

**Agency Charging Statement
Modification Report
for Provision of Non-Code User Pays Service
Change Order UPC002
IAD Last Accessed Report**

1. Executive Summary

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 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 service and the charges themselves.

Paragraph 9 of Standard Special Condition A15 requires that for any modification to the ACS the licensee shall, together with the other relevant gas transporters, send a report to the Authority setting out:

- (i) the terms of the proposed modification; and
- (ii) a timetable for implementing the modification.

This Modification Report is submitted to support Change Order UPCO002 'IAD Last Accessed Report'. The purpose of this Change is to introduce the IAD Last Access Report into the Agency Charging Statement (within Appendix 1 Schedule of User Pays Services and User Pays Service Charges, Service Item 2) and to include in the Services Schedule for the Provision of Non-Code User Pays Services (report to be added into Part 5, Table 1 and Table 2). The IAD Last Access Report enables the recipient to view the status of each IAD account (whether live or locked) together with a date of when the account was last accessed.

This Change Order UPCO002 has followed the procedure set out in the Framework Contract for the Provision of Non-Code User Pays Services, Schedule 2, Services Schedule Change Procedure. A Business Evaluation Report has been agreed and approved under prevailing terms of reference, therefore under Section 7.2.2 the revised Agency Charging Statement is submitted to Ofgem pursuant to the provisions of Standard Special Condition A15 of the Transporter's licence.

2. Methodology

The methodology for costing and pricing of the User Pays services is outlined in the ACS and the Activity Cost Base methodology (ACB) appended to the ACS, it remains the same as in previous 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. This ensures the prices are, as far as reasonably practicable, cost reflective and non-discriminatory. xoserve reviews the demand for User Pays services and the cost of providing these services at least annually to ensure the services remain cost reflective.

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

It has been agreed in accordance with the Services Schedule Change Procedure that the development and implementation costs of this report will be recovered from the Change Budget. Breakdowns of the costs are included in the Business Evaluation Report (BER) which is available on the xoserve website: www.xoserve.com/UPS_Changes.asp#1

3. Recommendation

The Authority is requested to support the changes to the ACS which are intended to be effective from 1.6.10.