

Business Plan 2023

Final Version

For Xoserve's financial years April 2023 to March 2026

Contents



<i>A message from the CEO</i>	03
<i>About Xoserve</i>	04
<i>Executive Summary</i>	06
<i>Industry Context</i>	07
<i>Key Changes in Final Draft</i>	08
<i>Key Principles</i>	09
<i>Financial Summary</i>	11
<i>Service and Operate Costs</i>	14
<i>Service and Operate Charges</i>	17
<i>Assuring Service Delivery</i>	18
<i>Overview of Projects</i>	20
<i>Constituency Funding</i>	22
<i>Project Types</i>	30
<i>Funding by Project Type</i>	31
<i>Business Case Overview</i>	35
UK Link Roadmap	36
Gemini Roadmap	37
Opening Up Our Data	38
Protecting Against Cyber Crime	39
Energy Price Guarantee	40
Decarbonisation	41
General Change	42
Efficiency Review	43
<i>Customer Engagement</i>	44
<i>Join the Consultation</i>	46
<i>Board Assurance Statement in BP23</i>	47
<i>Glossary</i>	48
<i>Glossary of Services</i>	49

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 over the summer was 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, the economic uncertainty caused by recent changes in government is making it harder to plan for the future.

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 (and, through them, end consumers) benefit from the economies of scale and the concentration of expertise 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. We do our best to navigate these complexities, in order to create a plan that we believe is in the best interest of market participants and the consumers that we all serve.

As a not-for-profit organisation, however, Xoserve can only undertake additional work if it is funded by customers to do so. Our Business Plan for 2023-24 (BP23) therefore reflects additional funding for scope that stakeholders have asked us to take on. We have sought to keep additional costs to a minimum, but customer feedback has told us that undertaking an efficiency review is a priority. We have therefore added an amount of money into the budget for 2022-23 to cover this activity. The inclusion of funding now will allow us to proceed in-year, once the approach is confirmed. We will be facilitating workshops in the new year to help customers reach consensus on scope and frequency. All DSC contract managers have been invited to participate.

Historically, it has been standard practice to propose the budget at this year's values and then apply an inflation uplift (based on CPI-H for December) to generate the charging statements. This simplified the budgeting process by allowing us to transparently show the impact of inflation, while making it easier for customers to undertake a direct comparison between the proposed future budget and that of the previous year. While inflation has been low, this has worked well and been accepted across the industry. However, with high inflation driving pressures onto consumers and businesses alike,

it is right that we, like many others in the energy sector, look at the key components of our cost base to identify what can be done to mitigate some of the impact to customers. Pending the conclusion of this work, our only option (as a not-for-profit) to ensure that the budget is sufficient is to assume full application of CPI-H.

On page 8, you can see at a glance all the changes we made during the consultation process, including in response to customer feedback.

Creation of the Business Plan is a mammoth task of which customers only see a small proportion. Understanding what our customers would like to get from the services helps us to appreciate the complex pressures they are facing, enabling us to create a plan which we believe is in the best collective interest of market participants and the consumers that we all serve. On behalf of the whole team, I would like to thank all those customers who have engaged in the process this year, in particular those who took time to provide us with feedback on earlier drafts. It is an incredibly valuable part of the planning and budgeting process.

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. The CDSP services are provided on a mutualised, centralised basis to all gas market participants. We administer the UK Link system, which 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.

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, this information can be accessed and viewed through the Gas Enquiry Service (GES), provided by Xoserve through the Retail Energy Code (RECCo). Before July 2022, this information was provided directly through the Data Enquiry Service (DES). Xoserve also provide data visualisation, dashboards and analytics to our customers through the core part of our Data Discovery Platform (DDP).

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

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.

About Xoserve



Each year:



12 million data files processed



Over **8,000** reports to customers



Around **150 million** rolling Annual Quantity calculations



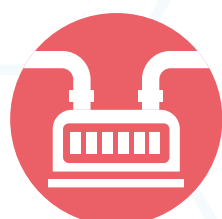
Around **£4 billion** in invoices for gas transportation



Around **3 million** customer switches



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



Over **1 billion** meter reads

Executive Summary



Summary of BP23 Totex Position

The Business Plan proposes a total cost of £86.6m for 2023-24. This covers both the operating costs of delivering on existing services, and the projects needed to deliver the developments of additional services that are needed for Data Services Contract (DSC) parties to continue to deliver to their customers.

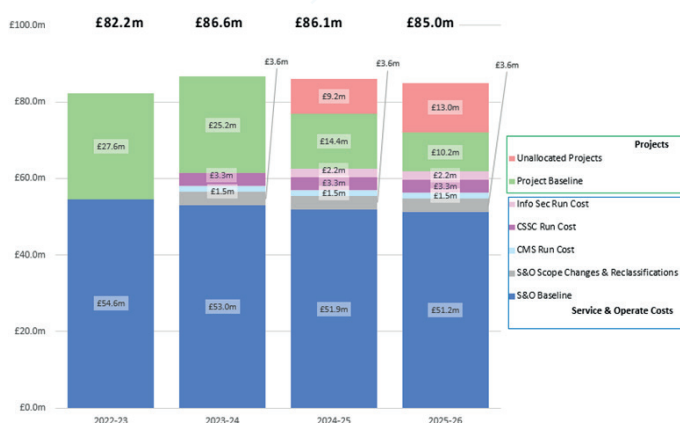
Service and Operate costs have risen from £54.6m to £61.4m. The addition of CSS costs for the first time as well as the subscription costs for CMS, addition of Daily Metered (DM) and Non-Daily Metered (NDM) service provision and the Flow Weighted Average Calorific Value (FWACV) work all contribute to this change. Increases in Service and Operate costs are partly offset by movements of Information Security funding back into projects.

Projects for 2023-24 now total £25.2m. This is a £2.4m reduction by comparison to the total cost to deliver projects in 2022-23. 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.

Supporting information that details the funding proportions across our customer constituencies can be found on pages 24-31.

Our BP23 forecasts represent the costs of delivering the CDSP services through 2023-26. Should the appeal to our previous Business Plan result in a need to flex future costs, we will engage with customers through the DSC Contract Management Committee (CoMC) to establish what scope reductions may be needed for this to be achieved.

Figure [01] illustrates proposed BP23 total expenditure (totex) for the current year and three year plan period split by Service and Operate cost and Projects.



Ems (2022-23 Prices)	2022-23	2023-24	2024-25	2025-26
Unallocated Projects	-	-	£9.2m	£13.0m
Project Baseline	£27.6m	£25.2m	£14.4m	£10.2m
Subtotal Projects	£27.6m	£25.2m	£23.6m	£23.2m
Info Sec Run Cost	-	-	£2.2m	£2.2m
CSSC Run Cost	-	£3.3m	£3.3m	£3.3m
CMS Run Cost	-	£1.5m	£1.5m	£1.5m
S&O Scope Changes & Reclassifications	-	£3.6m	£3.6m	£3.6m
S&O Baseline	£54.6m	£53.0m	£51.9m	£51.2m
Subtotal Service & Operate	£54.6m	£61.4m	£62.5m	£61.8m
Totex	£82.2m	£86.6m	£86.1m	£85.0m
Broken down by:-				
DSC	£81.8m	£82.7m	£82.2m	£81.1m
Additional & Third Party	£0.5m	£0.1m	£0.2m	£0.2m
RECCo	-	£3.8m	£3.8m	£3.8m
	£82.2m	£86.6m	£86.1m	£85.0m

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

We have made the following changes from the information included in BP22:

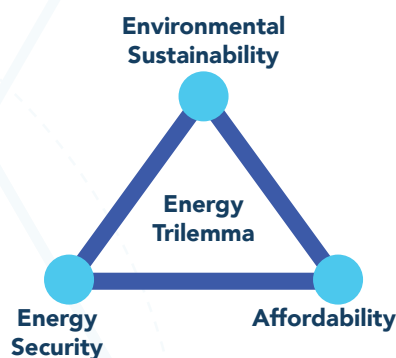
- Scope changes totalling £3.6m driven by transition to GES and customer requests for the CDSP to take on new activities including DM and NDM reads, FWACV scope increase and faster payments for Failure to Supply Gas (FSG).
- The transfer of Information Security run costs into Service and Operate cost will now take place in 2024-25, one year later than proposed in BP22.
- The inclusion of CSS operating costs - £3.3m
- CMS run costs - £1.5m
- Investment in the Gemini Sustain project will result in Service and Operate reductions throughout the plan period
- Application of CPI-H inflation which was 4.8% in December 2021

Industry Context



Our Business Plan 2023 is being published at a time of great uncertainty. We have aimed to balance the challenging environment in which our customers continue to operate, with the need to reliably deliver the services that customers need by investing in only the most critical areas.

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. You may have seen this referred to as the energy 'trilemma'



During 2021-22, the provision of CDSP services by Xoserve to the gas sector 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% 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 taken September 2022: [https:// energysavingtrust.org.uk/about-us/our-data](https://energysavingtrust.org.uk/about-us/our-data))

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 energy 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 £3.46 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 the cost pressures being felt throughout the wholesale and retail industry, 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 remains a key focus for us throughout BP23 and beyond.

Finally, in recognition of the ever-increasing cyber security threat 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.

Key changes in Final Draft

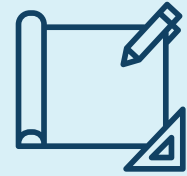


Following customer feedback on draft two, we have made the following changes in our final draft of BP23 and, where relevant, the associated Business Cases.

- Included a new message from our CEO reflecting on some of the key changes made in this final draft.
- Included updated numbers relating to GES and DM/NDM Reads.
- Reflected the updated savings from decommissioning the old CMS system.
- Updated the 'Assuring Service Delivery' section in response to customer feedback.
- Summarised the rationale for project % splits where projects are new, the splits have changed since last year or deviate from the common % split (as defined in section 7 of the Budget and Charging Methodology).
- Updated the costs associated with EPG to reflect the work required following further clarity from the Government on scope, including a revised exec summary.
- Included a new drawdown funded project for an Efficiency Review (£0.5m) to be utilised once customers have scoped this work.
- Updated financial tables throughout the document.
- Consistently applied new terminology (e.g. 'Project' rather than 'Investment') throughout the document.
- Updated the 'Board Assurance Statement' in response to customer feedback.

Totex (£m)	Classification	2023-24	2024-25	2025-26
First Draft		87.3	85.5	85.2
Gemini Run Costs	S&O	0.01	(0.03)	(0.03)
Gemini Sustain	Projects	(0.32)	0.50	-
Gemini Regulatory Change	Projects	(0.14)	0.42	(0.06)
Energy Price Guarantee Scheme Admin	Projects	(0.98)	(0.63)	-
Second Draft		85.9	85.7	85.1
Efficiency Review	Projects	0.50	-	-
Energy Price Guarantee Scheme Admin	Projects	0.35	0.56	0.33
GES	S&O	(0.06)	(0.06)	(0.06)
DM/NDM Reads	S&O	(0.03)	(0.03)	(0.03)
CMS Decommissioning	S&O	-	(0.13)	(0.31)
Final Draft		86.6	86.1	85.0

Key Principles



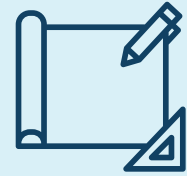
In terms of content and engagement, Business Plan 2022-23 (BP22) was one of Xoserve's most comprehensive to date. We have provided greater levels of detail about the projects than ever before, but in doing so, information became convoluted and difficult to access.

In this Business Plan we have sought to provide even more detail, supported by clearer descriptions of what we do in order to demonstrate the value of the services we provide.

In response to customer feedback you will see a number of changes in the Business Plan, such as:

- Revised terminology, to align more consistently with other organisations in the energy industry, including:
 - 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 22 for an explanation of the rationale for this.
 - 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 32 for more information.
 - Service and Operate costs are broken down by service area, in each draft of BP23, rather than just the final version.
 - A description of the activities which make up each service area is now included (pages 50-55).
 - 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.
 - We are working with customers to help them understand the proportion of constituency charges their individual organisation is likely to incur.
 - We are expanding how we engage and communicate with customers, with more flexible engagement routes. See Customer Engagement on page 45 for more information.
 - We have launched a centralised, secured area for customers to access the supporting material for BP23, eg, the underpinning Business Cases for projects.
 - We will provide personalised responses to each customer who have taken time to provide us with feedback.
- We have also retained previous good practice:
- We continue with our extensive programme of engagement in the development of the Business Plan. Starting with the Principles and Approach (P&A) document finalised in July 2022, the planning process will continue through to January 2023, when the final version of BP23 to be published, along with the charges for 2023-24. The timeline of activities can be found in Customer Engagement on page 46.
 - As in previous Business Plan years, each project is 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.

Key Principles

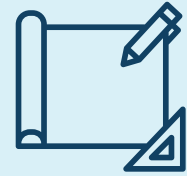


Earlier this year, in direct response to customer feedback, we started to explore with the DSC CoMC, the industry's appetite to fund a comprehensive efficiency review of Xoserve's services. The capacity we created to look at this had to be redirected to respond to the Government's urgent request for help with the EPG, so we advised customers representatives at DSC CoMC to request funding from the General Change budget if they wished for this work to proceed before the next financial year.

In revisiting this theme, we will shortly be facilitating customer scoping sessions, with DSC Contract Managers having been invited to an initial workshop on 1st February 2023. We have also added £0.5m into the drawdown projects total in order to fund the review once scope is understood.

Finally, our Board (which is made up of eight Non-Executive Directors, nominated by our various customer constituencies, and an independent Chair), has reflected on customer feedback and updated its Assurance Statement. The Board has scrutinised the business planning process and describes (on p. 47) how it has been assured that the Business Plan represents what is required.

Financial Summary

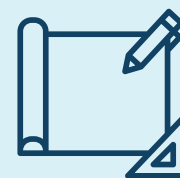


We have presented the financial information as summarised below:

- 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' (CPI-H) in December 2021 (4.8%).
- The December 2022 CPI-H indexation will be used this year to convert the finalised BP23 numbers into charging statements for 2023-24. As requested by customers during the consultation draft, we have added an estimate of constituency charges in 2023-24 prices using the actual 12 month CPI-H value for November 2022 of 9.3%. Charges shown in the 2023-24 Charging Statement will be uplifted using the 12 month CPI-H value for December 2022.
- 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 therefore 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 impact resulting from project costs being reclassified to Service and Operate costs or consequential Service and Operate costs when projects have ended.
- Service and Operate cost include sum payable by the Retail Energy Code (RECCo) for the gas enquiry services.
- Finally, we have provided a breakdown, by each customer constituency, of the contribution of each constituency to the plan.

Financial Summary



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 £86.6m.

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 three years and that this profile would be maintained despite the business restructure in March 2021. This profile has been carried into BP23 and including the scope changes detailed below, the proposed budget for Service and Operate for 2023-24 is £61.4m including estimates for these services charged on usage.

Changes in scope have resulted in increases in Service and 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 £3.6m driven by transition to GES and customer requests for the CDSP to take on new activities including DM and NDM reads, FWACV scope increase 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.

As part of this year's BP23 consultation process, we have received requests for a more detailed breakdown of the Service and Operations (S&O) costs. Whilst at this point we are unable to provide a further breakdown beyond the additional Service Area splits that have already been included in this year's plan, we will include a further breakdown of costs in future plans, in particular Xoserve's direct costs.

Project costs

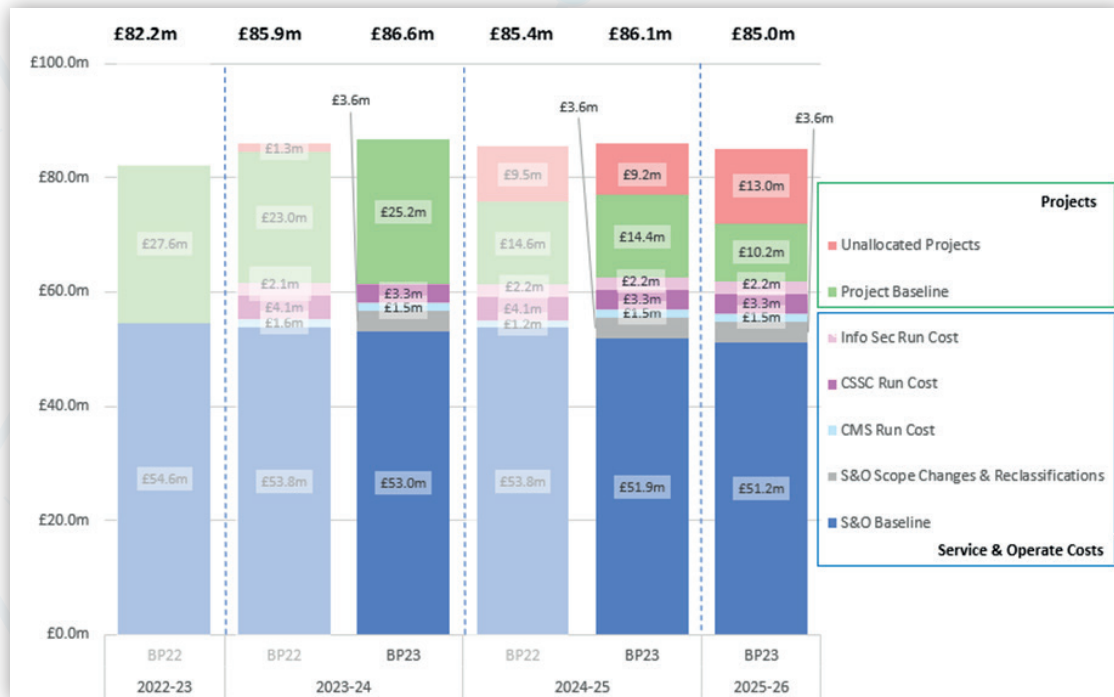
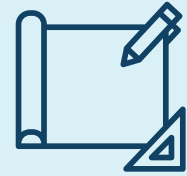
The total cost to deliver projects in 2023-24 is £25.2m, which is £2.4m less than project investment in 2022-23 (£27.6m). The total for 2023-24 is £2.2m more than the forecast in BP22 (£23m). This increase is driven by scope changes including the introduction of the EPG scheme which requires £0.9m funding and a £0.5m provision for an Efficiency Review, a £2m reclassification of Protection Against Cyber Crime funding from Service and Operate cost to Projects, offset by the removal of £1.3m unallocated projects from the total project costs (which were included in our BP22 forecast).

Based on the meter point count as at 1st December 2022, totex for 2023-24 equates to a cost per meter point for each constituency as follows:

- DNs: £1.18 (£1.22 if Specific Services are included).
- IGTs: £0.33
- Shippers: £1.33 (£1.43 if Specific Services are included)

Including National Grid, Third Party and RECCo, the overall CDSP costs per meter point for 2023-24 is £3.46

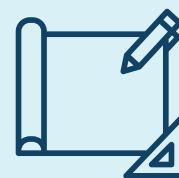
Financial Summary



£ms (2022-23 Prices)		2022-23	2023-24	2024-25	2025-26
		BP22	BP22	BP22	BP22
Unallocated Projects		-	£1.3m	-	£9.5m
Project Baseline		£27.6m	£23.0m	£25.2m	£14.6m
Subtotal Projects		£27.6m	£24.3m	£25.2m	£24.1m
Info Sec Run Cost		-	£2.1m	-	£2.2m
CSSC Run Cost		-	£4.1m	£3.3m	£4.1m
CMS Run Cost		-	£1.6m	£1.5m	£1.2m
S&O Scope Changes & Reclassifications		-	-	£3.6m	-
S&O Baseline		£54.6m	£53.8m	£53.0m	£53.8m
Subtotal Service & Operate		£54.6m	£61.5m	£61.4m	£61.2m
Totex		£82.2m	£85.9m	£86.6m	£85.4m

Figure 02 – proposed BP23 Totex compared to BP22

Service and Operate Costs



Overview of the services

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.

Most of the CDSP services are delivered under the 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.

At a high level, the services that we provide centre around the maintenance of the central register of the 24 million gas meter points in Great Britain and the performance of activities which support the operation of Britain gas market.

Our central register includes address, meter details, supplier and read history for each meter point. From it, we identify companies that are responsible for gas entering and leaving the network, which lets it remain 'in balance' between supply and demand. We also invoice for/provide information to the gas transporters and 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. Figure 03 compares the Service and Operate costs against BP22 equivalent.

Delivering these services centrally, in a mutualised way, enables consistency of approach and creates economies of scale across the gas industry while enabling the gas market to respond to unexpected events, 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.

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

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, unless they have permission from the DSC CoMC to receive other additional services.

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

Service and Operate Costs

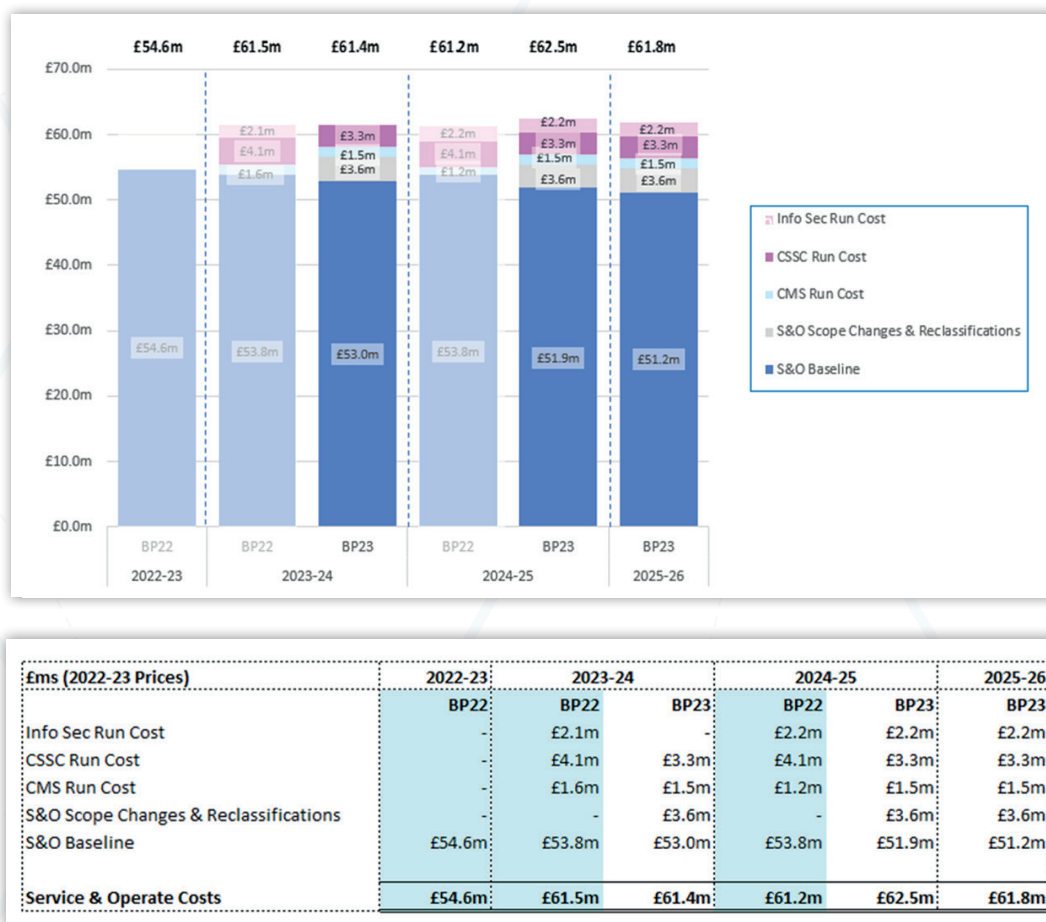
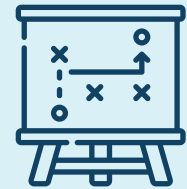
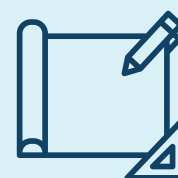


Figure 03 - comparison of Service and Operate components against BP22

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 17. These are grouped into 17 service areas and account for approximately 88% of the Service and Operate costs in BP23.

Service and Operate Costs



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 DM and NDM Services are being split and retendered. The obligation to provide the DM service under the Uniform Network Code is moving to Xoserve. The obligation to provide the NDM service remains with the DNs, 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 CoMC 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 £1.7m 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 ChMC 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 from 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 all years). In addition, savings resulting from decommissioning the old CMS system (which were previously netted off against the subscription cost) are now shown as separately as reductions against Service and Operate baseline.
- 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.

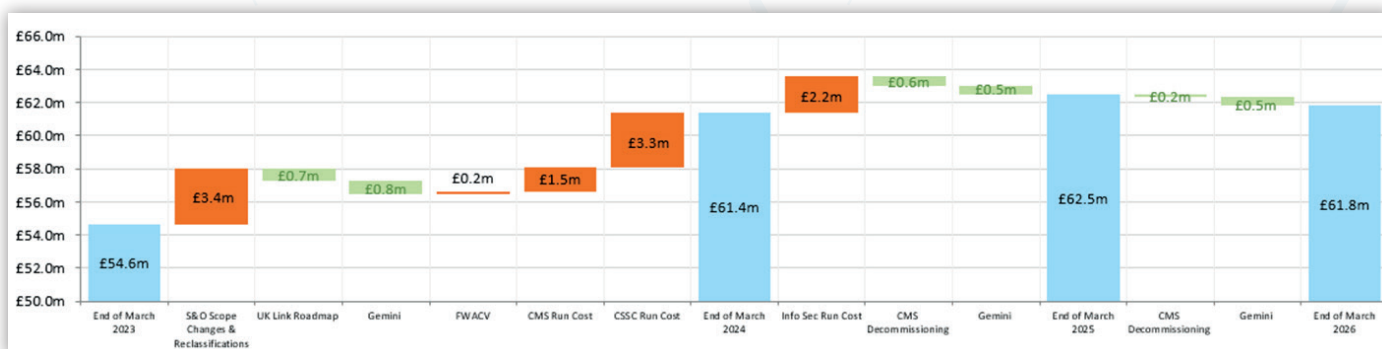
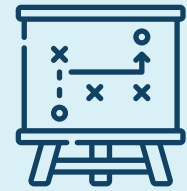


Figure 04 - year-on-year Service and Operate movements in costs (in £m) from April 2023 through to March 2026

There is a 5% reduction in baseline Service and Operate costs across the period shown in figure 04, resulting from the delivery of multiyear UK Link and Gemini Roadmap projects.

Service and Operate Charges



Service and Operate charges by service area

Figure 05 below shows how the total Service and operate costs of £61.4m 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)

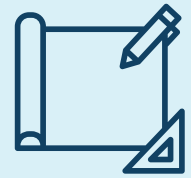
Service Area no.	Service Area £000s	Annual Service Area Charge	Shippers		National Grid NTS	DN Operators		IGTs		Other
			Share of Annual Service Area Charge	Annual Service Charge per Meter Point £		Share of Annual Service Area Charge	Annual Service Charge per Meter Point £	Share of Annual Service Area Charge	Annual Service Charge per Meter Point £	
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	1,047	346	0.01	-	702	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	765	0.03	100	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	883	0.04	115	0.04	-
10	Invoicing customers	7,566	-	-	908	6,659	0.30	-	-	-
11	Management of Customer Issues	739	296	0.01	37	360	0.02	47	0.02	-
12	Customer Contacts	2,767	1,383	0.06	166	1,076	0.05	141	0.05	-
13	Managing Change	14,367	7,471	0.30	1,006	5,747	0.26	144	0.05	-
14	Gemini Services	5,106	-	-	5,106	-	-	-	-	-
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		54,199	25,903	1.03	9,163	18,546	0.84	587	0.20	-
Total Specific Services Charge		3,310	2,492	0.10	-	818	0.04	-	-	-
Total Additional / 3rd Party Charge		129	-	-	-	-	-	-	-	129
Total RECCo Charge		3,750	-	-	-	-	-	-	-	3,750
Total Service & Operate Business Plan 23		61,389	28,396	1.13	9,163	19,364	0.87	587	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 at DSC CoMC.

The apportionment of Service and Operate costs across DSC constituency groups is defined by the model agreed during the 2017 Funding, Governance and Ownership (FGO) review and documented in section 3.1 of the Budget and Charging Methodology. The ongoing management of this arrangement is covered within the DSC CoMC forum. The You can find out more about constituency funding splits pages 26 to 31.

Assuring Service Delivery



Xoserve's activities in Contract Management and Assurance are pivotal to ensuring we deliver customer satisfaction.

Since our operational restructure in March 2021, Xoserve has subcontracted the majority of its obligations as CDSP through an ecosystem of third parties. This allows us to use specialist service providers to deliver key industry critical services such as the Performance Assurance Framework Administrator (PAFA), the AUG and, of course, the broad set of business, technical and data services provided to Xoserve by Correla.* Formal contract management and assurance practices are therefore pivotal to ensuring that Xoserve delivers the CDSP services to customers reliably and cost effectively.

A key benefit of the restructure was to create clear separation between Xoserve and service delivery to enable Xoserve to act on customers' behalf without the inherent conflict of being the organisation that is delivering the services. Xoserve retains overall accountability for the services being delivered but the independence we can now bring to performance

assurance, requirements fulfilment, audit, risk management and quality has allowed us to implement a more formal and structured review of performance, focussed on the quality of deliverables, how key performance measures and performance indicators are measured/reported, root cause analysis of failures and performance improvement plans to address/ prevent future occurrences. In all of these activities, we apply our in-depth knowledge and experience of the regulations under which services are provided, the market within which services are delivered and how the current solution works to ensure that customers receive a reliable service, which meets code requirements and the commitments in the Data Services Contract (DSC).

New solutions

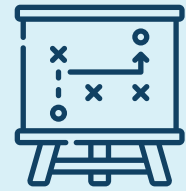
This activity starts with the development of new solutions to address the needs of customers and other stakeholders. New solutions can arise in a number of ways: through UNC Mod Panel, DSC ChMC and via industry-wide initiatives such as the Retail Energy Code (REC), through stakeholder engagement or through suggestions and innovations identified by Xoserve and its delivery partners.

Xoserve's role is to help shape and document industry requirements, assure that the solution being proposed delivers to those requirements, procure third party services to support service delivery (where appropriate), support the navigation of proposed changes through industry governance and provide oversight to the implementation (to ensure the delivery remains on track and troubleshoot the introduction of the new service). Should anything go wrong, we also provide oversight to the management of consequences and broker solutions across the market, including with other central bodies.

Our extensive experience in delivering services in this highly regulated market, with its bespoke technical, privacy and security requirements, also enables us to assess whether the costs being proposed for both

* Formerly part of Xoserve, Correla started to deliver services to Xoserve as a separate organisation on 1st April 2021. These services are contracted under an arms-length, commercial contract, called DSC+, which flows down the service obligations, formalises service reporting requirements and introduces commercial levers to incentivise performance.

Assuring Service Delivery



development and ongoing delivery of new services within this market represent value for money. We do this by scrutinising proposals from service providers, challenging proposed resource profiles/timescales, confirming optimised use of technology and using data about previous projects undertaken in the same environment as a benchmark. Once we are satisfied with value, we are able to fix the price through a formal contract arrangement, moving the cost risk away from customers and onto our service providers, thus insulating customers from any overrun or under-estimation for the contracted scope of the project. The result of this work culminates in the Business Cases that are presented in our Business Plan with any projects that are not deemed to represent sufficient value or criticality, being withheld.

Where industry or customer requirements change, we will lead the negotiation for the change in scope with the relevant supplier, using the same approach to validate the cost of the change in scope.

Reflecting that incumbent suppliers offer economies of scale since they are already supporting the systems being changed, we undertake formal tenders only for substantial projects. This is where the scale of the new work justifies the additional costs to undertake a formal tender, legal support for contract negotiations and knowledge transfer to onboard the new supplier. For some smaller scale projects, these costs often outweigh the value of the work being tendered and therefore tendering represents poor value for money.

Project delivery

We assess each new project against set criteria to determine the approach and intensity of assurance activities. This is flexible, sensitive to changing circumstances and weighted appropriately, based on impacts to our customers. We focus on measuring performance versus agreed milestones (deploying contractual levers where necessary), and the quality of what's being delivered.

Ongoing service delivery

Once a project is complete and the new service introduced into business as usual, Xoserve assures service performance through a combination of the following activities:

- understanding what needs to be delivered
- examining the service statistics to verify that this is the case
- recognising early warning signs of issues to come
- working with our service providers to prevent future service failures and address incidents or problems which arise.

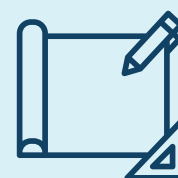
Much of this activity happens “behind the scenes”, not visible to customers, and aims to prevent failures before they occur, making the impact of such activities impossible to measure.

Regardless of the level of assurance, incidents do still occur. This is inevitable in a technical landscape as complex as UK Link and the upstream / downstream processes it supports. Xoserve's independence from delivery and deep knowledge of the services and their impact on industry parties, enables us to ask searching questions, about the cause, remediation, recovery and future preventative actions relating to a specific incident. As part of the restructure, we were able to introduce contractual levers to incentivise service delivery and include a requirement for root cause analysis of all incidents and action plans to address their findings.

The closer management of service delivery has also embraced the delivery of all projects funded by customers, where we have improved rigour, transparency and clarity with all our suppliers, through the introduction of a formal programme portfolio approach and use of milestone-based progress reporting.

We augment all of this with a formal performance and governance framework across our supply chain, to ensure that the arrangements between us and our suppliers are effectively controlled and managed. We undertake regular reviews of supplier performance to ensure service provision is on time, aligned with the obligations in the contract and still reflects the requirements of Xoserve and/or its customers. The frequency of these reviews varies with scale and complexity of the arrangements with the relevant supplier, aligned with good contract management practice

Overview of Projects



In the P&A published in July, we acknowledged the financial challenges that customers are currently facing. The only new projects for 2023-24, outside of those already included within BP22, are therefore, work associated with the facilitation of the EPG scheme, and the introduction of a budget to undertake an Efficiency Review. 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 phases of multi-year projects, however, the underpinning Business Cases will remain aligned to the themes within which customers approved the original investments.

This section of the plan:

- provides an overview of proposed BP23 projects,
- shows the evolution of forecasted costs through to BP23 costs at a total and project level,
- shows projects and respective costs into new project categories,

Further details regarding projects can be found in pages 32 – 44 of this document, including an executive summary for each project area and links to supporting business cases.

We will 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.

We will further evolve the DDP, delivering customer priorities, such as insights that will enable DDP users (>85 organisations / approximately 800 individuals) to identify settlement data anomalies and scrutinise invoices at meter point reading numbers (MPRN)-level in the platform.

As in previous years, customers will be required to invest in drawdown funds that enable Xoserve to design, develop and deliver change emanating from an increasingly diverse industry code landscape in year, with use of these funds being agreed by the 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 intend to continue our multiyear 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.

Finally, customer feedback on the 2nd draft of BP23 has included a range of opinion as to the scope and potential funding of an exercise to review the efficiency of CDSP service provision, and as such we have included a drawdown budget for this review. The scope and requirements of this review will be defined by customers. Funding this work as a project (rather than via Service and Operate) is consistent with how the 2019/20 efficiency review was delivered.

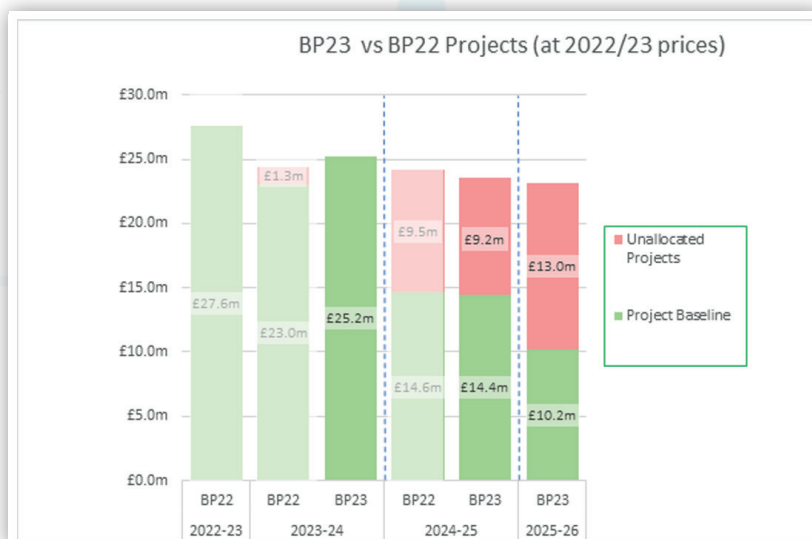
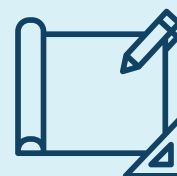
Total cost of Projects

The total project cost for BP23 is £25.2m. This is £2.19m 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 2023-24 project costs by £0.9m
- a £0.5m drawdown budget to fund an efficiency review once scoped by customers
- reclassification of Protection Against Cyber Crime costs from Service and Operate to Projects (to reflect the need for a stabilisation period as the transformation activities complete), thus increasing project costs by £2m, albeit with a corresponding reduction in Service and Operate

All movements between the BP22 forecast and BP23 project costs, and how each project relates to terminology in the Budget and Charing Methodology, can be found in the 'Project Overview' section on the next page and in further detail in the 'Funding by Project Type' section.

Overview of Projects



£ms (2022-23 Prices)	2022-23	2023-24		2024-25		2025-26
	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	£9.1m	£8.2m	£5.9m	£1.9m
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	-	-	£0.9m	-	£0.7m	£0.3m
Efficiency Review	-	-	£0.5m	-	-	-
Project Costs (BP22 Mapping)	£27.6m	£24.3m	£25.2m	£24.1m	£23.6m	£23.2m

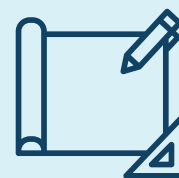
Figure 06 – project costs shown in BP22 'investment themes'

£ms (2022-23 Prices)	2022-23	2023-24		2024-25		2025-26
	BP22	BP22	BP23	BP22	BP23	BP23
Operate & Maintain - Business as Usual	£5.7m	£7.3m	£6.7m	£5.5m	£3.8m	-
Operate & Maintain - Continuous Improvement	£4.5m	£4.0m	£3.9m	£3.6m	£3.1m	£2.7m
Major Change Projects	£12.0m	£6.4m	£9.0m	£0.3m	£2.3m	£2.3m
Drawdown Funded Projects	£5.3m	£6.6m	£5.7m	£14.8m	£14.4m	£18.2m
Project Costs	£27.6m	£24.3m	£25.2m	£24.1m	£23.6m	£23.2m

Figure 07 – project costs shown in newly defined BP23 project types

In Figure 06, REC Change is shown as a separate line item to allow comparison / evolution from BP22 (in which the CSSC programme concluded), however the drawdown budget to fund potential REC consequential change is included in the General Change Business Case. ChMC will be tasked with approving the iterative drawdown of this budget. In both tables above, the costs are shown at BP22 prices inflated by 4.8% (which was the CPI-H rate in December 2021).

Constituency Funding



Overview

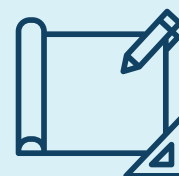
Most of Xoserve funding comes from DSC customers. Costs are initially split on a constituency basis, enabling us to align funding for our services (whether Service and Operate or projects) to the parties who are obliged to deliver these services under Network Code or who derive most benefit from these services, based on their role within the gas market. The rules which drive the allocations were agreed with constituency representatives at the time of FGO in 2017.

For each constituency we have shown:

- the current year funding with a three-year forecast
- the BP22 three-year forecast inflated by CPI-H (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

At customers request, we have also included an initial estimate of the total charges in 2023-24 prices using the November 2022 actual CPI-H percentage of 9.3%. Charges will be uplifted using actual CPI-H as at December 2022 to create the final charging statement in January 2023.

Constituency Funding



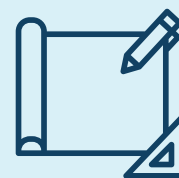
DSC Customer Constituencies

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)	National Grid owns and operates the national high-pressure network connecting Gas Transporters (distribution networks), Shippers and connection customers.
Distribution Networks (DNs)	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 shown in the following pages are based on the meter point costs as at 23 August 2022.

Constituency Funding: Shippers



The 2023-24 total charge for the Shippers constituency is forecast to be £35.8m at 2022-23 prices. Of this £28.4m relates to Service and Operate with the remainder of £7.4m as projects.

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

For Shippers, projected charges for 2023-24 are forecast to reduce by £1.8m from the 2022-23 position. Service and Operate charges have increased by £4.0m 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 £0.6m reduction from decommissioning of former Xoserve's Data Enquiry Service (DES) and removal of direct API provision and reporting 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 £5.8m, driven by the conclusion of the CSS project. The reductions are partially offset by the inclusion of £0.9m for the EPG Scheme, £0.2m for the Efficiency Review 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 baseline charges shown in BP23 are £3.4m lower in 2023-24 and £2.6m lower in 2024-25 than the equivalent in BP22 (MTB).

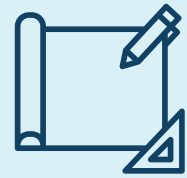
The reductions are driven by a £2.8m reduction resulting from GES charges moving to RECCo and, in 2023-24 only, the decision not to move cyber security costs into Service and Operate until 2024-25. The provision of the Daily Metered reads service (+£0.7m) makes up the majority of the £0.8m scope increase in BP23.

Compared to the BP22 position, the BP23 project profile for Shippers increases by £1.3m in 2023-24 and £1.2m 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 project charges 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.

Constituency Funding: Shippers

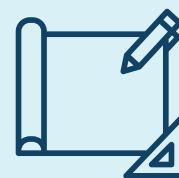


Ems (2022-23 Prices)		2022-23		2023-24		2024-25		2025-26
		BP22	BP23	BP22	BP23	BP22	BP23	BP23
Projects		£13.2m	£6.1m	£7.4m	£6.8m	£8.0m	£9.4m	
BP23 S&O Scope Changes		-	-	£0.8m	-	£0.8m	£0.8m	
S&O Baseline		£24.4m	£31.0m	£27.6m	£30.7m	£28.1m	£28.0m	
Subtotal Service & Operate		£24.4m	£31.0m	£28.4m	£30.7m	£28.9m	£28.8m	
Total Charges		£37.6m	£37.1m	£35.8m	£37.4m	£37.0m	£38.2m	
Projects				£8.1m		£8.8m	£10.3m	
Service & Operate				£31.0m		£31.6m	£31.5m	
Estimated Total Charges in 2023-24 Prices *				£39.1m		£40.4m	£41.8m	

* Based on application of latest 12 month CPIH actual for November 2022 (published on ONS website) of 9.3%.
These charges will be uplifted using CPIH at December 2022 for use in the 2023-24 Charging Statement

Figure 08 – proposed BP23 Shipper charges compared to BP22

Constituency Funding: DNs



The 2023-24 total charge for the DNs constituency is forecast to be £27.0m at 2022-23 prices. Of this £19.4m relates to Service and Operate with the remainder of £7.6m as projects.

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

For DN customers, the projected charges for 2023-24 are forecast to increase by £1.3m 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

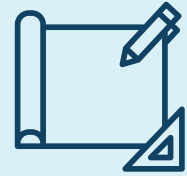
The BP23 baseline Service and Operate charges are £0.9m lower in 2023-24 and £0.2m lower in 2024-25 than the equivalent (MTB) in BP22. The reductions are driven by the decision to retain cyber security costs in projects until 2024-25 a reduction of £0.2m resulting from GES charges moving to RECCo. Scope 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 charges are £0.2m higher for 2023-24 due to the inclusion of the Efficiency review project and £0.3m higher in 2024-25 in BP23 due to the increase in the unallocated project pot value.

Individual Organisation Charging

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

Constituency Funding: DNs

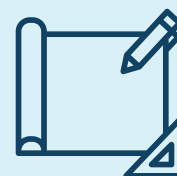


£ms (2022-23 Prices)	2022-23	2023-24	2024-25	2025-26
	BP22	BP22	BP22	BP22
Projects	£6.7m	£7.4m	£7.6m	£8.0m
BP23 S&O Scope Changes	-	-	£1.1m	-
S&O Baseline	£19.0m	£19.2m	£18.3m	£19.2m
Subtotal Service & Operate	£19.0m	£19.2m	£19.4m	£20.1m
Total Charges	£25.7m	£26.6m	£27.0m	£28.4m
Projects			£8.3m	£9.1m
Service & Operate			£21.2m	£22.0m
Estimated Total Charges in 2023-24 Prices *			£29.5m	£31.1m

* Based on application of latest 12 month CPIH actual for November 2022 (published on ONS website) of 9.3%.
These charges will be uplifted using CPIH at December 2022 for use in the 2023-24 Charging Statement

Figure 09 – proposed BP23 DN charges compared to BP22

Constituency Funding: IGTs



The 2023-24 total charge for the IGTs constituency is forecast to be £940k at 2022-23 prices. Of this £590k relates to Service and Operate with the remainder of £350k as projects.

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

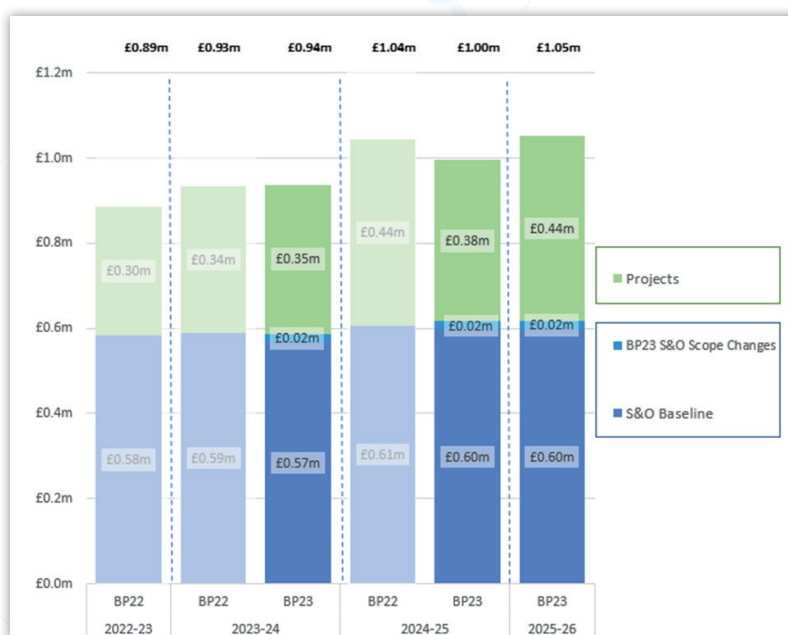
For IGTs, the projected charges for 2023-24 are forecast to increase by £50k from the 2022-23 position. In 2023-24, Service and Operate charges remain at similar levels compared to 2022-23. The project charges are £50k higher in 2023-24, primarily driven by scope increases in Open and Timely Data and 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 project charges are £60k lower in 2024-25, due to the change in the unallocated project pot value.

Individual Organisation Charging

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

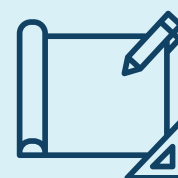


Ems (2022-23 Prices)	2022-23	2023-24		2024-25		2025-26
	BP22	BP22	BP23	BP22	BP23	BP23
Projects	£0.30m	£0.34m	£0.35m	£0.44m	£0.38m	£0.44m
BP23 S&O Scope Changes	-	-	£0.02m	-	£0.02m	£0.02m
S&O Baseline	£0.58m	£0.59m	£0.57m	£0.61m	£0.60m	£0.60m
Subtotal Service & Operate	£0.58m	£0.59m	£0.59m	£0.61m	£0.62m	£0.62m
Total Charges	£0.89m	£0.93m	£0.94m	£1.04m	£1.00m	£1.05m
Projects			£0.38m	£0.41m	£0.48m	
Service & Operate			£0.64m	£0.67m	£0.67m	
Estimated Total Charges in 2023-24 Prices *			£1.03m	£1.09m	£1.15m	

* Based on application of latest 12 month CPIH actual for November 2022 (published on ONS website) of 9.3%.
These charges will be uplifted using CPIH at December 2022 for use in the 2023-24 Charging Statement

Figure 10 – proposed BP23 IGT charges compared to BP22

Constituency Funding: National Grid



The 2023-24 total charge for National Grid is forecast to be £19.0m at 2022-23 prices. Of this £9.2m relates to Service and Operate with the remainder of £9.8m as projects.

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 £1.5m 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 £2.5m 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 baseline 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 project charges each month.

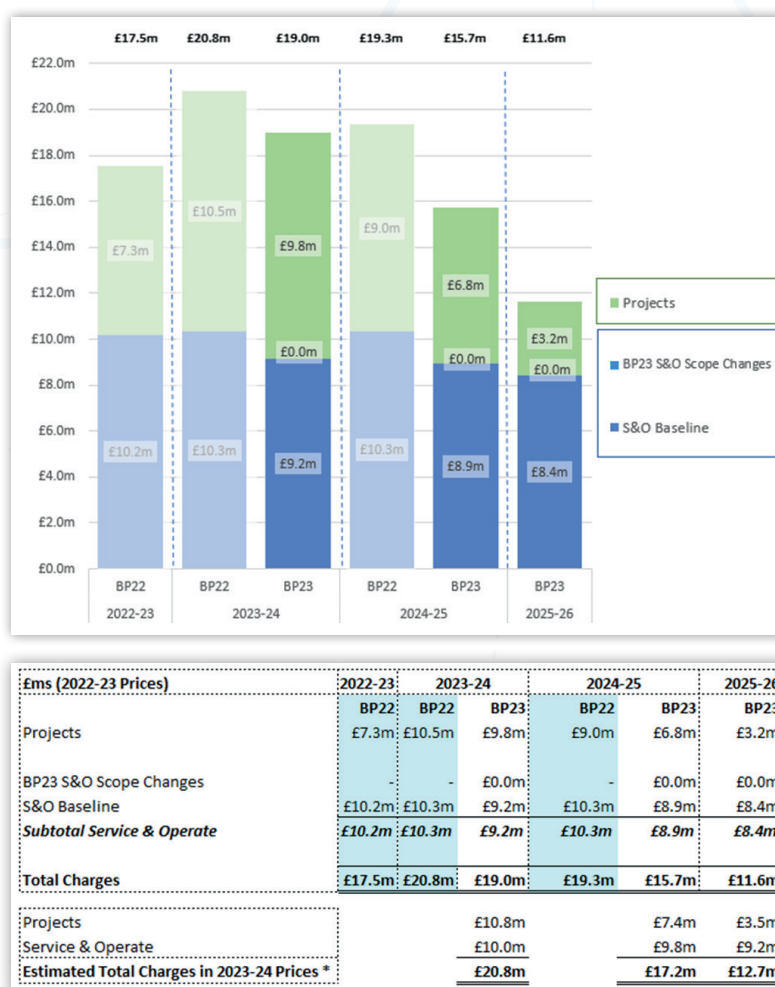
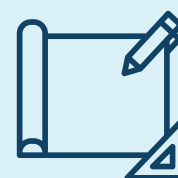


Figure 11 – proposed BP23 NTS charges compared to BP22

Project Types

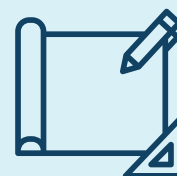


Having concluded that the benefits of investment made by customers to deliver projects can be better understood by considering what type of project they are, we have undertaken an exercise to map individual initiatives to project types.

The table below explains the four project types we have identified, aligning each project included in BP23 with the appropriate type. We have included the BP22 theme in brackets.

Project type	Sub-category	Description	BP23 Project
Operate/maintain projects	Business as usual	This 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.	<ul style="list-style-type: none"> UK Link Service Essentials (UK Link Roadmap) Core Platform Migration (UK Link Roadmap) Gemini Sustain (Gemini Roadmap)
	Continuous improvement	This work is designed to deliver incremental improvements to the CDSP Services, with stated benefits (whether quantitative or qualitative) passed onto customers.	<ul style="list-style-type: none"> 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		The purpose of these projects is 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.	<ul style="list-style-type: none"> Information Cyber Security Strategy (Protecting Against Cyber Crime) UK Link Future Enhancements (UK Link roadmap) EPG 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.	<ul style="list-style-type: none"> General Change (UNC/REC/DSC) Decarbonisation Unallocated project pot Efficiency Review

Funding by Project Type



This section provides commentary around all movements between the BP22 forecast of project costs with related BP23 costs, and shows where and when changes to Service and Operate materialise as a result of project activity. We are using the new project types to group work together.

Operate and Maintain Projects – Business As Usual

- This £6.668m investment will fund projects needed to keep the CDSP services running in BP23.
- £6.08m of this total relates to the Gemini Sustain project funded by National Grid, the delivery of which results in a £0.85m increase in savings to Service and Operate costs from 2023-24.
- 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	2022-23	2023-24	2024-25
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

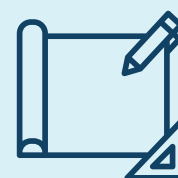
BP23 Proposed (£'000)	BP22 Investment Focus Area	2022-23	2023-24	2024-25	2025-26
UK Link Service Essentials	UK Link Roadmap	255	360	360	-
Core Platform Migration	UK Link Roadmap	1,550	228	-	-
Gemini Sustain	Gemini Roadmap	3,670	6,080	3,434	-
Projects Total		5,475	6,668	3,794	-
Service & Operate - Reclassify, Increase & Saving		-	- 1,550	- 2,050	- 2,550
Total Expenditure		5,475	5,118	1,744	- 2,550

Variance BP22 vs BP23 (• = increase) (£'000)	BP22 Investment Focus Area	2022-23	2023-24	2024-25	2025-26
UK Link Service Essentials	UK Link Roadmap	-	-	-	N/A
Core Platform Migration	UK Link Roadmap	-	-	-	N/A
Gemini Sustain	Gemini Roadmap	-	-320	-1,416	N/A
Projects Total		-	-320	-1,416	N/A
Service & Operate - Reclassify, Increase & Saving		-	-850	-1,350	N/A
Total Expenditure		-	-1,170	-2,766	N/A

Projects Funding Split %			
NTS	GDN	IGT	Shipper
7.2%	46.4%	1.5%	44.9%
0.0%	90.0%	0.0%	10.0%
100.0%	0.0%	0.0%	0.0%

Preliminary 2023-24
Charging Statement Classification
Table 2- Infrastructure Charges
Table 2- Infrastructure Charges
Table 2- Infrastructure Charges

Funding by Project Type



Operate and Maintain Projects – Continuous Improvement

- This £3.856m investment will fund four projects delivering incremental improvements to CDSP services in BP23. This is £0.076m higher than our BP22 forecast.
- Due to the degree of website improvements already achieved, 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 Core (Opening Up Our Data) in response to customers within DSC constituency groups prioritising more complex changes to the platform, such as MPRN-level insights into settlement data anomalies for shippers and more granular invoice insights for DN's. Delivering these priorities increases costs by £0.366m (of which £0.1m is required only in BP23).
- There is no change to the funding required for Gemini Regulatory Change, Capacity for Change, Non-Standard Data Item for Reporting and Governance of Data (which completes in BP22).

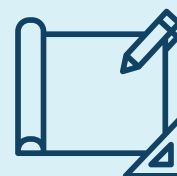
BP22 Approved (£'000)	BP22 Investment Focus Area	2022-23	2023-24	2024-25
Capacity for Change	UK Link Roadmap	50	61	-
Digital	Exceptional Customer Experience	315	290	-
Open & Timely Data	Opening Up Our Data	649	349	349
Gemini Regulatory Change	Gemini Roadmap	2,970	2,970	2,970
Non Standard Items for Data Reporting	General Change	110	110	110
Governance of Data	Opening Up Our Data	210	-	-
Projects Total		4,304	3,780	3,429
Service & Operate - Re-classify, Increase & Saving		172	172	172
Total Expenditure		4,476	3,952	3,601

BP23 Proposed (£'000)	BP22 Investment Focus Area	2022-23	2023-24	2024-25	2025-26
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	2,970	2,420	1,940
Non Standard Items for Data Reporting	General Change	110	110	110	110
Governance of Data	Opening Up Our Data	210	-	-	-
Projects Total		4,304	3,856	3,138	2,658
Service & Operate - Re-classify, Increase & Saving		172	-	-	-
Total Expenditure		4,476	3,856	3,138	2,658

Variance BP22 vs BP23 (• = increase) (£'000)	BP22 Investment Focus Area	2022-23	2023-24	2024-25	2025-26
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	-	-	-550	N/A
Non Standard Items for Data Reporting	General Change	-	-	-	N/A
Governance of Data	Opening Up Our Data	-	-	-	N/A
Projects Total		-	+76	-291	N/A
Service & Operate - Re-classify, Increase & Saving		-	-172	-172	N/A
Total Expenditure		-	-96	-463	N/A

Projects Funding Split %				Preliminary 2023-24
NTS	GDN	IGT	Shipper	Charging Statement Classification
0.0%	34.5%	0.0%	65.5%	Table 2 - Infrastructure Charges
7.2%	46.4%	1.5%	44.9%	Table 2 - Infrastructure Charges
0.0%	41.7%	8.3%	50.0%	Table 3 - Change Charges
100.0%	0.0%	0.0%	0.0%	Table 3 - Change Charges
7.2%	46.4%	1.5%	44.9%	Table 2 - Infrastructure Charges
7.2%	46.4%	1.5%	44.9%	N/A

Funding by Project Type



Major Change Projects

- This £9.008m investment, which funds three major change projects, is £2.872m more than our BP22 forecast.
- This includes £0.876m to fund activity associated with the 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 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 project, 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.

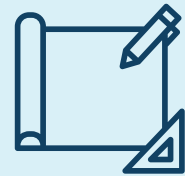
BP22 Approved (£'000)	BP22 Investment Focus Area	2022-23	2023-24	2024-25
Central Switching Service	REC Change	8,500	-	-
UK Link Future Enhancements	UK Link Roadmap	-	5,712	250
Information Cyber Security Strategy	Protecting Against Cyber Crime	2,460	424	-
Data Privacy Law Compliance (EU GDPR)	Protecting 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	2022-23	2023-24	2024-25	2025-26
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	-	876	684	328
Projects Total		11,485	9,008	2,284	2,328
Service & Operate - Reclassify, Increase & Saving		-	-	2,197	2,197
Total Expenditure		11,485	9,008	4,481	4,525

Variance BP22 vs BP23 (+ = increase) (£'000)	BP22 Investment Focus Area	2022-23	2023-24	2024-25	2025-26
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	-	+876	+684	N/A
Projects Total		-	+2,872	+2,034	N/A
Service & Operate - Reclassify, Increase & Saving		-	-1,996	+100	N/A
Total Expenditure		-	+876	+2,134	N/A

Projects Funding Split %				Preliminary 2023-24
NTS	GDN	IGT	Shipper	Charging Statement Classification
0.0%	0.0%	0.0%	100.0%	N/A
7.2%	46.4%	1.5%	44.9%	Table 2- Infrastructure Charges
7.2%	46.4%	1.5%	44.9%	Table 2- Infrastructure Charges
7.2%	46.4%	1.5%	44.9%	Table 2- Infrastructure Charges
7.2%	46.4%	1.5%	44.9%	N/A
0.0%	0.0%	0.0%	100.0%	Table 3 - Change Charges

Funding by Project Type



Drawdown Projects

- The £5.7m set aside for drawdown projects will fund General Change and Decarbonisation projects as they are iteratively agreed with the DSC ChMC
- We have added £0.5m for an Efficiency Review which customers have been invited to scope
- The Performance Assurance Committee (PAC) has requested an increased budget (by £0.05m) 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
- The Unallocated Projects fund (which is a balancing financial value that customers request we apply to Drawdown projects to keep project costs 'flat' across the whole business plan period) has been removed for 2023-24
- With Unallocated Project costs removed, BP23 drawdown costs are £0.65m higher in comparison with the BP22 forecast

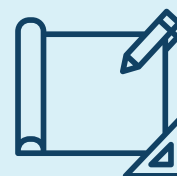
BP22 Approved (£'000)	BP22 Investment Focus Area	2022-23	2023-24	2024-25
DSC Change Budget	General Change	3,000	3,000	3,000
Decarbonisation	Decarbonisation	1,800	1,800	1,800
REC Change Budget	REC Change	250	250	250
Efficiency Review	N/A	-	-	-
Unallocated Project Pot	General Change	-	1,271	9,099
Projects 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	2022-23	2023-24	2024-25	2025-26
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
Efficiency Review	N/A	-	500	-	-
Unallocated Project Pot	General Change	-	-	9,150	13,000
Projects Total		5,050	5,700	14,350	18,200
Service & Operate - Reclassify, Increase & Saving		-	-	-	-
Total Expenditure		5,050	5,700	14,350	18,200

Variance BP22 vs BP23 (* = increase) (£'000)	BP22 Investment Focus Area	2022-23	2023-24	2024-25	2025-26
DSC Change Budget	General Change	-	+50	+50	N/A
Decarbonisation	Decarbonisation	-	-	-	N/A
REC Change Budget	REC Change	-	+100	+100	N/A
Efficiency Review	N/A	-	+500	-	N/A
Unallocated Project Pot	General Change	-	-1,271	+51	N/A
Projects Total		-	-621	+201	N/A
Service & Operate - Reclassify, Increase & Saving		-	-	-	N/A
Total Expenditure		-	-621	+201	N/A

Projects Funding Split %				Preliminary 2023-24
NTS	GDN	IGT	Shipper	Charging Statement Classification
2.1%	34.8%	5.4%	57.7%	Table 3 - Change Charges
4.4%	95.6%	0.0%	0.0%	Table 3 - Change Charges
0.0%	35.5%	5.5%	59.0%	Table 3 - Change Charges
7.2%	46.4%	1.5%	44.9%	Table 3 - Change Charges
7.2%	46.4%	1.5%	44.9%	N/A

Business Case Overview



Aside from EPG and Efficiency Review, all projects being proposed in BP23 represent the next phase of multi-year change programmes. 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	<ul style="list-style-type: none">• UK Link Service Essentials• Core Platform Migration• UK Link Future Enhancements• Capacity for Change
Gemini Roadmap	<ul style="list-style-type: none">• Gemini Sustain• Gemini Regulatory Change
Decarbonisation	<ul style="list-style-type: none">• Decarbonisation
Open and Timely Data	<ul style="list-style-type: none">• Opening Up Our Data
General Change	<ul style="list-style-type: none">• General Change
Protecting Against Cyber Crime	<ul style="list-style-type: none">• Security Improvement Programme• Privacy Improvement Programme
Energy Price Guarantee	<ul style="list-style-type: none">• 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:

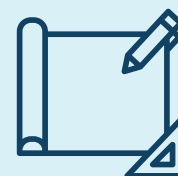
- Project drivers (through a customer lens)
- How the project compares with previous years
- Other options considered
- Benefits (financial / non-financial)
- Key risks being addressed via the project
- What would happen if the project was not funded
- All relevant financial information

In most cases, % splits for the funding of projects are derived from the calculation described in section 7 of the Budget and Charing Methodology. Where project costs are new, have changed since BP22 or are bespoke, the rationale for the % split has been included in the project executive summary.

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

We welcome feedback as to what else customers would like to see in future Business Cases.

Business Case Overview: UK Link Roadmap



[Link to SharePoint page](#)

This project 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 and 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 three 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



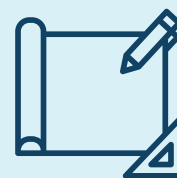
Costs for BP23

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

Project	2023-24 £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	0.360	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%

- Costs based on required resource, development and licensing
- The BP23 cost is in line with BP22 forecast

Business Case Overview: Gemini Roadmap



[Link to SharePoint page](#)

This project 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 and user experience.

There is also provision for the funding of design and delivery costs associated with any future regulatory change raised during the period that impacts Gemini processes.



Customer Benefit

- £4m Service and Operate costs reduction and a £1.58m reduction in required Regulatory Change budget for Gemini across the period
- Increased system availability from 99% to 99.9%
- Improved user experience driven by more intuitive navigation, faster access to the platform and data flexibility via enhanced APIs



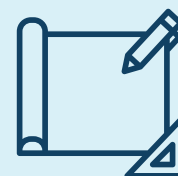
Costs for BP23

- £9.050m to be funded as per the table below:

Project	2023-24 £m	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
Gemini Regulatory Change	2.97	100%	0%	0%	0%
Gemini Sustain	6.08	100%	0%	0%	0%

- Costs based on resource, infrastructure and licensing costs, plus the sizing of regulatory delivery capability

Business Case Overview: Opening Up Our Data



[Link to SharePoint page](#)

Continued investment in the change costs associated with the DDP. As in previous Business Plans, we propose to deliver six new releases in DDP with scope prioritised by customers.

Top customer priorities for BP23 include the means to visualise and 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 and 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.



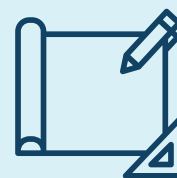
Costs for BP23

- £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%

- % splits for 'Shipper / DN Specific Change and Run' have been derived from an assessment of anticipated data being exposed for MPRN reconciliation (Shipper) and MPRN invoicing (DN) insights
- Cost is £.0366m more than forecasted in BP22, due to customer prioritisation of changes that require larger or 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



[Link to SharePoint page](#)

The continuation of a four 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 focussing 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 finalisation.



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 impact of this risk to 'Minor'
- Continued certification in ISO27001:2013
- Planning for certification to ISO27001:2022
- Cyber security maturity in line with industry standards as advised by NCC Group



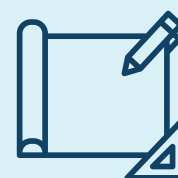
Costs for BP23

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

Project	2023-24 £m	Project Funding Split %			
		NTS	GDN	IGT	Shipper
Information Cyber Security Strategy	2.42	7.2%	46.4%	1.5%	44.9%

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

Business Case Overview: Energy Price Guarantee



[Link to SharePoint page](#)

The domestic Energy Price Guarantee (EPG) announced by the UK Government in September 2022 will reduce the unit cost of gas for domestic consumers from 1st October 2022.

As the settlement body for Britain's gas market, Xoserve administers the EPG scheme, making payments to registered Gas Suppliers on a weekly basis for gas consumed in the previous week. The proposed budget 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 to their domestic 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 further households from falling into poverty
- Provision of investment means no impact on other service delivery



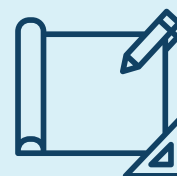
Costs for BP23

- £0.876m to be funded as per the table below:

Project	2023-24 £m	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
Energy Price Guarantee Scheme Admin	0.876	0.0%	0.0%	0.0%	100.0%

- The costs of running the scheme for the year equate to less than 1% of the value of the first week's subsidy payable under the scheme
- Shipper-funded to best reflect impact of scheme. Costs to be further split by eligible shipper portfolio

Business Case Overview: Decarbonisation



[Link to SharePoint page](#)

The continued funding in this area will allow us to maintain a leading role in the evolving journey towards Net Zero and decarbonisation of the gas network.

Scope for BP23 includes support for the development of H100 (a hydrogen trial involving 300 domestic supply points) and Hydrogen Village (2,000 domestic and I&C supply points) and Hydrogen Town (10,000 Domestic and I&C properties on 100% Hydrogen). We will support the early engagement and scoping of other projects such as Future Billing Methodology and Hydrogen Checker, and Project Union (Hydrogen backbone). We will continue to support the navigation of the political and industry landscape on behalf of customers.



Customer Benefit

- Centralised and 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
- Keeping industry stakeholders up-to-date with decarbonisation initiatives



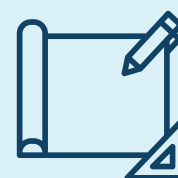
Costs for BP23

- £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
- % split aligned with expected support of projects involving distribution (DN) and transmission (NTS) networks
- 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 ChMC. These are most likely to emanate from code (UNC/REC) Modifications and/or changes to CDSP products and/or 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 budget 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 and change delivery.



Customer Benefit

- Flexible and 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 and amended MI aiding settlement risk management in PAC
- Ability to process REC change without compromising timescales for the development and delivery of other changes



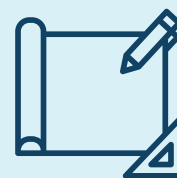
Costs for BP23

- £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 on utilisation
- General Change % split based on historic delivery trends and requirements
- REC Change is split in the same way as General Change with the NTS share spread proportionally between other 3 constituencies
- Cost is £150k greater than forecasted in BP22, owing to ring-fenced amounts for enhanced PAC reporting (+£50k) and REC technical Impact Assessment (+£100K)

Business Case Overview: Efficiency Review



[Link to SharePoint page](#)

Xoserve will coordinate a review that can enable DSC customers to assess the efficiency of CDSP service provision. The scope for the review will be defined by DSC customers in working groups facilitated by Xoserve, prior to the procurement of a 3rd party to undertake this work. Invitations to the scoping session have been sent to all DSC contract managers.



Customer Benefit

- Provision of funding for a review
- Provides opportunity for DSC customers to assess the efficiency of CDSP service provision



Costs for BP23

- £0.5m to be funded as per the table below:

Project	2023-24 £m	Projects Funding Split %			
		NTS	GDN	IGT	Shipper
Efficiency Review	0.5	7.2%	46.4%	1.5%	44.9%

- Funding split derived from Budget and Charging Methodology (section 7)

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:

- **Secure, shared area**

This year, we launched a secure, centralised area for customers to access all the supporting materials for this business plan, including the Business Cases which underpin the projects. All DSC Contract Managers were sent a link to this secure area within the emails announcing the publication of both the first and second drafts. Given the confidential nature of the content, we have limited access to the site. Please let us know if you need to add additional users or if you would like to receive a ZIP file with all the information. You can also use the site to ask questions and/or provide feedback about BP23.

If you're a DSC Contract Manager and haven't yet received your email to access the SharePoint, please contact us at customerexperience@xoserve.com.

- **Virtual drop in sessions**

Links and invitations were emailed to all Customers. We thank all customers who joined those drop-in sessions and we are happy to organise more if needed.

- **Webinars**

Customers have joined three live webinars to discuss major points in the draft publications of the BP23. The webinars recordings of the sessions and content are now placed on the SharePoint. The webinars were popular and we have had good attendance in all sessions. We also hosted a dedicated session to walk through the scope of our Protecting Against Cyber Crime project activity – this was for customer organisation Chief Information Security Officers and given the subject matter, was not recorded.

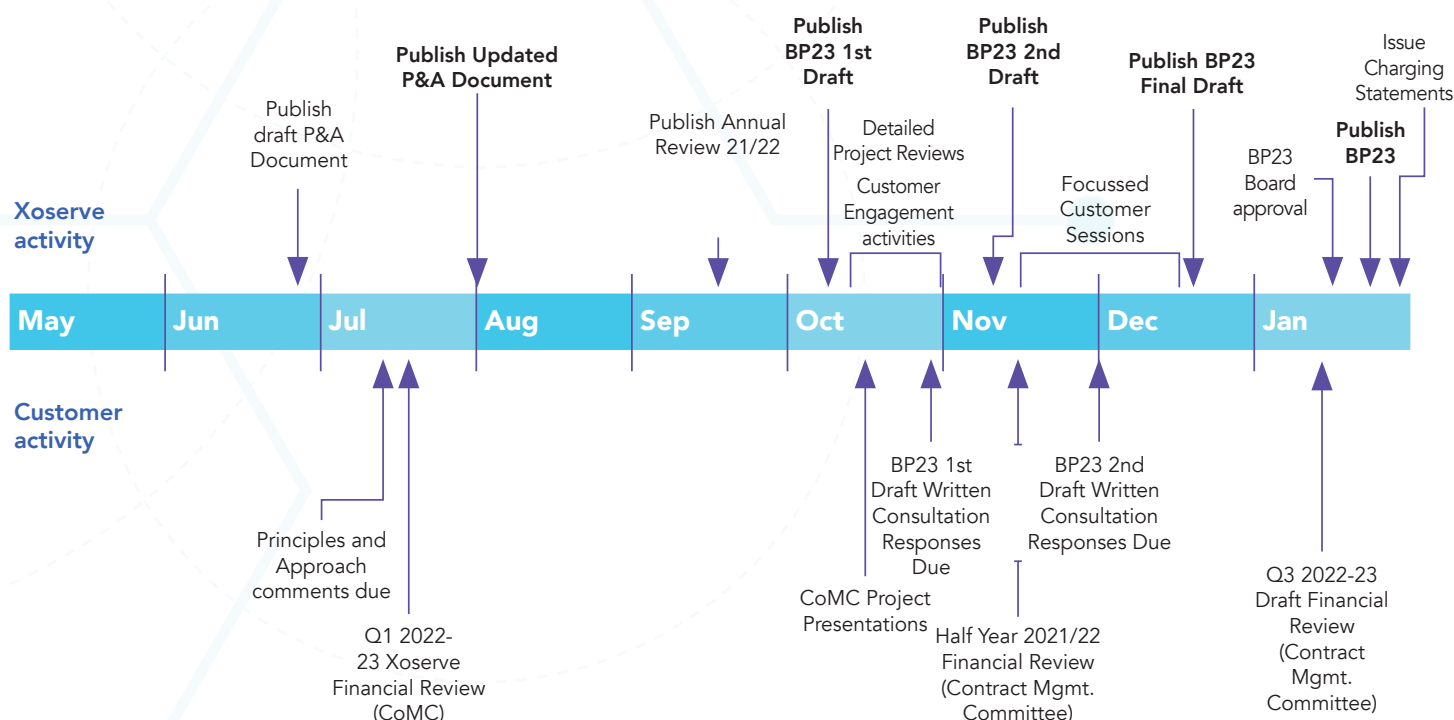
Customer Engagement Timeline



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 through 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	2 November	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 Nov	Deadline to provide feedback on second draft	All Customers	Xoserve	Written feedback
7	20 December	Updated final draft BP23	Xoserve	Xoserve Board/ All Customers	Updated draft Business Plan
8	End of Jan	Final version published following Xoserve Board approval	Xoserve	All Customers	Final Business plan



Join the Consultation



In the P&A, first draft and second draft of BP23, we invited customers to provide their general views, as well as prompting specific feedback to a series of questions. For the first time, in BP23, we provided a curated SharePoint site which hosts all supporting Business Cases, and allowed customers to submit their feedback. Following publication of the first two drafts, we also hosted webinars and drop in sessions for customers to talk to us directly about those iterations of BP23.

We hope you found value in the added engagement, and would love to hear your thoughts on how we could further improve this engagement for BP24.

You can provide your feedback via the comments sections on the SharePoint, or in the following ways:

- Email: customerexperience@xoserve.com
- Visit: xoserve.com/contactus

Board Assurance Statement in BP23



The Board has been engaged throughout the process of developing this Business Plan, reviewing relevant information and documentation (including reports on and summaries of customer feedback and, where appropriate, customer correspondence) as presented by Xoserve's Senior Leadership Team (SLT). Reporting to the board, the SLT has overseen all stages of the BP23 process, in terms of both content and the engagement approach with DSC customers and validated that the plan reflects a budget which is sufficient to deliver the required scope.

As a result of such engagement and validation, we have assured ourselves that Xoserve's 2023 Business Plan (BP23):

- Is fit for purpose for Xoserve to fulfil its obligations to provide the CDSP Services
- Has taken into account the current market conditions and customer feedback on the rising costs within the industry
- Delivers a reduction of baseline Service and Operate (S&O) costs of 5% (for the same scope) between 2023 and 2026 as a result of efficiencies delivered by projects
- Is sufficient to fund the resources needed to provide new, customer-approved CDSP services via an increase to the total S&O profile
- Reflects projects that the SLT regard as critical to the continued delivery of CDSP services through:
 - the maintenance and improvement of systems and services
 - Opening Up Our Data
 - Gemini Roadmap
 - UK Link Roadmap
 - Protecting Against Cyber Crime
 - the development of new systems/services driven by major industry programmes or other regulatory / customer driven changes
 - Decarbonisation
 - General Change (UNC/REC)
 - Energy Price Guarantee Scheme
 - Efficiency Review (last carried out in 2019, and, customers have been invited to a workshop in early 2023 to determine and agree the scope of this work)
- Reflects business cases for projects that have been reviewed by Xoserve's change experts, who have used their knowledge of programme delivery and their experience of previous industry changes and investment programmes to validate that the proposed projects offer value for money and deliver customer benefits in service provision, reliability and improvements
- Is achievable and realistic in terms of the projects proposed and the timescales in which they can be delivered, including reflecting the current status of in-flight, multi-year projects for which time, cost and quality measures are tracked
- Makes provision for drawdown projects which may emerge during the year, and for which spend will be controlled through agreement with customers at the relevant customer forum. Unspent budget will either be returned to customers or, by agreement, retained by Xoserve to be used for future projects
- 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 multiple meetings with over 60 different organisations (the recordings of which have been viewed a further 75 times)
 - The creation of a curated, secure, shared area through which customers have been able to access all supporting documentation (including underpinning business cases), which has been visited hundreds of times by users
 - Updates/walkthroughs at monthly DSC Contract Management Committee meetings
 - Receipt of, and response to, written feedback from all phases of consultation

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 2023-26, including industry developments and the obligations in the Data Services Contract.

Glossary



API	Application Programming Interface	DSC	Data Services Contract
AUGE	Allocation of Unidentified Gas Expert	FWACV	Flow Weighted Average Calorific Value
BEIS	Department for Business, Energy and Industrial Strategy	GDN	Gas Distribution Network
BP	Business Plan	GDPR	General Data Protection Regulation
BSI	British Standards Institution	GES	Gas Enquiry Service
CDSP	Central Data Service Provider	GRDA	Gas Retail Data Agent
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?’	ICS	Institute of Customer Service
ChMC	DSC Change Management Committee	IX	Information Exchange
CoMC	DSC Contract Management Committee	LDZ	Local Distribution Zone
CMS	Contact Management Service	MRA	Master Registration Agreement
CPIH	Consumer Prices Index including owner occupiers’ housing costs	MTB	Maintain the business to be renamed Operate Costs from BP23
CR	Change Request	NDM	Non-Daily Metered
CRM	Customer Relationship Management	NPS	Net Promoter Score
CSS	Central Switching Service	OTD	On-Time Delivery – a measure of ‘Do we provide the outcome to the customer in-line with agreed SLAs/timescales?’
CSSC	Central Switching Service Consequential	PAC	Performance Assurance Committee
C2S	Cost to Serve – a measure of ‘How much does it cost to deliver CDSP Services before and after any project implementation?’	PAFA	Performance Assurance Framework Administrator
CV	Calorific Value	PIS	Post-Implementation Support
CX	Customer Experience	REC	Retail Energy Code
DDP	Data Discovery Platform	RECCo	Retail Energy Code Company
DES	Data Enquiry Service	RFT	Right First Time – a measure of ‘Do we provide the expected outcome to the customer at the first time of asking’
DESC	Demand Estimation Sub-Committee	SOLR	Supplier of last resort
DM	Daily Metered	SPAA	Supply Point Administration Agreement
DN	Distribution Network	TOTEX	Total Expenditure
		UKCSI	UK Customer Service Index
		UNC	Uniform Network Code

Glossary of General Services



Area	Service area	Service description	2021/22 volumes/ details	2021/22 Charge	Funded by
1	Manage Shipper transfers	<p>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.</p> <p>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.</p> <p>Provision of insights into industry performance through reporting channels.</p>	<p>8.8 million switches</p> <p>Over 30 Shipper performance reports provided to PAFA per month.</p> <p>Over 50 data extracts for use in AUGE analysis work.</p>	£1.145m	100% Shipper
2	Monthly AQ processes	<p>UK Link automated processing of file flows associated with Annual Quantities (AQ) and Supply Point Offtake Quantities (SOQ).</p> <p>All activities associated with AQ calculation processes including AQ query resolution.</p> <p>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.</p>	148.8 million rolling AQ calculations	£1.035m	100% Shipper
3	Manage updates to customer portfolio	<p>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.</p> <p>Progression of any customer queries raised in CMS, including the investigation, and resolution.</p> <p>Change to CMS delivered via minor releases.</p> <p>Includes a share of the UK Link support and service desk costs.</p>	<p>449,037 CMS contacts</p> <p>349,892 needing manual interaction</p>	£3.866m	90% Shippers 10% DN's

Glossary of General Services



Area	Service area	Service description	2021/22 volumes/ details	2021/22 Charge	Funded by
4	Meter read/asset processing	<p>The automated processing of meter asset and meter read file flows in UK Link. This includes files and notifications associated to;</p> <ul style="list-style-type: none"> 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. 	<p>We processed updates to 4.6m assets in 2021/22.</p> <p>We have a single metric of 1.23bn meter reads processed. This means we also calculated 1.23bn unique metered volume and energy values.</p>	£1.053m	33% Shippers 67% DNs
5	Demand estimation obligations	<p>Demand activities:</p> <ul style="list-style-type: none"> 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 (CWW) and it's 'seasonal normal' version (SNCWW), 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. 	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 7 DESC 5 UNC workgroup 0754R Approx. 1,200 demand estimation customer reports issued 	£1.850m	50% Shippers 50% DNs

Glossary of General Services



Area	Service area	Service description	2021/22 volumes/ details	2021/22 Charge	Funded by
6	Customer relationship management	<p>Provision of customer relationship management team and services for all customer constituents.</p> <p>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.</p>	<p>85 customers</p> <p>Over 400 meetings (virtual and physical)</p> <p>12 virtual training events</p> <p>545 attendees from 90 different organisations, representing 9 industry segments</p> <p>Knowledge increase (as rated by customer feedback): 65.9%</p> <p>11 new e-learning modules launched on Xoserve.com.</p>	£3.146m	<p>63% Shippers</p> <p>9% NTS</p> <p>28% DN's/IGTs</p>
7	Customer joiners/leavers (UK gas market)	<p>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.</p> <p>Acceding parties to the Data Services Contract (DSC) and UK Link user agreement, creation and removal of access to UK Link.</p> <p>Management of the Market Domain Data (MDD) and arranging user agent agreements.</p> <p>Information exchange (IX) installation, change and removal of equipment services.</p>	<p>Onboarded into the market:</p> <ul style="list-style-type: none"> • 15 Shippers/ traders • 40 Non-Shippers <p>Supported Market exits:</p> <ul style="list-style-type: none"> • 13 Shippers • 31 Non-Shippers <p>Managed:</p> <ul style="list-style-type: none"> • 340 customer queries • 69 changes of invoicing details • 54 Information Exchange (IX) service requests <p>Implemented new processes (MOD0788) to enables Suppliers to use other Shipper relationships to source additional supplies of gas)</p>	£0.880m	<p>50% NTS</p> <p>50% DN's</p>
8	Energy balancing (credit risk management)	All activities in respect of energy balancing credit risk management, debt collection, and management of neutrality.	<p>1,755 energy balancing invoices produced, validated, and issued on behalf of National Grid</p> <p>Net value of £42.8m</p>	£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	<p>34% Shippers</p> <p>7% NTS</p> <p>59% DN's/IGTs</p>

Glossary of General Services



Area	Service area	Service description	2021/22 volumes/ details	2021/22 Charge	Funded by
10	Invoicing customers	<p>Creation and issue of invoices for:</p> <ul style="list-style-type: none"> Gas transportation on behalf of National Grid Transmission and the distribution networks DSC services provided by Xoserve <p>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.</p> <p>Validation and approval of invoices prior to issue and management of any customer queries raised against an invoice.</p>	<p>29,637 invoices issued to DSC Customers</p> <p>29,674 invoices produced, validated and issued on behalf of the Distribution Networks</p> <p>Capacity invoices to value of £3,671m</p> <p>Commodity invoice to value of £218.6m</p>	£7.734m	12% NTS 88% DN's
11	Management of customer issues	<p>Management and communication of customer impacting issues including:</p> <ul style="list-style-type: none"> 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% DN's/ IGTs

Glossary of General Services

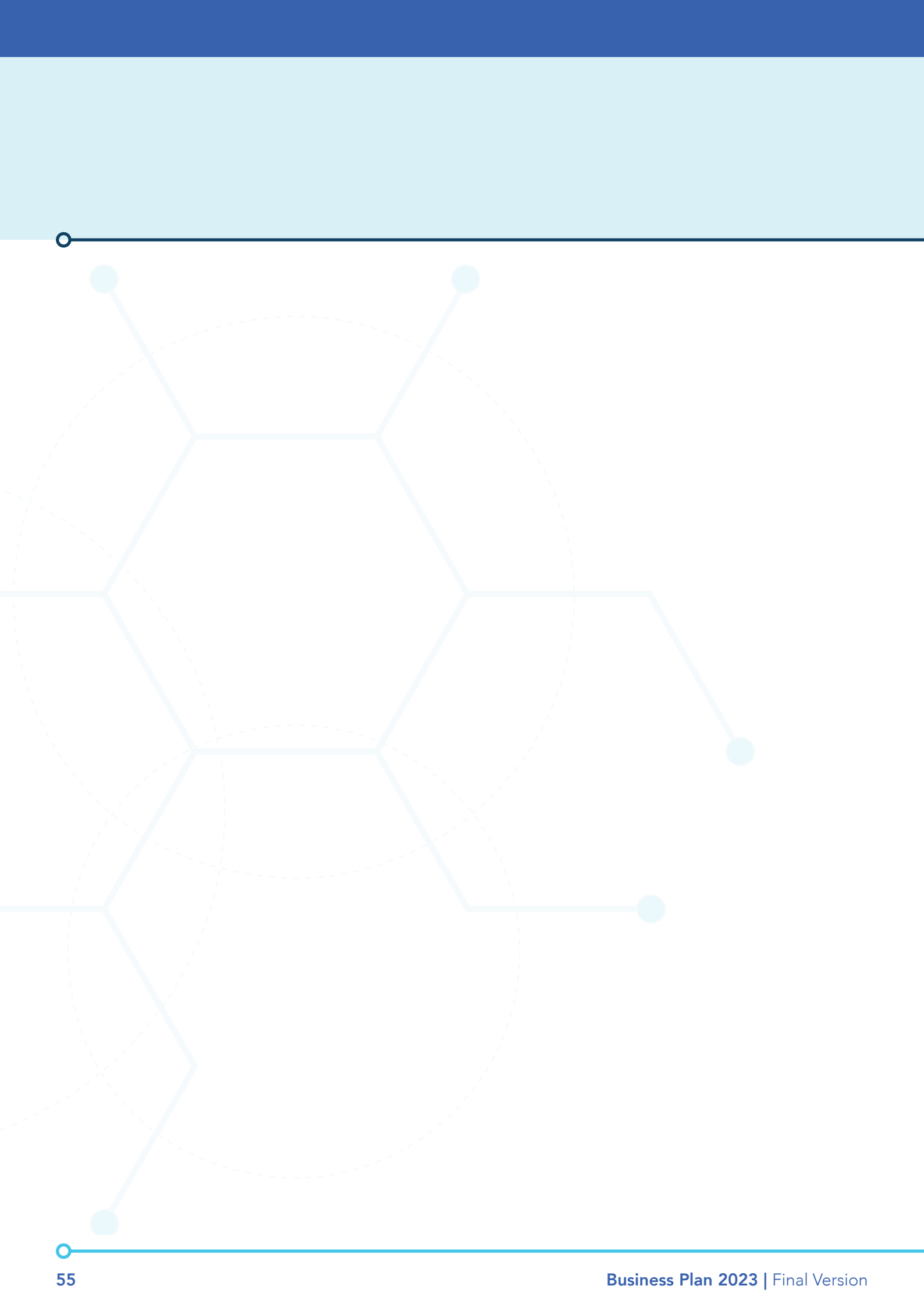


Area	Service area	Service description	2021/22 volumes/ details	2021/22 Charge	Funded by
12	Customer contacts	Service desk operation. Telephony service for the domestic enquiry telephone service line.	107,747 customer calls received 6,708 queries raised. 4,850 Incidents raised via the following channels: <ul style="list-style-type: none"> • Email 2,162 • Xoserve.com 1,559 • Phone 246 • Self-Service 883 14,278 Service Requests raised via the following channels: <ul style="list-style-type: none"> • Email 9,329 • Phone 2,416 • Portal 2,533 	£2.888m	50% Shippers 6% NTS 44% DN's/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% DN's 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

Glossary of General Services



Area	Service area	Service description	2021/22 volumes/ details	2021/22 Charge	Funded by
15	Value added services (general)	<p>The DDP platform is a data visualisation tool, used to access reporting information. It enables customers to:</p> <ul style="list-style-type: none"> • 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 	<p>141 organisations using 8 API (application interfaces) with average of 5.25m calls per month</p> <p>55 dashboards providing 250 data visualisations with each providing insight that aligns with specific customer requests. (E.g. Shipper Read Performance against industry obligations.)</p> <p>2TB of data, 4 billion rows and c.800 data items exposed to customers.</p> <p>1,365 users registered to use DDP.</p>	£1.802m	80% Shippers 20% DNs/ IGTs
16	Central Switching Service (CSS)	<p>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.</p> <p>Xoserve's Central Switching Service Consequential (CSSC) Programme was set up in 2018 as a result of the launch of Ofgem's Switching Programme.</p> <p>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</p>	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





Business Plan 2023 | Final Version