

Dear Tim,

At yesterday's meeting we took an action to get back to you regarding those areas we would like the group to focus on going forward. They are:

- identifying which services currently provided by xoserve should be user pays, including materiality of service lines,
- governance arrangements,
- allowance adjustment mechanisms - in relation to user pays (eg sharing factors). If parties wish to propose further allowance adjusting mechanisms such as price control reopeners, then we think the most appropriate way to do this is in their response to the third consultation document,
- charging methodology - the basis for calculating charges for user pays services.

With regard to the features of xoserve's systems, we are happy with the plain vanilla approach adopted by the group, however we would advise against any assumption that it will be possible to obtain additional funding through the GTs' allowed revenues part way through the price control.

We will contact you shortly with our proposals on how best to progress the group's consideration of xoserve costs.

Finally, I'd like to thank you and the rest of the group for your efforts. We look forward to reading your draft report.

Kind regards

Jess

Jess Hunt
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