   *This will mean Shippers will no longer be invoiced by the Transporters via a UK Link invoice for the Class 1 read service and instead be invoiced by the CDSP via the DSC Specific Service invoice.*   * Additional operational responsibilities to manage the contract and the services, providing additional support for the Class 1 read service. |

# Solution Options

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| Solution Option Summary: | Link to [Change Proposal](https://www.xoserve.com/change/change-proposals/xrn-5379-class-1-read-service-procurement-exercise-mod-0710/).  The High-Level Solution Option (HLSO) for this change is available and can be found [**here**](https://umbraco.xoserve.com/media/43440/xrn5379-hlso-v10a.pdf).  Xoserve have identified one solution option to deliver the requirements for the change:  ***Option 1: CDSP to enable the provision of the new DM Read Service, Service Provider(s) and charging via the DSC Specific Service charges***  **CDSP Implementation Costs**  As detailed within the HLSO, the high-level cost estimate for the CDSP implementation of this change is £70,000 - £150,000.  **CDSP Ongoing Costs**  Class 1 Read Service Charges  As stipulated within the HLSO, there will be ongoing DSC Specific Service charge(s) for the future Class 1 Read service.  With the approved Modifications removing the obligation on Transporters to provide the Class 1 Read service, the current Daily Metered (DM) asset and DM read charges will be removed from the Transporter Metering Charging statements. The new charges for the Class 1 service will be published within the CDSP DSC Annual Charging Statement (DSC Specific Services Charges section) following the implementation of XRN5379. For reference, this document is published [here](https://www.gasgovernance.co.uk/DSC-Documents).  Please note, the ongoing DSC Specific Service charges for this service are not included within this HLSO because they are still to be determined. Until the outcome of the procurement exercise is known, and the successful bidder appointed, we cannot confirm those charges. To confirm, DSC Customers will be made aware of these DSC Specific Service charges ahead of the contract go live on 01 April 2023.  Ongoing Operational Costs  As well as the DSC Specific Service charges for the Class 1 Read service, we anticipate there will be an uplift in CDSP ongoing costs for additional operational activities, procurement and account management actions for the new service and contract.  These anticipated costs have not been included within the HLSO as they are unconfirmed at this point in the change. Once the procurement exercise has completed and detailed design has been undertaken, we will confirm the CDSP uplift cost.  **XRN5379 Funding Parties**  Impacted parties of the change are Shippers, DNOs, IGTs and NG Transmission.  For any ongoing costs (to be determined as detailed above), we anticipate funding to be 100% Shipper.  For the CDSP implementation costs, the funding split between impacted parties must be agreed.  Please note, the funding split for this change needs to be discussed and agreed at the August ChMC ahead of the Solution Change Pack being voted on.  **Process and System Changes**  At a high-level, the main system changes associated to XRN5379 are:   * The cessation of current UK Link charges for the Class 1 services * Configuration activities for the successfully appointed Service Provider * Set-up of charges for the service via the DSC Specific Service Invoice * New report requirements * Testing and cutover activities to ensure a smooth transition with continuity of the service   *Please note that these changes are anticipated to be* ***internal*** *to the CDSP and not expected to impact customer systems. Please let us know during the consultation period if you believe any of the system changes above or detailed within the HLSO impact your organisations systems.*  The main change Shipper Users will see is within the invoicing space. The Class 1 charges will no longer be invoiced via UK Link invoices but via the DSC Specific Service invoice.  Further details on the future service and what it means to DSC Customers including charges and incentive regimes will be made available within Detailed Design.  **Procurement Exercise**  As DSC Customers will be aware, Xoserve in their role as the CDSP are leading the procurement exercise to appoint a Service Provider under a new contract for the Class 1 Read Service.  To lead this procurement exercise, we submitted two EQRs to ChMC for approval of additional funding. The two EQRs totalled £120k with the recent one being approved at the February 2022 ChMC. The cost associated with the procurement exercise is anticipated to be 100% Shipper funded as agreed within the EQR by ChMC.  Please note, the initial £60k approved by ChMC was committed in Business Plan (BP) 2021 and the second £60k was committed by ChMC for BP22.  For the avoidance of doubt, Shippers did not fund the initial £60k within BP21 (the £60k funds was returned to Shippers). To confirm, the second £60k will be included in the BP22 budget.  This funding has not been included in the cost range within the HLSO as it is not associated to CDSP system or process impacts as a result of implementation. As detailed above, there are anticipated ongoing CDSP costs to manage the new contract and additional activities associated to this which will be detailed within the BER following completion of detail design.  As a result of the procurement exercise undertaken by the CDSP, there will be a successful bidder that will be awarded the contract of the Class 1 Read Service Provider. Details of which will be communicated to DSC parties in due course.  **General Considerations:**   * As the procurement exercise is ongoing and the outcome currently unknown, the HLSO cost range **does not** include any potential supplier (Service Provider) implementation costs as a result of the appointment of the new contract. Once we are aware of any supplier (Service Provider) implementation costs, we will inform DSC parties. * Lower-level costs including ongoing CDSP uplift and confirmed Service Provider implementation costs will be included within the BER for this XRN. * Following implementation of this change, Shippers will be charged for the service and credited any DMSP incentives via the DSC Specific Service invoice. To confirm, incentives refer to where the Service Provider does not meet the standards of the service as set out within the contract and therefore DSC customers are credited. Details on the incentive regime for the Class 1 Read service as of 01 April 2023 will be included within the Detailed Design Change Pack. This will cover what the incentives will be and when they apply. * The charges associated with the service will be included within the CDSP DSC Annual Charging Statement. * UNC Modification 0710 and IGT 148 have been approved and are awaiting implementation for 01 April 2023. * Following the implementation of both Modifications, the current Transporter liabilities will cease. * This change will result in new contract being put in place between Xoserve as the CDSP and the successful bidder of the procurement exercise. |
| Proposed Implementation Date: | An ad-hoc release is expected.  The contract between Xoserve as the CDSP and the Class 1 Read Service Provider needs to be in place **01 April 2023**. This is when the new contract and service under this contract should go live.  *Please note, activities between the CDSP and Service Provider will be undertaken ahead of the 01 April 2023 date to ensure the service can be implemented in line with the contract go live date.*  *We expect cutover / transition activities from old to new service will be required, details of which will be communicated to customers following completion of detailed design.* |
| Xoserve preferred option:  (including rationale) | Option 1. This is the only solution option proposed as it allows us to meet the requirements of UNC Modification 0710 and IGT UNC 148. |
| DSG preferred solution option:  (including rationale) | This Solution Option Change Pack for XRN5379 will be discussed at the next available DSG meeting. |
| Consultation closeout: | Click here to enter a date. |

# Service Lines and Funding – for each option

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| Service Line(s) Impacted - New or existing | There will be impacts to DSC Service Lines as a result of this change.  This will involve the amendment of existing Service Lines, removing no longer required Service Lines and adding any required new Service Lines.  Visibility of the changes to Service Lines will follow the standard process and will be documented within a separate Change Proposal to be taken to CoMC for approval when required. |
| Level of Impact | Unclear |
| Impacts on UK Link Manual/ Data Permissions Matrix | TBC – impacts on the DPM are currently unknown and will need to be assessed in detailed design. |

Industry Response Solution Options Review

# *Please consider any commercial impacts to your organisation that Xoserve need to be aware of when formulating your response*

# Organisation’s preferred solution option

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| User Contact Details: | Organisation: | Wales & West Utilities |
| Name: | Tom Stuart |
| Email: | tom.stuart@wwutilities.co.uk |
| Telephone: | 07964937739 |
| Organisation’s preferred solution option, including rationale taking into account costs, risks, resource etc. | Support- As the proposer of Mod 710 we support this change. | |
| Implementation Date: | Approve | |
| Xoserve preferred solution option: | Approve | |
| DSG preferred solution option: | Approve | |
| Publication of consultation response: | N/A | |

# Xoserve’ s Response

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| Xoserve Response to Organisations Comments: | Thank you for your representation, we will feed this into ChMC for a final decision. |

Change Management Committee Outcome

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| Change Status: | Approve | ☐ Reject | | | ☐ Defer |
| Approved Solution Option | Solution Option 1 | | | | |
| Industry Consultation: | 10 Working Days | | ☐ 15 Working Days | | |
| ☐ 20 Working Days | | ☐ Other [Specify Here] | | |
| Date Issued: | 18/07/2022 | | | | |
| Comms Ref(s): | 3069.4 - KL - PO | | | | |
| Number of Responses: | 1 | | | | |
| Solution Voting: | Shipper | | | Please select. | |
| ☐ National Grid Transmission | | | Please select. | |
| Distribution Network Operator | | | Approved | |
| ☐ IGT | | | Please select. | |
| Meeting Date: | 10/08/2022 | | | | |
| Proposed Release Date: | Release: TBC | | | | |

Approved Solution Option

# Approved Solution Option

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| Solution Details: | CDSP to enable the provision of the new DM Read Service and charging via the DSC Specific Service invoice |
| Implementation Date: | TBC |
| Approved By: | ChMC |
| Date of Approval: | 10/08/2022 |