



Agency Charging Statement

Review Report

February 2010

Final v 1.1

Agency Charging Statement Review Report. February 2010

Contents

1.	Introduction	3
2.	The ACS Review Report	3
3.	Forecast Financial Performance 2009/10	4
4.	2010/11 Forecast Demand	4
5.	Forecast Financial Performance 2010/11	4
6.	ACS prices 2010/11	5
7.	Conclusions	7
	Appendix A – Demand by Service line	8

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 of the updates to 2009/10 or the forecast for 2010/11.

This report reviews the financial position for the User Pays service provided by xserve for 2009/10 and outlines the ACS prices for 2010/11.

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 expected demand and financial outturn for 2009/10 and 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 April 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.

As indicated in the October 2009 ACS the prices for Modification Proposal 0224 – facilitating the use of AMR in Daily Metered Elective Regime – will be included in a subsequent update to the ACS.

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. Forecast Financial Performance 2009/10

xoserve has completed an updated review of the costs for User Pays services for 2009/10, using the actual costs of providing the services from April 2009 to December 2009 and forecast costs for the remainder of the financial year to 31 March 2010. The full year financial forecast is summarised below and is in line with expectations.

Table 1. Financial Forecast 2009/10

	£m
Provision of Information	2.65
Registered User portfolio Reports	0.09
AQ Enquiry	0.03
Must Reads	0.31
Shipper Agreed Reads	0.05
User Admissions	0.05
MOD 192	0.02
Total Revenue	3.20
Total Costs	3.02
Margin	0.18

4. 2010/11 Demand Forecasts

The 2010/11 forecast demand for services is based on customers' anticipated demand where provided and projected demand based on current and previous trend data, this is shown in Appendix A.

5. 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 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 aggregate forecast cost of providing the User Pays services for 2010/11 is £ 2.79 m. The overall cost of providing the services is down on this year due to anticipated further efficiencies being realised. In real terms this represents a reduction of 10% on this year's costs.

The financial forecast for 2010/11 is summarised below:

Table 2. Financial Forecast 2010/11

	£m
Provision of Information	2.42
Registered User portfolio Reports	0.11
AQ Enquiry	0.05
Must Reads	0.24
Shipper Agreed Reads	0.07
User Admissions	0.06
MOD 192	0.03
Total	2.98
Total Costs	2.79
Margin	0.19

6. ACS Prices 2010/11

In order to ensure prices continue to be, as far as reasonably practicable, cost reflective the prices to be included in the ACS for 1 April 2010 reflect the updated demand and cost assumptions. This has resulted in a number of changes to prices as detailed below:

- **IAD**
The monthly charge per IAD account is reduced to £6.25, against an annual average charge this year of £7.93 per account per month. This reduction has been achieved through a combination of efficiency savings, insourcing elements of the helpdesk services and increasing demand for the service.
- **Telephone Enquiries**
Prices across all telephone bands have increased slightly as a result of an increase in associated costs. By way of an example Band B (the most popular Band) will see an increase of £160 for the year which results in an annual charge of £2,520, or £2.52 a call.
- **Email-Reporting**
The demand for this service remains low and is forecast to drop further. Despite removing costs from this service, the decrease in demand has resulted in the unit price increasing as a core level of staffing is required to provide the service. The price

for a report of less than 1,000 MPRNs increases to £218, and the price for a report of between 1,000 and 5,000 MPRNs increases to £321.

- Shipper Agreed Reads (SARs)

SARs has experienced a shift in demand away from email and facsimile to the electronic U01 file. The U01 price remains at this year's level. However, due to the drop in demand for the email and facsimile service the unit price has increased. The prices for 2010/11 are:

 - 10 pence for a U01 file (unchanged)
 - £2.00 per email file
 - £7.00 per facsimile transaction

- Mod 192

Mod 192 prices have increased slightly to £53 for a desk top resolution due to a drop in the demand for this service (desk top down circa 40%). Costs have been reduced reflecting the fall in demand but a core level of staffing is still required to deliver this service.

A number of services are facing their first price increase since User Pays was introduced in April 2008. Since 2008 there have been inflationary pressures on these services, including increased people and system costs. xserve has worked hard at keeping the price increases for 2010/11 to a minimum. These services are listed below:

- User Portfolio Reporting

Cost has increased due to the inflationary pressures described above and extra resources being allocated to the service to meet an increase in demand.

- M-Number DVD

The new price is £1,400 for four DVDs.

- AQ Enquiry

AQ enquires have increased to two pence reflecting increased support costs.

- User Admission

This has increased to reflect the extra time it is taking to manage new entrants into the market.

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

7. Conclusions

xoserve continues to be committed to providing appropriate transparency to support the pricing of User Pays services in accordance with SSCA15 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

* A number of services have been purchased part way through the year

Service Item	Service Detail	1 April 2009 Annual Forecast Demand (Apr- Mar)	1 April 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)	16,700	21,000	
	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	10	11
		Band C up to 5,000 calls	7	6
		Band D up to 20,000 calls	1	1
		Band E up to 50,000 calls	3	2
		Band F up to 70,000 calls	1	2
		Band G up to 150,000 calls	1	1
		Band H up to 250,000 calls	0	0
	Calls in excess of band	350	500	
	Provision of M Number DVD containing supply meter point data. (Schedule 5 of the Conditions)	Annual Service	13	15
		Ad Hoc Per DVD	0	0
Provision of data by email for users Meter Point Reference	Per email report 1-999 MPRNs	1,170	505	

Service Item	Service Detail		1 April 2009 Annual Forecast Demand (Apr- Mar)	1 April 2010 Annual Forecast Demand (Apr- Mar)
	Numbers. (Schedule 3 of the Conditions)	Per email report 1,000-5,000 MPRNs	70	55
2. Registered User Portfolio Reports	Query Management – Standards of Services	Annual Service (12 reports per year)	7	7
		Ad Hoc Service (per report)	0	0
	Registered User Portfolio Statement	Annual Service (12 reports per year)	24	24
		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)	24	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	7
		Ad Hoc Service (per report)	0	0
	Annual Asset Portfolio	Annual Service (one report per year)	14	14
		Ad Hoc Service (per report)	0	0
	Transco Asset Portfolio	Annual Service (12 reports per year)	15	16
		Ad Hoc Service (per report)	0	0

Service Item	Service Detail		1 April 2009 Annual Forecast Demand (Apr- Mar)	1 April 2010 Annual Forecast Demand (Apr- Mar)	
	Data Portfolio Snapshot	Annual Service (12 reports per year)	12	13	
		Ad Hoc Service (per report)	0	0	
3. AQ Enquiry	Provision of a Speculative AQ Value (Schedule 2 of the Conditions)		3,139,000	2,667,000	
4. Must Reads	One meter at the supply point		31,000	13,410	
	Two meters at the supply point		2,400	950	
	Three or more meters at the supply point		2,600	1,140	
5. Shipper Agreed Reads	U01 File		2,400	2,700	
	Email File		37,400	23,000	
	Facsimile Transaction		2,500	3,000	
6. User Admission	Non Code Services		8	15	
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	400	250
			Desktop Resolution and asset verification visit resolution	200	170