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Agency Charging Statement Review Report

February 2014

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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, Xoserve 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 after adjusting for any over or under recovery in the previous year. 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 2013/14 or the forecast for 2014/15.

This report reviews the forecast financial position for the User Pays service provided by Xoserve for 2013/14 and outlines the ACS prices for 2014/15.

2. The ACS Review Report

It continues to be Xoserve'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 2013/14 and the forecast demand, costs and pricing for 2014/15 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 2014.

Xoserve 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.

3. Service Performance

All of the User Pays services have been consistently delivered to the expected performance standards. Highlights include the Telephone Service Line continually exceeded its target of 95% service availability, with the call answering target of 90% within 30 seconds also being achieved. The Data Enquiry Service exceeded its target availability of 97% availability during

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

core hours. The Email Report Service Line performance continues to hit 100% as did the Portfolio reports performance standard and the AQ Enquiries performance standards.

4. Forecast Financial Performance 2013/14 and 2014/15

Xoserve has completed an updated review of the costs for User Pays services for 2013/14, using the actual costs of providing the services from April 2012 to March 2013 which have then been uplifted to reflect 2013 inflation. We have also produced the forecast revenue for the year.

In the table below we have outlined the forecast recovery for this year 2013/14, and the forecast for 2014/15.

Table 1 - Financial Forecast 2013/14 and 2014/15

	2013-14	2014-15
	£m	£m
Provision of Information	1.85	1.88
Registered User Portfolio Reports	0.07	0.12
AQ Enquiry	0.03	0.03
Must Reads	0.15	0.11
Shipper Agreed Reads	0.01	0.02
User Admissions	0.04	0.03
MOD 192	0.01	0.01
DM Elective	0	0
AUGE	0.1	0.1
Total Revenue	2.26	2.3
Total Costs	2.4	2.48
Under/over recovery	0.44	0.22
Margin	0.3	0.04
Return	14.61%	1.84%

Any over/under recovery of an individual service line in 2013-14 is treated as reduced/increased costs for the 2014-15 period.

5. 2014/15 Demand Forecasts

The 2014/15 forecast demand for services is based on anticipated demand and projected demand using current and historic trend data. 2014/15 forecast demand is shown in Appendix A. As with previous years we intend to review these demand forecasts at the half-way stage of the year.

6. Forecast Costs for 2014/15

The forecast operating costs for providing the User Pays services for the period 1 April 2014 to 31 March 2015 are based on the 2012/13 actual costs of providing the services which are adjusted by inflation, forecast demand for the services in 2014/15 and an assessment of resources required to meet future demand.

The aggregate forecast cost of providing the User Pays services for 2014/15 is £ 2.48m. This represents a rise in costs of around 3.3%.

7. ACS Prices 2014/15

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 2014 reflect the updated demand and cost assumptions.

Prices for April 2014

- Data Enquiry
The Data Enquiry account price is being raised to £4.40, this represents an increase on the midterm 2013/14 DE price of £3.95 but a reduction in the average 2013/14 DE price of £4.73.
- AQ Enquiry
AQ enquires are reduced from 0.29 pence to 0.24 pence per enquiry.
- Email-Reporting
Email reports continue to be a popular service and reduced costs mean there is a reduction in price to £21 for the less than 1,000 MPRN report and a reduction to £31.50 for the 1,000 – 5,000 MPRN report.
- Telephone Enquiries
Demand for the telephone service has decreased and costs for this service line have increased, this has led to price increases across all telephone bands. By way of example Band B (the most popular band) will see an increase of £860 for the year to an annual charge of £3,716. For 2013/14 there was a decrease of £564 for the Band B telephone price so the 2014/15 price represents only an increase of £296 on 2012/13 prices.
- M-Number DVD
The price of the annual M-Number DVD has decreased to £392 due to more uptake of the service than forecast.
- Shipper Agreed Reads
Although costs have been kept low there has been a significant shift away from the email (biscuit) SAR service which has resulted in an under recovery for the previous

year. This has resulted in the price of a UO1 file increasing to £0.09, an email file increasing to £2.10 and a fax increasing to £7.30.

- Mod 192
Mod 192 prices have increased to £106.10 for a desk top resolution due to a continuing drop in the demand for this service and an under recovery from the previous year.
- Must Reads
The Xoserve portion of the Must Read price has increased due to cost increases to £14.20
- User Portfolio Reporting
Reporting prices have slightly increased due to an increase in staff costs.
- DM Elective
DM elective prices have remained fixed despite this service remaining unused. As a consequence fixed system costs are not being recovered and the service line will continue to lower the expected return on User Pays services.

All price changes will become effective from 1 April 2014 and full details of all 2014/15 prices are outlined in the updated version of the ACS dated 1 April 2014 which is published on the Joint Office of Gas Transporters website @ www.gasgovernance.co.uk.

8. Conclusions

Xoserve continues to be committed to providing appropriate transparency to support the pricing of User Pays services in accordance with SSSA15 .

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 on-going development and delivery of services to meet customer requirements.

Appendix A: Forecast Demands for User Pays Services

Service Item	Service Detail	1 October 2013 Annual Forecast Demand (Apr-Mar)	1 April 2014 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)	20,937	19,000	
	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	17	19
		Band C up to 5,000 calls	9	7
		Band D up to 20,000 calls	0	0
		Band E up to 50,000 calls	3	3
		Band F up to 70,000 calls	0	0
		Band G up to 150,000 calls	1	1
		Band H up to 250,000 calls	0	0
	Calls in excess of band	1,707	2,000	

	Provision of M Number DVD containing supply meter point data. (Schedule 5 of the Conditions)	Annual Service	24	26
		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	1,492	1,400
		Per email report 1,000-5,000 MPRNs	21	10
2. Registered User Portfolio Reports	Query Management – Standards of Services	Annual Service (12 reports per year)	5	5
		Ad Hoc Service (per report)	0	0
	Registered User Portfolio Statement	Annual Service (12 reports per year)	25	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)	29	32
		Ad Hoc Service (per report)	0	0
	CSEPs Portfolio Report	Annual Service (12 reports per year)	18	17
		Ad Hoc Service (per report)	0	0
	Unique Sites Portfolio	Annual Service (12 reports per year)	8	8
		Ad Hoc Service (per report)	0	0
	Annual Asset Portfolio	Annual Service (one report per year)	17	17
		Ad Hoc Service (per report)	0	0

	Transco Asset Portfolio	Annual Service (12 reports per year)	11	11	
		Ad Hoc Service (per report)	0	0	
	Data Portfolio Snapshot	Annual Service (12 reports per year)	13	14	
		Ad Hoc Service (per report)	0	0	
	Data Enquiry Last Accessed Reports	Ad Hoc Service (per report)	3	3	
		Annual Service – 6 monthly (2 reports per year)	0	0	
		Annual Service – Quarterly (4 reports per year)	2	2	
		Annual Service – Monthly ports (12 reports per year)	3	3	
	Asset History report (MOD 416)	Ad Hoc service	7	7	
		Annual service (12 reports)	10	10	
	Supporting information for telephone enquiry usage	Ad Hoc service	2	2	
		Annual service (12 reports)	0	0	
	3. AQ Enquiry	Provision of a Speculative AQ Value (Schedule 2 of the Conditions)		10,336,377	11,400,000
	4. Must Reads	One meter at the supply point		5,358	6,873
Two meters at the supply point		370	474		

	Three or more meters at the supply point		431	553
5. Shipper Agreed Reads	U01 File		40,107	49,000
	Email File		617	5,500
	Facsimile Transaction		57	70
6. User Admission	Non Code Services		10	11
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	38	70
		Desktop Resolution and asset verification visit resolution	1	1
10. Daily Metered Elective Services	DM Elective nominated meter points	Year 1	0	0
		Year 2	0	0
		Year 3 onwards	0	0
	Reconciliation error resolution		0	0
	Consumption Adjustments (ADJ1)		0	0
	DM Elective annual check read report		0	0
	DM Elective meter inspection report		0	0