



Agency Charging Statement

Review Report

August 2010

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1. Introduction

The User Pays regime commenced on 1 April 2008 following consultation by Ofgem through the Gas Distribution Price Control Review (GDPCR) process (2008-13)¹. Standard Special Condition A15 (SSC A15) of the Gas Transporter Licence requires the Gas Transporters to produce and maintain a joint Agency Charging Statement (ACS) which sets out the scope of User Pays Services and Core Services, the charging methodology for user pays services and the charges themselves.

The charging methodology is outlined in the ACS and the Activity Cost Base methodology (ACB) appended to the ACS. In short, xserve calculates the cost of providing the services (including administration costs and a margin of 6%) and divides it by the forecast demand in order to establish the price. This ensures the prices are, as far as reasonably practicable, cost reflective in accordance with SSC A15. There have been no changes to the charging methodology in the preparation to the forecast for 2010/11.

This report outlines the updated ACS prices for 1 October 2010 to cover the period from 1 October 2010 through to 31 March 2011.

2. The ACS Review Report

It continues to be xserve's intention to produce this ACS review report at least annually in advance of the publication of the Gas Transporters revised ACS. This report provides details on the forecast demand, costs and pricing for 2010/11 for User Pays Services. The report is intended to provide detailed supporting information to the updated Agency Charging Statement (ACS) which is expected to become effective from 1 October 2010.

xserve further intends to continue to demonstrate cost reflectivity of the services it provides through the periodic review of both costs and demand for the services with updates provided at User Pays User Committee (UPUC) as appropriate.

¹ GDPCR consultation documents are available on Ofgem's website at <http://www.ofgem.gov.uk/Networks/GasDistr/GDPCR7-13/Pages/GDPCR7-13.aspx>

3. 2010/11 Demand Forecasts

The 2010/11 forecast demand for services is based on customers' actual usage up to 30 June 2010, anticipated demand where provided plus projected demand based on current and previous trend data, this is shown in Appendix A. We have seen a significant fall in demand for the IAD service which has resulted in a price change.

4. Forecast Financial Performance 2010/11

The forecast operating costs for providing the User Pays services for the period 1 April 2010 to 31 March 2011 are based on the actual 2009/10 costs of providing the services taking into account the forecast demand for the services in 2010/11 and an assessment of resources required to meet future demand. The updated forecast cost of providing the User Pays services for 2010/11 is £ 2.71 m. The overall cost of providing the services is down on this year due to anticipated further efficiencies being realised.

The financial forecast for 2010/11 is summarised below:

Table 2. Financial Forecast 2010/11

	£m
Provision of information	2.33
Registered User Portfolio Reports	0.11
AQ Enquiries	0.05
Must Reads	0.26
Shipper Agreed Reads	0.08
User Admissions	0.09
MOD 192	0.02
Total	2.95
Total Costs	2.71
Margin	0.24

5. ACS Prices 2010/11 – October changes

In order to ensure prices continue to be, as far as reasonably practicable, cost reflective the prices included in the ACS for 1 October 2010 reflect any changes in demand and cost assumptions that have occurred since 1 April 2010. This has resulted in price changes to one service as detailed below:

- IAD

The monthly charge per IAD account has increased to £7.65 which will result in an annual average charge this year of £6.95 which compares to an annual average price of £7.93 per account per month for 2009 - 2010. The increase in price is due to an actual drop in demand and a further expected drop as customers have told us they wish to delete unused accounts. The drop in demand is by 3,300 accounts from 21,000 to 17,700.

The remainder of the user pays charges are unchanged from 1 April 2010.

All price changes will become effective from 1 October 2010 and full details of all 2010/11 prices are outlined in the updated version of the ACS, dated 1 October 2010 published via the Joint Office of Gas Transporters website @ www.gasgovernance.co.uk.

6. Conclusions

xoserve continues to be committed to providing appropriate transparency to support the pricing of User Pays services in accordance with SS15 and will continue to work closely with customers to monitor demand for services.

xoserve will also continue to work with its customers through the User Pays governance arrangements to enable effective and efficient operation of the User Pays arrangements for all concerned, and to ensure the ongoing development and delivery of services to meet customer requirements.

Appendix A: Forecast Demands for User Pays Services

Service Item	Service Detail	1 April 2010 Annual Forecast Demand (Apr-Mar)	Revised 1 October 2010 Annual Forecast Demand (Apr-Mar)	
1.Provision of Information	Internet based service to allow authorised users access to supply meter point data online. (Schedule 4 of the Conditions)	21,000	17,700	
	User Telephone Enquiry. Telephone call(s) to information centre to obtain Supply Meter Point data. (Schedule 7 of the Conditions)	Band B up to 1,000 calls	11	14
		Band C up to 5,000 calls	6	8
		Band D up to 20,000 calls	1	0
		Band E up to 50,000 calls	2	3
		Band F up to 70,000 calls	2	1
		Band G up to 150,000 calls	1	1
		Band H up to 250,000 calls	0	0
	Calls in excess of band	500	290	
	Provision of M Number DVD containing supply meter point data. (Schedule 5 of the Conditions)	Annual Service	15	16
		Ad Hoc Per DVD	0	0
	Provision of data by email for users Meter Point Reference Numbers. (Schedule 3 of the Conditions)	Per email report 1-999 MPRNs	505	790
		Per email report 1,000-5,000 MPRNs	55	20

Service Item	Service Detail		1 April 2010 Annual Forecast Demand (Apr-Mar)	Revised 1 October 2010 Annual Forecast Demand (Apr-Mar)
2. Registered User Portfolio Reports	Query Management – Standards of Services	Annual Service (12 reports per year)	7	6
		Ad Hoc Service (per report)	0	0
	Registered User Portfolio Statement	Annual Service (12 reports per year)	24	25
		Ad Hoc Service (per report)	0	0
	Registered User Portfolio (for User portfolios not exceeding one million Supply Points)	Annual Service (12 reports per year)	27	27
		Ad Hoc Service (per report)	0	0
	CSEPs Portfolio Report	Annual Service (12 reports per year)	16	16
		Ad Hoc Service (per report)	0	0
	Unique Sites Portfolio	Annual Service (12 reports per year)	7	6
		Ad Hoc Service (per report)	0	0
	Annual Asset Portfolio	Annual Service (one report per year)	14	15
		Ad Hoc Service (per report)	0	0
	Transco Asset Portfolio	Annual Service (12 reports per year)	16	16
		Ad Hoc Service (per report)	0	0
	Data Portfolio Snapshot	Annual Service (12 reports per year)	13	13

Service Item	Service Detail		1 April 2010 Annual Forecast Demand (Apr-Mar)	Revised 1 October 2010 Annual Forecast Demand (Apr-Mar)
		Ad Hoc Service (per report)	0	0
		IAD Last Accessed Report ad-hoc	N/A	1
		IAD Last Accessed Report 6 monthly	N/A	0
		IAD Last Accessed Report quarterly	N/A	5
		IAD Last Accessed Report monthly	N/A	4
3. AQ Enquiry	Provision of a Speculative AQ Value (Schedule 2 of the Conditions)		2,667,000	2,667,000
4. Must Reads	One meter at the supply point		13,410	12,631
	Two meters at the supply point		950	895
	Three or more meters at the supply point		1,140	1,074
5. Shipper Agreed Reads	U01 File		2,700	34,000
	Email File		23,000	44,000
	Facsimile Transaction		3,000	880
6. User Admission	Non Code Services		15	21

Service Item	Service Detail		1 April 2010 Annual Forecast Demand (Apr-Mar)	Revised 1 October 2010 Annual Forecast Demand (Apr-Mar)
8. USRV Resolution Service (MOD 192)	The resolution, by the Transporters agents, of a User Suppressed Reconciliation Value (USRV), in accordance with the Uniform Network Code	Desktop Resolution	250	150
		Desktop Resolution and asset verification visit resolution	170	50
10. Daily Metered Elective Services	DM Elective nominated meter points	Year 1	TBC	667
		Year 2	TBC	2,980
		Year 3	TBC	4,666
	DM Elective offline reconciliation resolution		TBC	330
	DM Elective consumption adjustment		TBC	165
	DM Elective annual check read report		TBC	6
	DM Elective meter inspection report		TBC	6