Agency Charging Statement

Applies from ~~08 April 2016~~12 October 2016

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Issued on behalf of all Large Gas Transporters

1. Introduction & Background

1.1 This publication sets out the charging methodology, charges and scope for User Pays Services and the scope of Core Services which will apply from ~~08 April 2016~~12 October 2016, as required by Standard Special Condition A15 (SSC A15) of the Gas Transporter Licence. Xoserve provides these services on behalf of the Gas Transporters as the appointed Agency. This document is published jointly by the following organisations:

National Grid Gas (Distribution)
National Grid Gas (Transmission)
Northern Gas Networks
Scotland Gas Networks
Southern Gas Networks
Wales & West Utilities

and does not override or vary any of the statutory, licence or Uniform Network Code obligations upon the above organisations.

1.2 User Pays Services are categorised as Code Services or Non-Code Services. Code Services are those relating to certain Gas Transporter obligations contained in the Uniform Network Code. Non-Code Services are all other User Pays Services.

1.3 Charges for Code Services will be invoiced in the name of the relevant Gas Transporter who will collect the associated revenue:

(a) subject to (b), in accordance with Section S of the Transportation Principal Document of the Uniform Network Code and invoices will be issued by Xoserve utilising the UNC invoicing processes, or

(b) in accordance with invoices issued by Xoserve not utilising UNC processes, where the User Pays Service is of the type described in Appendix 1, item 6(b), or of the type described in Appendix 1, item 6(a) and the applicant does not satisfy all of the User Accession arrangements under Section V2 of Transportation Principal Document of the Uniform Network Code.

1.4 For Non-Code Services, except for Ad Hoc services for which paragraph 1.5 will apply, Conditions for the Provision of Services and Service Schedules will be published by Xoserve and users of such services shall request services via a Service Request. Charges for Non-Code Services will be invoiced in the name of Xoserve who will collect the associated revenue in accordance with the published Conditions. Invoices will be issued by Xoserve, their frequency depending on the nature and use of the service. Further details are provided in the Conditions.

1.5 Where a user wishes an alternative service which is not contestable, it may request an Ad-hoc Additional Service on a bilateral basis as described in Appendix 1, paragraph 7.

1.6 For all User Pays Services, supporting information will be provided with each invoice to allow users of such services to validate their invoices.

2. Scope of User Pays and Core Services

2.1 User Pays Services are those services listed in Appendix 1.

2.2 The number and scope of User Pays Services are as shown in Appendix 1 of this document but such number may be revised from time to time by a modification to the Agency Charging Statement made in accordance with SSC A15.

2.3 Core Services are those services which are Transporter Agency Activities as defined in Section V6.5 of the Transportation Principal Document of the Uniform Network Code and which are not User Pays Services.

3. Charging Methodology

3.1 The objectives of the charging methodology, as specified in SSC A15, are that:

(a) Charges should, as far as reasonably practicable, reflect the costs in providing the services;

(b) Charges should not unduly discriminate between or unduly prefer any person or class or classes of person.

3.2 The charging methodology for the User Pays Services detailed in Appendix 1 is that the charge for each service will be set based on a forecast of costs to deliver the forecast demand for the service. The costs used to derive the charges will reflect the cost of employees and other expenses that can be directly associated with the provision of the service (excluding the original cost of developing the systems used to deliver the services), plus an appropriate level of overhead (property, systems etc) determined using an activity cost basis methodology (Appendix 3). The charges allow for a reasonable margin to be made when demand is at the forecast level.

3.3 In the event of new or amended services being treated as User Pays Services, the charging methodology will be reviewed once the details of the services have been defined.

4. Charging Basis and Charges

4.1 The charging basis and charges for each of the User Pays Services is shown in Appendix 1. For the services categorised as Non-Code, further details of the triggers for incurring charges are provided in the Conditions for the Provision of Services and Service Schedules published by Xoserve. The Conditions also include details of the invoice dispute process for Non-Code Services.

4.2 The principles for charging for User Pays Modification Proposals are set out in UNC MOD213V and shall be in accordance with UNC Modification Rules, and pursuant to the User Pays Guidance Document.

4.3 The charges in respect of Service Item 10 (UNC Modification Proposal 0224 Facilitating the use of AMR in the Daily Metered Elective Regime) are consistent with the charging methodology principles detailed in Section 3, above. However, due to the phased nature of user forecast demand for the services, detailed in Appendix 2, the transactional charges have assumed a cost recovery period of two years from initial implementation. On completion of the initial two years these service charges will target a year in year cost recovery and will be reviewed in accordance with paragraph 4.4 below.

4.4 Gas Transporters are required to keep this publication under review and may from time to time modify the statement. It is anticipated that a review will take place at least annually and any review of this statement shall include, where necessary, an update of Appendix 2 (Forecast Demand), even if the updates do not result in subsequent changes to the charges outlined in Appendix 1.

4.5 All charges will become effective from the date of the statement and shall continue to be invoiced in line with the published Conditions.

Appendix 1 – Schedule of User Pays Services and User Pays Service Charges

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
1.Provision of Information	A range of services supporting the provision of information to various parties.	Non Code service	Those persons entitled to receive the service.	Internet based service to allow authorised users access to supply meter point data online. (Part 3 of the Conditions)	Monthly Charge for a Data Enquiry Account	£3.55
				User Telephone Enquiry. Telephone call(s) to information centre to obtain Supply Meter Point data. (Part 6 of the Conditions) *Band A equates to pay-as-you-go at £4.30 a call. This is aimed at infrequent callers.	Band A*	-
					Band B up to 1,000 calls annually (charged in 12 equal monthly instalments)	£3,168 pa
					Band C up to 5,000 calls annually (charged in 12 equal monthly instalments)	£15,360 pa
					Band D up to 20,000 calls annually (charged in 12 equal monthly instalments)	£53,436 pa
					Band E up to 50,000 calls annually (charged in 12 equal monthly instalments)	£109,920
					Band F up to 70,000 calls annually (charged in 12 equal monthly instalments)	£136,620 pa

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
					Band G up to 150,000 calls annually (charged in 12 equal monthly instalments)	£1,86,960 pa
					Band H up to 250,000 calls annually (charged in 12 equal monthly instalments)	£240,396 pa
					Charge per call in excess of annual band	£4.70
					Charge per call in excess of monthly allowance	£4.70
				Provision of M Number DVD containing supply meter point data. (Part 4 of the Conditions)	Annual Service	£240 pa
					Ad Hoc Per DVD	£120
				Provision of data by email for users Meter Point Reference Numbers. (Part 2 of the Conditions)	Per email report 1-999 MPRNs	£178
					Per email report 1,000-5,000 MPRNs	£263
2. Registered User Portfolio Reports	A range of portfolio information reports available to Users. (Part 5 of the Conditions)	Non Code service	Shippers under UNC	Query Management – Standards of Services	Annual Service (12 reports per year)	£132pa
					Ad Hoc Service (per report)	£36

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
				Registered User Portfolio Statement	Annual Service (12 reports per year)	£180pa
					Ad Hoc Service (per report)	£72
				Registered User Portfolio (for User portfolios not exceeding one million Supply Points)	Annual Service (12 reports per year)	£816 pa
					Ad Hoc Service (per report)	£408
				Registered User Portfolio (for User portfolios exceeding one million Supply Points)	Service Charge on application to Xoserve	
				CSEPs Portfolio Report	Annual Service (12 reports per year)	£180 pa
					Ad Hoc Service (per report)	£36
				Unique Sites Portfolio	Annual Service (12 reports per year)	£180 pa
					Ad Hoc Service (per report)	£36
				Annual Asset Portfolio	Annual Service (one report per year)	£684 pa
					Ad Hoc Service (per report)	£1,056

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
				Transco Asset Portfolio	Annual Service (12 reports per year)	£288 pa
					Ad Hoc Service (per report)	£84
				Data Portfolio Snapshot	Annual Service (12 reports per year)	£288pa
					Ad Hoc Service (per report)	£84
			Those persons entitled to receive the service.	Data Enquiry Last Accessed Report	Ad-hoc Service (per report)	£24
					Annual Service – 6 monthly (2 reports per year)	£36
					Annual Service – Quarterly (4 reports per year)	£60
					Annual Service – Monthly (12 reports per year)	£144

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
			Those persons entitled to receive the service.	Historic asset and read report	Annual Service – Monthly (12 reports per year)	£672
					Annual Service – Quarterly (4 reports per year)	£288
			Those persons entitled to receive the service.	Supporting Information for Telephone Enquiry Usage	Adhoc Service (per report)	£24
					Annual Service – 12 reports	£180
3. AQ Enquiry	Tool to calculate a Speculative AQ Value of a Users Supply Meter Point on provision of meter read information.	Non Code service	Shippers under UNC	Provision of a Speculative AQ Value (Part 1 of the Conditions)	Per AQ Enquiry Requested	£0.0027
4. Must Reads	If a shipper does not provide meter readings in compliance with the Uniform Network Code, the Gas Transporter may initiate processes to obtain a meter read, referred to as a 'must read'. A charge will be made for each must	Code services	Shippers under UNC	One meter at the supply point – National Grid Distribution	Per Read Requested	£81.24

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
	read.			One meter at the supply point – Scotland Gas Networks	Per Read Requested	£65.73
				One meter at the supply point – Southern Gas Networks	Per Read Requested	£ 66.93
				One meter at the supply point – Northern gas Networks	Per Read Requested	£ 46.50
				One meter at the supply point – Wales & West Utilities	Per Read Requested	£43.78
5. Shipper Agreed Reads	Where Users cannot agree with an estimated opening reading, Xoserve will load an agreed revised reading submitted by the incumbent shipper.	Code services	Shippers under UNC	U01 File	Per Read	£0.46
				Email File	Per Read	£2.65
				Facsimile Transaction	Per Read	£8.40

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
6. User Admission	The delivery and installation of IX equipment on the applicant's premises are required to enable the sending and receipt of communications under the Gas Transporter's Network Code. In addition, in order to accede to a Gas Transporter's Network Code a number of conditions are required to be satisfied. This process requires administration.	Code services	Applicant Users who wish to be admitted to UNC	(a) The delivery and installation of IX equipment	Charged after accession to UNC[1]	Price on Application
		Non Code service	Applicant Users who wish to be admitted to UNC	(b) Administration of the shipper admission process.	Charged on application.	£2,900

[1] Applicant users will be required to sign an IXN installation agreement which will provide for the recovery of installation and removal costs in the event that an applicant user does not become a shipper user, as per current arrangements.

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
7 Ad-hoc additional services	Ad-hoc services which are additional to those provided in items 1 to 6 inclusive and which are not contestable, i.e. there is no alternative source for the additional service.	Non Code service	Shippers under UNC	As agreed at the time of request.	Priced by quotation	Priced by quotation
8. USRV resolution service (UNC Modification 192 refers).	The resolution, by the Transporters agent, of a User Suppressed Reconciliation Value (USRV), in accordance with the Uniform Network Code	Code Services	Shippers under UNC	Desktop resolution service only	Per USRV resolution	£126.00
				Desktop and asset verification visit resolution, National Grid Gas Distribution North Thames LDZ	Per USRV resolution, including the costs of the asset verification visit	£217.00
				Desktop and asset verification visit resolution, National Grid Gas Distribution East Anglia, East Midlands, West Midlands, North West LDZs	Per USRV resolution, including the costs of the asset verification visit	£215.12

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
				Desktop and asset verification visit resolution, Wales & West Utilities Wales North, Wales South and South West LDZs	Per USRV resolution, including the costs of the asset verification visit	£139.00
				Desktop and asset verification visit resolution, Scotland LDZ (including Scottish Independent Networks) and South East and Southern LDZs	Per USRV resolution, including the costs of the asset verification visit	£219.11
				Desktop and asset verification visit resolution, Northern Gas Networks North East and Northern LDZs	Per USRV resolution, including the costs of the asset verification visit	£159.90
9. User Pays DCA (UNC Modification 213V refers)	The provision of Detailed Cost Analysis (DCA) document to support a User Pays Modification Proposal, in accordance with UNC Modification Rules	Code Services	Shippers under UNC	A DCA document, provided by the Transporters, to the UNC Committee or UNC Work Group to support a **non** – implemented User Pays Modification Proposal	As set out in UNC MOD213V and in accordance with UNC Modification Rules, and pursuant to the User Pays Guidance Document with reference to individual quotations provided by the Transporters for the provision of DCA document	Priced on quotation

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
10. Daily Metered Elective Regime (UNC Modification 224 refers)	To facilitate the use of Automated Meter Reading (AMR) equipment in the business market a user may elect, on a voluntary basis, to use their own AMR equipment to supply daily meter readings to the relevant Transporter	Code Services	Shippers under UNC	Provision of daily meter read activities, provision of supporting information and invoicing services	Daily charge per DM Elective nominated meter point	£0.28
				Investigation and resolution of user created daily metered reconciliation error	Per reconciliation error resolution	£60
				Resolution and processing of consumption adjustment	Per consumption adjustment (ADJ1)	£37
				Provision of DME annual check read report	Ad Hoc service (per report)	£55
				Provision of DME meter inspection report	Ad Hoc service (per report)	£55

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
~~12. Apportionment of Unidentified Gas activity, (UNC Modification 229 refers)~~	~~Ongoing service~~ ~~Ongoing application of the methodology~~	~~Code Service~~	~~Shippers under UNC~~	~~The activities for the ongoing service include:~~ ~~- Support provided to the expert in undertaking its activities~~ ~~- Convening meetings to discuss the statement~~ ~~- invoicing the values provided by the expert~~ ~~- All other activities not included within the set up charge~~	~~The charging basis is:~~ ~~1. Ongoing costs incurred during 2014/15 for the development of the AUG Statement and Table to apply for the AUG Year 2015/16~~ ~~2. This value then Invoiced to Shippers in one instalment using the formula below to determine the Shipper charge for each relevant billing period;~~ ~~Total SOQ for all LDZs for the relevant billing period for each Shipper (as at the end of the relevant billing period(31st March 2015)) as a percentage of the total SOQ for all LDZs for the relevant billing period for all Shippers (as at the end of the relevant billing period (31st March 2015)~~	~~£259,720~~

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
13. AQ Amendment Service Modification 292 refers	Set up service	Code Service	Shippers under UNC	The development costs incurred as a result of the implementation of modification 0292. A one off charge for the development changes.	100% charges to Shippers, The charging basis for Shippers will be an allocation of the development costs to each Shipper based upon their number of SSP supply points in proportion to the total number of SSP supply points as measured on the date of the implementation of the modification.	£119,530
14 Updates to default System Marginal Buy Price and default System Marginal Sell Price. Modification 333A refers	Development service The implementation of functionality to provide an annual update to the default System Marginal Buy Price and default System Marginal Sell Price	Code Service	Shippers under UNC	The costs incurred as a result of the implementation of modification 333A. A one-off charge following completion of the development.	Charging basis: The costs apportioned to Shippers are to be charged to each Shipper based upon each Shipper's individual proportion of the previous 365 days gross daily imbalance energy. This imbalance proportion is to be measured as at the date of implementation	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
~~15 Population and Maintenance of the Market Sector Code within the Supply Point Register. Modification 0353 refers~~	~~The implementation and application of a system to update any blank Market Sector Codes (MSC)~~	~~Code Service~~	~~Shippers under UNC~~	~~A one-off service whereby the Transporter will update any blank MSC at a certain point in time~~	~~Charges will be raised to each relevant Shipper (i.e. those who use the service).~~ ~~The costs for providing the service will be charged to each relevant Shipper based upon their number of blank MSC updated by the Transporter in proportion to the total number of blank MSC updated by the Transporter~~	~~TBC~~
16 Delivery of additional analysis and derivation of Seasonal normal weather. Modification 330 refers.	Analysis and derivation of Seasonal normal weather	Code Service	Shippers	Service to procure a methodology suitable for the adjustment, for the purposes of Composite Weather Variables, of historical data in relation to wind speeds and temperatures at weather stations which cease operation and are replaced by other weather stations (in suitable locations) for the purposes of such formula ("the Weather Station Substitution Methodology") as per UNC Transitional Document Part IIC 11.5.3.	The charging basis to Shippers is: The costs apportioned to Shippers are to be charged to each Shipper based upon each Shipper's individual proportion of total number of non-daily metered supply points. This proportion is to be measured as at the date of implementation.	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
17 Increased Choice when Applying for NTS Exit Capacity (UNC Modification 376S refers)	Development service, recovery of shippers proportion of development costs The implementation of functionality to increase the level of choice available to Users when applying for Enduring Annual NTS Exit (Flat) Capacity by enabling an ad-hoc application to request a Capacity start date beyond Y+4 up to Y+6 and an application within the July Application Window to request a non October start date The development costs are to be split between the shipper community and gas transporter community on the following basis: Shipper community 33% GT community 67%	Code Service	Shippers under the UNC	Recovery of the development costs incurred as a result of the implementation of modification 376S. A one-off charge following completion of the development.	Charging basis: The costs are to be charged to each Shipper based upon each Shipper's individual proportion of total NTS Exit (Flat) Capacity holdings as measured on the gas day 1 October 2012 Shipper User NTS Exit (Flat) Capacity holdings ÷ Σ all Shipper Users NTS Exit (Flat) Capacity holdings) x development costs	£57,494

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
18 iGT Data Preparation Service	The preparation of iGT customer data in readiness for the implementation of the iGT Agency Services initiative	Non Code	Shippers under the Framework Contract for the Provision of Non-Code User Pays Services	The development of computer systems programs and processes to facilitate the upload of iGT Data by each iGT Licence Holder to Xoserve's computer systems	In proportion to the number of iGT supply meter points in each Shipper's ownership as a proportion of the total number of iGT supply meter points in all Shipper's ownership as measured on the 5th January 2015	TBC
	The preparation of iGT customer data in readiness for the implementation of the iGT Agency Services initiative	Non Code	Shippers under the Framework Contract for the Provision of Non-Code User Pays Services	The receipt and preparation iGT Data customer data ready for migration to the New UK Link System. Xoserve shall also provide the customer with interim and final customer data portfolios	In proportion to the number of iGT supply meter points in each Shipper's ownership as a proportion of the total number of iGT supply meter points in all Shipper's ownership as measured on the date of implementation of UNC Modification 0440 Project Nexus Single Service Provision	TBC
19 iGT Data Provision Service	Smart metering communication equipment installation	Non Code	Shippers under the Framework Contract for the Provision of Non-Code User Pays Services	The installation of the iGT smart metering communication service to enable data (required under the Smart Metering Implementation Programme) to be provided by iGTs to Xoserve	In proportion to the number of iGT supply meter points in each Shipper's ownership as a proportion of the total number of iGT supply meter points in all Shipper's ownership as measured on the 1st June 2014	~~£82,636.17~~Completed

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
	The on-going operation of the smart metering communication equipment	Non Code	Shippers under the Framework Contract for the Provision of Non-Code User Pays Services	The on-going operation of the iGT smart metering communication service for the provision of iGT data to Xoserve	In proportion to the number of iGT supply meter points in each Shipper's ownership as a proportion of the total number of iGT supply meter points in all Shipper's ownership as measured on 1st day of each quarter from 1st July 2014 until the service finishes on the implementation of UNC Modification 0440 Project Nexus Single Service Provision	Circa £7,000/month
20 Individual Settlements for pre-payment and smart meters	Development costs of systems and processes to facilitate individual settlements for pre-payment and smart meters	Code Service	Shippers under UNC	Recovery of the development costs incurred as a result of the implementation of modification 451AV	Individual shipper's proportion of MPRN of the SSP market as at 15/09/2013	TBC
	On-going costs of systems and processes to facilitate individual settlements for pre-payment and smart meters	Code Service	Shippers under UNC	On-going costs incurred as a result of implementation of modification 451AV	Individual shipper's proportion of MPRN of the eligible MOD451AV population as at 15th of each month	£11,213.38

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
~~21 Single meter supply points (UNC MOD 428 refers)~~	~~Transactional service~~ ~~Recovery of costs associated with the Xoserve performing shipper mandated activities~~	~~Code Service~~	~~Shippers under the UNC~~	~~Recovery of any costs associated with Xoserve performing shipper mandated nominations and confirmations as a result of the implementation of Modification 428~~ ~~A charge per occurrence for each transaction made~~	~~Charging basis:~~ ~~Charged per occurrence for each transaction made~~	~~£42,448~~
22 Responsibility for gas off-taken at Unregistered Sites following New Network Connections. Modification 410 refers	Development costs of systems and processes to facilitate assigning gas off-taken at unregistered sites	Code Service	Gas Transporters and Shippers under UNC	Recovery of the development costs incurred as a result of the implementation of modification 410	Costs split 80 : 20 Gas Transporter : Shipper. The charging basis for Shipper allocation of development costs is based on the Shipper's market share of supply points in proportion to the total number of supply points on the date of implementation of this mod.	TBC
	Ongoing costs to facilitate assigning gas off-taken at unregistered sites	Code Service	Gas Transporters and Shippers under UNC	Ongoing costs incurred as a result of implementation of modification 410	Costs split 80 : 20 Gas Transporter : Shipper. The charging basis for Shipper allocation of ongoing costs is based on the Shipper's market share of supply points in proportion to the total number of supply points on the 1st of April of each year, invoiced 12 months in arrears.	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
23 Amendment to the Customer Settlement Error Claims Process - , Modification 429 refers	Development of systems to facilitate the Customer Settlement Error Claims Process	Code Service	Shippers under UNC	Recovery of the development costs incurred as a result of the implementation of modification 429. A one-off charge following completion of the development.	100% of charges to Shipper organisations. Charging basis In proportion to the number of supply meter points in each Shipper's ownership as a proportion of the total number of supply meter points in all Shipper's ownership as measured on the date of the implementation of the modification proposal	TBC
24 Inclusion of data items relevant to smart metering into existing industry systems (Modification 430 refers)	Development service The implementation of functionality to receive, store, and report on new data items to support smart metering Note the service development will comprise the foundation stage and DCC day one services	Code Service	Shippers under UNC	Recovery of the development costs incurred as a result of the implementation of modification 430. A one-off charge following completion of the development.	100% charges to Shippers for the foundation stage of the smart metering programme only The costs apportioned to Shippers are to be charged to each Shipper based upon each Shipper's individual proportion of total number of non-daily metered supply meters where the market sector code is recorded as "D" or where the meter capacity is less than 11 cubic metres. This proportion is to be measured as at the date of implementation.	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
25 Retention of MAM Id in Transporter Systems at Change of Supplier Modification 0437S refers	Development of systems to facilitate the revised gas settlement reform arrangements	Code Service	Shippers under UNC	Recovery of the development costs incurred as a result of the implementation of modification 437S. A one-off charge following completion of the development.	100% of charges to Shipper organisations. Charging basis In proportion to the number of supply meter points in each Shipper's ownership as a proportion of the total number of supply meter points in all Shipper's ownership as measured on the date of the implementation of the modification proposal excluding Daily Metered and Unique Sites	TBC
26 Monthly revision of erroneous SSP AQs outside the User AQ Review period (UNC MOD 450B refers)	Development service. Recovery of costs associated with creation of services to allow monthly revision of AQs for small supply meter points outside the review period	Code Service	Shippers under the UNC	Recovery of the development costs incurred as a result of the implementation of system and process changes as a result of implementation of Modification 450B. A one-off charge following completion of the development	Charging basis: Development costs split equally between users based on: User proportion of small supply meter point count as a proportion of the total of all Users' small supply meter point count as at the date of implementation of the Modification	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
	On-going Service Recovery of costs associated with provision of services to allow monthly revision of AQs for small supply meter points outside the review period	Code Service	Shippers under the UNC	Recovery of the on-going costs incurred for support systems and processes as a result of the implementation of Modification 450B. A one-off charge to recover costs for the projected period of the service being effective. To be invoiced at the same time as the development costs	Charging basis: On-going costs split equally between users based on: User proportion of small supply meter point count as a proportion of the total of all Users' small supply meter point count as at the date of implementation of the Modification	TBC
27 Updating of Meter Information by the Transporter (UNC MOD 455 refers)	Meter Asset Detail Update: A service, in accordance with TPD M3.2.15, where the transporter advises the Registered User that the meter information details are not correct and are subsequently revised by the transporter	Code Service	Shippers under the UNC	A transactional charge for each meter information updated plus a levy to cover service development costs.	Charging basis: Charged per update in the form transaction cost plus levy The levy will apply for the first two years of operation. Suggested levy is £40, as agreed in Distribution Workgroup.	£75

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
	Reconciliation Charge Recovery of residual Development Cost associated with the implementation of service if required.	Code Service	Shippers under the UNC	Recovery of the residual Development Cost incurred as a result of the implementation of Modification	Charging basis: A one-off charge per shipper will be calculated as follows: Residual Development Cost = Total Development Cost less any levy collected as part of the transactional charges invoiced in the first two years of operation. The Residual Development Cost will be divided between shippers based on their market share as determined by their supply meter point count as a proportion of the total supply meter point count, excluding Unique Sites, as at the date of the second anniversary of the implementation of MOD 455	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
28 Project Nexus Allocation of Unidentified Gas (Mod 473 refers)	The procurement and appointment of an unidentified gas expert (AUGE) This set up activity occurs each time an expert is appointed. There may be more than one set-up activity occurring within a year	Code Service	Shippers under the UNC with an LDZ throughput	The activities in the set-up service include: - Establishment of terms of reference for the AUGE - Tender activity - Contract development activity - Appointment activity - All other set-up activities associated with the contractual appointment of the AUGE - Relevant Xoserve operational set up charges	The charging basis is: 1. Set-up costs incurred for the period between 1 April and 31 March each year. 2. This value then Invoiced to Shippers in one instalment using the formula below to determine the shipper charge for the relevant billing period; Shipper total AQ as a percentage of the total AQ as measured at 1 April for the UG year in which the AUGE is appointed	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
	Ongoing service Ongoing application of the methodology	Code Service	Shippers under the UNC with an LDZ throughput	The activities for the ongoing service include: - Development of the annual AUG statement and table including data gathering and analysis - Support provided to the AUGE in undertaking its activities - Convening meetings to discuss the statement - Invoicing the values provided by the AUGE - Implementation of weighting factors in line with the approved AUG table - All other activities not included within the set up charge	The charging basis is: 1. Ongoing costs incurred for the period between 1st April and 31st March. 2. This value then Invoiced to Shippers in one instalment using the formula below to determine the Shipper charge for each relevant billing period; Total AQ for all LDZs for the relevant billing period for each Shipper (as at the end of the relevant billing period(31st March)) as a percentage of the total AQ for all LDZs for the relevant billing period for all Shippers (as at the end of the relevant billing period (31st March))	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
29 Inclusion of the guidelines relating to the "Customer Settlement Error Claims Process" and introduction of User Pays charges associated with such claims (MOD474S refers)	On-going service – processing a Customer Settlement Error Claim	Code Service	Shippers under UNC	The processing of the Claim - receipt, considerations, referral, invoicing (if required)	Per Claim submitted (regardless of the outcome). Price on application.	TBC
30 Supply point registration – facilitation of faster switching (UNC Modification 477 refers)	Development service, recovery of development costs	Code Service	Shippers under the UNC	Recovery of the development costs incurred as a result of the implementation of modification 477. A one-off charge following completion of the development.	The costs are to be charged to each shipper based upon the number of supply points in each shipper's ownership as a proportion of the total number of supply points in all shipper's ownership as measured on the date of the implementation of the modification, excluding unique sites.	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
31 Introduction of an Advanced Meter Indicator and Advanced Meter Reader (AMR) Service Provider Identifier in advance of Project Nexus Go Live (UNC Modification 487V refers)	Recovery of costs associated with the system changes brought about by the implementation of Modification 487V	Code	Shippers under the UNC	Recovery of the development costs incurred as a result of the implementation of modification 487V. A one-off charge following completion of the development.	100% charges to Shippers, The charging basis for Shippers will be an allocation of the development costs to each Shipper based upon their number of supply points with a market sector code of 'I' in proportion to the total number of supply points with a market sector code of 'I' as measured on the date of the implementation of the modification. CSEPS, Unique sites and DM sites excluded	TBC
32 Shipper verification of meter and address details following system meter removal (UNC MOD 518S refers)	Recovery of costs associated with production and delivery of monthly reports	Code	Shippers under the UNC	Provision of a monthly report to all shippers detailing supply meter points that have been notified with a removal effective date of six months previous	In proportion to each shipper's proportion of supply meter points as at 1st April of each year.	TBC
33 Performance	The provision of reporting					

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
Assurance Reporting activities (UNC modification 0520A refers)	services to Code Parties associated with the Performance Assurance Framework	Code	Shippers under the UNC	Development Service The development of reports defined in modification 0520A.	100% charge to Shippers The charging basis for Shippers is: Total AQ for all LDZs for the relevant billing period for each Shipper (as at the end of the relevant billing period (30th September)) as a percentage of the total AQ for all LDZs for the relevant billing period for all Shippers (as at the end of the relevant billing period (30th September)).	TBC
	The provision of reporting services to Code Parties associated with the Performance Assurance Framework	Code	Shippers under the UNC	Ongoing Service The provision of reports defined in modification 0520A.	100% charge to Shippers The charging basis for Shippers is: Total AQ for all LDZs for the relevant billing period for each Shipper (as at the end of the relevant billing period (30th September)) as a percentage of the total AQ for all LDZs for the relevant billing period for all Shippers (as at the end of the relevant billing period (30th September)).	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
34. Maintaining the efficacy of the NTS Optional Commodity ('shorthaul') tariff at Bacton entry points (UNC MOD 534 refers)	Creation of interim functionality to provide for a combined Bacton ASEP NTS Optional Commodity Tariff	Code Service	Gas Shipper Users of the Bacton UKCS ASEP and the Bacton IP ASEP	Recovery of development costs associated with provision of interim functionality to provide for a combined Bacton ASEP NTS Optional Commodity Tariff	Bacton UKCS ASEP and Bacton IP ASEP users based on their proportion of total flows nominated for the NTS Optional Tariff over a 12 month period from the date of implementation of the Modification, where the nominated Entry Point is either the Bacton UKCS ASEP or the Bacton IP ASEP. Total cost to be recovered over a two year period. 50% of total cost invoiced each year.	TBC
	Creation of an enduring functionality to provide for a combined Bacton ASEP NTS Optional Commodity Tariff	Code Service	Gas Shipper Users of the Bacton UKCS ASEP and the Bacton IP ASEP	Recovery of development costs associated with provision of an enduring functionality to provide for a combined Bacton ASEP NTS Optional Commodity Tariff	Combined Bacton ASEP users based on their proportion of total flows nominated for the NTS Optional Tariff over a 12 month period from the date of implementation of relevant enduring system solution, where the nominated Entry Point is the Combined Bacton ASEP. Total cost to be recovered over a two year period. 50% of total cost invoiced each year.	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
35 Project Nexus Independent project assurance for users (UNC Modification 513 refers)	Settlement of agency charges associated with UNC Modification 513	Code	Shippers under the UNC	Recovery of costs incurred associated with the delivery of the solution for Modification 513	100% of costs recovered from Users based upon the number of Supply Points in each User's ownership as a proportion of the total number of Supply Points in all Users' ownership as measured on the date of the implementation of the Modification, excluding 'unique sites'.	TBC
36 Daily meter read simplification modification 466AV refers	Development costs of systems and processes to facilitate availability of within day data	Code Service	Shippers under the UNC	Recovery of the development costs incurred as a result of the implementation of modification 466AV	100% to Users based on their proportion of DM Supply Meter Points as a proportion of total DM Supply Meter Points as at the date of implementation of the modification (this excludes DME meter points)	TBC
37 Amending the start time that a day-ahead market offer can be accepted (UNC MOD 471S refers)	Development service. Recovery of costs associated with moving the start time of the on-the-day commodity market (OCM) from 12.00 to 08.00	Code Service	Shippers and Traders under the UNC	Recovery of the development costs incurred as a result of the implementation of modification 471S. A one-off charge following completion of the development.	Charging basis: Development costs split equally between users based on: (User UDQI + User UDQO) / (Total System UDQI + Total System UDQO) As at 1st November 2013	TBC

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
38 Performance Assurance Framework activities (UNC modification 0506 refers)	The provision of services to the Performance Assurance Committee or Performance Assurance Framework Administrator associated with the Performance Assurance Framework	Code	Shippers under the UNC	The service detail is as required. Modification 0506 creates a structure for Performance Assurance Framework activities that are yet to be defined. This ACS creates a charging basis in readiness for these Performance Assurance Framework activities.	100% charge to Shippers The charging basis for Shippers is: Total AQ for all LDZs for the relevant billing period for each Shipper (as at the end of the relevant billing period (30th September)) as a percentage of the total AQ for all LDZs for the relevant billing period for all Shippers (as at the end of the relevant billing period(30th September)).	TBC

Other Charges and Payments

Service Item	Type	Service Detail	Charging Basis	Charge (£)
1.Provision of Information	Non Code service	Internet based service to allow authorised users access to supply meter point data online. (Part 3 of the Conditions)	Daily Failure Rate for Data Enquiry services	£0.19
		User Telephone Enquiry Service Volume Band reduction charge. (Part 6 of the Conditions)	On reduction of the contracted User Telephone Enquiry Service Volume Band	£500

Appendix 2: Updated Forecast Demand

Service Item	Service Detail		Annual Forecast Demand (Apr – Mar)
1.Provision of Information	Internet based service to allow authorised users access to supply meter point data online. (Part 3 of the Conditions)		25,000
	User Telephone Enquiry. Telephone call(s) to information centre to obtain Supply Meter Point data. (Part 6 of the Conditions)	Band B up to 1,000 calls	19
		Band C up to 5,000 calls	7
		Band D up to 20,000 calls	0
		Band E up to 50,000 calls	3
		Band F up to 70,000 calls	0
		Band G up to 150,000 calls	1
		Band H up to 250,000 calls	0
		Calls in excess of band	4,500
	Provision of M Number DVD containing supply meter point data. (Part 4 of the Conditions)	Annual Service	36
		Ad Hoc Per DVD	2
	Provision of data by email for users Meter Point Reference Numbers. (Part 2 of the Conditions)	Per email report 1-999 MPRNs	570
		Per email report 1,000-5,000 MPRNs	10
2. Registered User Portfolio Reports	Query Management – Standards of Services	Annual Service (12 reports per year)	5
		Ad Hoc Service (per report)	0
	Registered User Portfolio Statement	Annual Service (12 reports per year)	25
		Ad Hoc Service (per report)	0
	Registered User Portfolio (for User portfolios not exceeding one million Supply Points)	Annual Service (12 reports per year)	18
		Ad Hoc Service (per report)	0

Service Item	Service Detail		Annual Forecast Demand (Apr – Mar)
	CSEPs Portfolio Report	Annual Service (12 reports per year)	18
		Ad Hoc Service (per report)	0
	Unique Sites Portfolio	Annual Service (12 reports per year)	8
		Ad Hoc Service (per report)	0
	Annual Asset Portfolio	Annual Service (one report per year)	10
		Ad Hoc Service (per report)	0
	Transco Asset Portfolio	Annual Service (12 reports per year)	11
		Ad Hoc Service (per report)	0
	Data Portfolio Snapshot	Annual Service (12 reports per year)	12
		Ad Hoc Service (per report)	0
	Data Enquiry Last Accessed Report	Adhoc Service (per report)	3
		Annual Service – 6 monthly (2 reports per year)	0
		Annual Service – Quarterly (4 reports per year)	2
		Annual Service – Monthly (12 reports per year)	3
	Historic asset and read report	Annual Service – Monthly (12 reports per year)	7
		Quarterly service	10

Service Item	Service Detail		Annual Forecast Demand (Apr – Mar)
	Supporting information for telephone enquiry usage	Ad Hoc Service (per report)	0
		Annual Service – Monthly (12 reports per year)	3
3. AQ Enquiry	Provision of a Speculative AQ Value (Part 1 of the Conditions)		12,000,000
4. Must Reads	One meter at the supply point		12,500
	Two meters at the supply point		0
	Three or more meters at the supply point		0
5. Shipper Agreed Reads	U01 File		46,000
	Email File		0
	Facsimile Transaction		0
6. User Admission	Non-Code Services applicants		14
8. USRV filter failures	Desktop resolution		65
	Desktop resolution including site visit		0
10. Daily Metered Elective Services	DM Elective nominated meter points	Year 1	0
		Year 2	0
		Year 3 onwards	0
	Reconciliation error resolution		0
	Consumption Adjustments (ADJ1)		0
	DM Elective annual check read report		0
	DM Elective meter inspection report		0

Service Item	Service Detail	Annual Forecast Demand (Apr – Mar)
~~12 Apportionment of Unidentified Gas activity, (UNC Modification 229 refers)~~	~~Ongoing service~~	~~Once per year~~
13 AQ Amendment Service Modification 292 refers	Set up service	Once, in ~~2014~~2016/17
14 Updates to default System Marginal Buy Price and default System Marginal Sell Price. Modification 333A refers	Set up service	Once, expected in ~~2012/13~~ 2016/17
~~15 Population and Maintenance of the Market Sector Code within the Supply Point Register. Modification 0353 refers~~	~~A one-off service whereby the Transporter will update any blank MSC at a certain point in time~~	~~Less than 7m u//pdates~~
16 Delivery of additional analysis and derivation of Seasonal normal weather. Modification 330 refers.	Set up service	Once, expected in 2012/13

Service Item	Service Detail	Annual Forecast Demand (Apr – Mar)
17 Increased Choice when Applying for NTS Exit Capacity (UNC Modification 376S refers)	Set up service	Once, expected in ~~2012/13~~2016/17
18 iGT Data Preparation Service	Set up service	Once in ~~2015~~2016/17
	Data preparation service	Once in 2016/17~~2015~~
19 iGT Data Provision Service	Set up service	~~Once in 2016~~Completed
	On-going service	Quarterly from March 2016
20 Individual settlements for pre-payment and smart meters (UNC modification 451AV refers)	Set up service	Once, expected in 2016/17~~2015~~
	On-going service	Monthly
~~21 Single meter supply points (UNC MOD 428 refers)~~	~~Per re-confirmation~~	~~5,000~~
22 Responsibility for gas off-taken at Unregistered Sites following New Network Connections. Modification 410 refers	Set up service	Once, expected in 2016/17
	Ongoing service	Once per year

Service Item	Service Detail	Annual Forecast Demand (Apr – Mar)
23 Amendment to the Customer Settlement Error Claims Process -, Modification 429 refers	Set up service	Once, expected in 2016/17
24 Inclusion of data items relevant to smart metering into existing industry systems (Modification 430 refers)	Development service	Once expected 2016/17
25 Retention of MAM Id in Transporter Systems at Change of Supplier. Modification 437S refers	Set up service	Once expected in 2016/17
26 Monthly revision of erroneous SSP AQs outside the User AQ Review period (UNC MOD 450B refers)	Set up service	Once, expected in 2016/17
	On-going service	Once, expected in 2016/17
27 Updating of Meter Information by the Transporter (UNC MOD 455 refers)	Set up and on-going service	100/month
	Reconciliation charge	Once expected in 2015/16
28 Project Nexus	Set up service	Once or more per year

Service Item	Service Detail	Annual Forecast Demand (Apr – Mar)
Allocation of Unidentified Gas (Mod 473 refers)	On-going service	Once per year
29 Inclusion of the guidelines relating to the "Customer Settlement Error Claims Process" and introduction of User Pays charges associated with such claims MOD474S refers)	Resolution of settlement error claims	10
30 Supply point registration – facilitation of faster switching (UNC Modification 477 refers)	Set up service	Once in 2014/15
31 Introduction of an Advanced Meter Indicator and Advanced Meter Reader (AMR) Service Provider Identifier in advance of Project Nexus Go Live (UNC Modification 487V refers)	Set up service	Once expected in 2014/15

Service Item	Service Detail	Annual Forecast Demand (Apr – Mar)
32 Shipper verification of meter and address details following (UNC MOD 518S refers)	On-going service	Once per year
33 Performance Assurance Framework services (UNC Modification 520A refers)	Development service	Once post Project Nexus Implementation Date
	Ongoing service	Reports provided on monthly basis
34. Maintaining the efficacy of the NTS Optional Commodity ('shorthaul') tariff at Bacton entry points (UNC MOD 534 refers)	Set up interim service	Two invoices expected 2016 and 2017
	Set up enduring service	Two invoices expected TBC
35 Project Nexus Independent project assurance for users (UNC Modification 513 refers)	Set up and delivery of service	Once, expected in 2016
36 Daily meter read simplification modification 466AV refers	Set up service	Once in 2016
37 Amending the start time that a day-ahead market offer can be accepted (UNC MOD 471S refers)	Set up service	Once, expected in 2016

Service Item	Service Detail	Annual Forecast Demand (Apr – Mar)
38 Performance Assurance Framework services	Set up and ongoing services	To be confirmed.

Activity Cost Base (ACB) in Xoserve

An Overview of the Methodology

1.0 Background

The purpose of this paper is to provide a summary of the Activity Cost Base (ACB) methodology used in Xoserve.

Obligations are placed on Network Operators by Standard Special Condition A15(3)(ii) of the Gas Transporters' licence – "the costs of the agency shall be determined on an activity cost basis such that the services and systems costs associated with each activity, as set out within the uniform network code as being the scope of agency, are separately assessed and reported."

The ACB methodology described below is intended to meet this obligation.

2.0 Activity Cost Base Methodology

The scope of the methodology is the activities included in Schedule 2 of the Agency Services Agreement (ASA) which specifies the services Xoserve provides to the Network Operators. The services are shown in three levels of detail – Service Line (e.g. Provide and maintain Supply Point Register), Service Description (e.g. Manage Supply Point Register) and Service Requirement (e.g. Respond to Supply Point enquiry).

The cost base is split into five distinct areas.

- Employee costs (e.g. Salaries & Associated Costs, Agency and Travel & Subsistence).
- Non Employee costs (e.g. Printing and Stationary, Training and Telephones).
- Bought in services (Non IS) (e.g. Property, M Numbers, and Business Services).
- Bought in Services (IS Core).
- Bought in Services (IS projects).

Cost drivers are used to apportion costs for each area to each service line. Different drivers are used depending on the nature of cost involved. For example, activities that are labour intensive can be driven using proportions of manpower time spent against those activities. Cost drivers will be explained in greater detail in the next section.

3.0 Cost Driver Selection

The cost drivers used are as follows.

3.1 Employee costs

3.1.1 Direct - Departments who deliver ASA services

Xoserve uses a well established system to record time taken against activities. The activity codes from this system have been mapped to the most appropriate ASA service lines. Costs are allocated to service lines in proportion to the amount of resource used to complete the activity. Direct staff numbers are used to drive Salary and Associated Costs whilst Agency numbers are used to drive Agency costs.

3.1.2 Support – Departments not delivering specific ASA services

The resources and costs of those departments who are not involved with the delivery of specific ASA services (e.g. HR, Finance & Business Support) are attributed in proportion to the total direct resource per service line.

3.2 Non Employee Costs

Where non employee costs are incurred as a result of delivering a particular service (e.g. RbD Audit), these will be allocated directly to that service line. The remainder of non staff costs are allocated across all service lines in proportion to the direct and support resource against it.

3.3 Bought in Services (Non IS)

Non-IS bought in services are treated in the same way as non employee costs. Several bought in services can be allocated directly to service lines (e.g. Domestic M Number service outsourced to National Grid). The remainder of this type of bought in service are allocated to service lines in proportion to the direct and support resource against it.

3.4 Bought in Services (IS Core)

IS charges can be broken down into a number of categories. The bulk of the charges are incurred in running and maintaining applications such as Gemini, Invoicing 95 and Sites & Meters. Categories such as asset leasing charges, software licence costs and application workpacks are allocated to the relevant software application that has incurred the cost.

The total application costs are then allocated to the relevant service lines based upon recommendations provided by appropriate experts within the business.

The remainder of the categories are driven to service lines in proportion to the direct and support resource against it. These are :-

- Network Infrastructure
- Desktop
- Helpdesk
- Contract Management (purchase)

3.5 Bought in Services (IS Projects)

Expenditure incurred under Change Budget and Business Improvements categories is allocated, with input from Xoserve Business Projects, to the most appropriate service line. For example, any changes or improvements to the Supply Point Register will be allocated to that service line.

Infrastructure upgrade costs are allocated to the specific application which has benefited from the work being undertaken.

The cost drivers used are summarised below.

4.0 Summary

The ACB methodology developed for Xoserve ensures that costs are allocated to activities using the most appropriate drivers: -

- Where possible, resource costs being allocated in proportion to time taken to complete activities.

- If a non staff or bought in service cost is incurred in the delivery of one or more service lines then the cost is allocated directly to the relevant service lines only.

- The cost of applications is driven to service lines based on advice from appropriate experts from within Xoserve.

Summary of Cost Drivers