Rough Order Magnitude (ROM) Request

Reference Number: XRN5219

Please send completed form to: mailto:box.xoserve.portfoliooffice@xoserve.com

Section A: Change Details	
Change Title	Modification 0729: Applying a discount to the Revenue Recovery Charge at Storage Points
Will the Change impact the UNC (YES / NO)	Yes
MOD Reference (if raised)	Modification 0729: Applying a discount to the Revenue Recovery Charge at Storage Points https://www.gasgovernance.co.uk/0729
Contact Details of Person Requesting the ROM	
Contact Name	Rebecca Hailes on behalf of UNC Workgroup 0729
Contact Email	Joint Office <enquiries@gasgovernance.co.uk>
Contact Phone	0121 2882107
Section B: Xoserve Acknowledgement and Business Analyst Contact Details *(Xoserve CIO Office will add)*	
ROM Received Date	
ROM Response date	
Business Analyst Name	
Business Analyst Email	
Business Analyst Phone	

Rough Order Magnitude (ROM) Response

Type of ROM Evaluation
ROM for Code-Modification

The Proposed Change

The Joint Office submitted the following:

"It is proposed that, in respect of storage sites, (locations where the type of Entry Point/Offtake is designated as a 'storage site' in National Grid's Licence (Special Condition 5F Table 4B for Entry Points, and Special Condition 5G Table 8 for Exit Points)) the applicable Revenue Recovery Charge is discounted to the same level as the Specific Storage Point Discount".

Note: This requirement will build on the Xoserve solution being delivered under Mod 0678A for the Specific Storage Point discount viz Revenue Recovery Charge (RRC).

The business solution requirement is for a new, Specific Storage Site RRC Discount to be applied. It is anticipated there will be changes to the invoicing processes e.g. new charge type(s) and a potential, new invoice type.

Xoserve's understanding is:

The RRC is a capacity-based tariff employed to ensure that National Grid recovers its Allowed Transmission Revenue across the Gas Year. As part of MOD0729, the proposer believes that as it is accepted in the EU Tariff Code that Storage Users should incur lower Capacity Charges that they should also be afforded the same discount to RRCs to avoid cross-subsidisation and ensure compliance with the EU Tariff Code.

Under the solution implemented as part of MOD0678A no discount will be applied on the RRC at Storage Connection Points.

This ROM considers two options:

1. Modification to the RRC calculation to include a discount to Storage Connection Points
2. Manual Adjustments to be performed by the Xoserve Invoicing Team

Change Impacts

General Impacts to Xoserve and External Parties:

Option 1 – Modification to the RRC calculation to include a discount to Storage Connection Points

Xoserve:

- Modification to the RRC charge calculation to include a discount factor based on the category of the locations
- Modification to the corresponding adjustment charge calculation in line with the primary charges
- Changes to relevant reporting screens to display the discount to assist with validation and reporting

External Parties:

- None expected.

Option 2 – Manual Adjustments to be performed by the Xoserve Invoicing Team

Xoserve:

- Utilise the system functionality available under MOD0678A to process adjustments
- The volume of adjustments per month is estimated as between 350 and 500 records. This includes both Entry and Exit Capacity.
- The RRC charges are calculated on M+1 therefore the adjustments will need to be done from M+1 and be ready to issue on M+4

External Parties:

- Those parties operating at the Storage Connection Points will receive an increase in adjustment charges equivalent to the number of RRC charges they receive.

Please note given the volume of adjustments needed versus the time available the manual adjustment option has been assessed and then discounted as not viable.

External Interface Impacts (Changes to Screens, Portals, Files, Permitted Values, etc.)

1. No external impacts, however, a change pack will be shared to explain the data being shared in invoices

Impacts to Gemini System:

Option 1 – Modification to the RRC calculation to include a discount to Storage Connection Points

- Modification to the RRC charge calculation to include a discount factor based on the category of the locations
- Modification to the corresponding adjustment charge calculation in line with the primary charges
- Changes to relevant reporting screens to display the discount to assist with validation and reporting

Impacts UKL Manual Appendix 5b:

None expected

DSC Service Areas Impacted:

Service Area 20: UK Link Gemini System Services

Costs and Timescales

Change Costs (implementation):

Option 1 – Modification to the RRC calculation to include a discount to Storage Connection Points

Solution will cost at least **£ 100,000**, but probably not more than **£ 145,000** to implement.

Costs for Option 2 have not been provided as this option is deemed not viable.

Change Costs (on-going):

Option 1 – Modification to the RRC calculation to include a discount to Storage Connection Points

This option is not expected to increase ongoing running costs.

Costs for Option 2 have not been provided as this option is deemed not viable.

Timescales:

Option 1 – Modification to the RRC calculation to include a discount to Storage Connection Points

The high level estimate to develop and deliver this change is approximately 13 weeks. This change would need to be prioritised through the Change Management Committee alongside other changes within Xoserve's planned Gemini programme.

Timescales for Option 2 have not been provided as this option is deemed not viable

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Assumptions:

Option 1 – Modification to the RRC calculation to include a discount to Storage Connection Points

- Costs are high level, based on the current MOD description
- No file format changes are required
- No new charge types are required
- The RRC rate will continue to be one rate for Entry Capacity and one for Exit Capacity and will not be split at a location level
- The discount % rate will not be published on any externally facing screens or sent to any interfacing systems
- This ROM is based on the Gemini functionality currently in Production and does not consider any functional changes being introduced by inflight projects
- Joint testing between National Grid and Xoserve
- Change can be delivered using environments from the existing Gemini test estate
- User Trials is not in scope
- This ROM assumes the solution will be delivered as a standalone project independent of other UNC Modifications.

Option 2 – Manual Adjustments to be performed by the Xoserve Invoicing Team

- The volume of adjustments per month is estimated as between 350 and 500 records. This includes both Entry and Exit Capacity.
- The RRC charges are calculated on M+1. It is assumed the adjustments will need to be done from M+1 and be ready to issue on M+4.

Dependencies:

Option 1 – Modification to the RRC calculation to include a discount to Storage Connection Points

- Testing scenarios will be defined and agreed during Analysis phase
- Availability of National Grid business resources to support delivery.
- A decision on MOD0729 is made prior to the project starting.

Constraints:

Option 1 – Modification to the RRC calculation to include a discount to Storage Connection Points

- This change would need to be considered alongside an already congested change programme for Gemini
- Availability of resources to deliver the change

Observations:

None

Document Version History

Version	Status	Date	Author(s)	Summary of Changes
0.1	For Review	18/08/20	Hannah Reddy	
0.2	For Approval	18/08/20	Hannah Reddy	Assumption section updated following review
1	Approved	18/08/20	Hannah Reddy	Approved by Andy Simpson (Gemini & Integration Platform Director)

Template Version History

Version	Status	Date	Author(s)	Summary of Changes
2.0	Approved	22/05/18	Steve Ganney	Minor changes implemented