

# Rough Order of Magnitude (ROM) Request and Response

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## 1. Purpose of a ROM

The DSC CDSP Service Document – Change Management Procedure sets out the expectations of the ROM process.

4.6.2 Subject to paragraph 4.6.3, within 10 Business Days after receiving a ROM Request, the CDSP shall send to the Customer and the Committee a report (Rough Order of Magnitude Report or ROM Report) setting out (so far as the CDSP is able to assess at the time):

- (a) a high level indicative assessment of the impact of the Potential Service Change on the CDSP Service Description and on UK Link;
- (b) the CDSP's opinion as to whether the Potential Service Change would be a Restricted Class Change, would have an Adverse Impact on any Customer Class(es)) or would be a Priority Service Change, where applicable;
- (c) the CDSP's approximate estimate of:
  - (i) the Costs (or range of Costs, where options under paragraph (e) are identified) of Implementing the Potential Service Change;
  - (ii) the impact of the Potential Service Change on Service Charges; and
  - (iii) the period of time required for Implementation;
- (d) any material dependencies of Implementation on other Proposed Service Changes or other likely Priority Questions; and
- (e) if it is apparent to the CDSP that there are likely to be materially different options as to how to Implement the Potential Service Change, a high level description of such options.

## 2. ROM Request –

Please populate the details below and send to [box.xoserve.portfoliooffice@xoserve.com](mailto:box.xoserve.portfoliooffice@xoserve.com), to enable the CDSP to undertake the impact assessment to provide the ROM Response (section below). *Please note, the ROM requestor may be asked for further details if it is believed that request is not clear and additional information is required in order to provide a ROM Response.*

### 2a. ROM Request Details

ROM Request Details	
Change Title	Introduction of cost efficiency and transparency requirements for the CDSP Budget
Regulatory Impact	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Regulatory Reference (if applicable)	<a href="#">UNC Modification 0841</a> <a href="#">UNC Modification 0841A</a>
Change Overview	<p>Modification <a href="#">0841</a> and <a href="#">0841A</a> background:</p> <p>Both Modifications have been raised to improve the ability of UNC Parties to fulfil their obligation jointly to control and govern the CDSP on an economic and efficient basis (under UNC General Terms, Section D, 1.4.4), through the introduction of explicit requirements for economic and efficient.</p> <p>At a high-level, both Modifications:</p> <ul style="list-style-type: none"> <li>• Introduce new business rules that the CDSP is obliged to follow in presenting its annual business plan / budget.</li> <li>• Introduce an obligation on the CDSP to provide specific content in its business plan</li> <li>• Introduce a requirement for the CDSP to produce a report that indicates where it has and has not satisfied the information rules</li> <li>• Introduce explicit assurance activities:             <ul style="list-style-type: none"> <li>○ Under Modification <a href="#">0841</a>, this is mandated as a third-party assurance activity which must be completed every year to demonstrate the CDSP Budget is meeting the business rule requirements.</li> <li>○ Under Modification <a href="#">0841A</a>, assurance activities are at the request of the DSC Contract Management Committee (CoMC), rather than being mandated each year. These assurance activities can be conducted by the DSC Contract Assurance Audit Plan, the DSC CoMC or an independent third-party.</li> </ul> </li> </ul> <p>The Modification proposes that the above principles should be achieved via amendments to the following documents:</p> <ol style="list-style-type: none"> <li>1. UNC GTD - Uniform Network Code – General Terms Section D</li> </ol>

	2. DSC Terms & Conditions 3. CDSP Service Doc - Change Management Procedures 4. CDSP Service Doc - Contract Management Arrangements 5. CDSP Service Doc - Budget and Charging Methodology	
<b>Date Raised</b>	28/04/2023 <i>Revised ROM requested at the August WG meeting.</i>	
<b>Required Response Date</b>	12/05/2023 <i>Revised ROM response provided post September WG meeting.</i>  27/10/2023 <i>Revised ROM response provided post October WG meeting.</i>	
<b>Requestor Contact Details</b>	Name:	James Rigby
	Organisation:	Xoserve
	Email:	james.rigby@xoserve.com
	Number:	07739689512
<b>Xoserve Lead Contact (to be provided by the CDSP)</b>	Contact Name:	James Rigby
	Contact Email:	james.rigby@xoserve.com

### 3 ROM Response – To find the high-level costs and timescales please go to section 3c which can be found [here](#).

#### 3a. Impacted Constituency

<b>Customer Class(es) Impacted by Change:</b>	<input type="checkbox"/> Shipper	<input type="checkbox"/> Distribution Network Operator
	<input type="checkbox"/> NG Transmission	<input type="checkbox"/> IGT
	<input checked="" type="checkbox"/> All	<input type="checkbox"/> Other <Please provide details here>
<b>Justification for Customer Class(es) selection</b>	<ul style="list-style-type: none"> <li>The new processes would impact all DSC parties with related costs being shared by all constituencies</li> <li>The Service Change would involve the CDSP disclosing Confidential Information relating to such Customers to Customers of another Customer Class or to Third Parties;</li> </ul>	

## 3b. Overview of impacts

### Overview of impacts

#### Requirement for additional CDSP resources

- Additional CDSP resources will be needed should either Modification (0841 or 0841A) be implemented. These resources would include:

- An additional Xoserve resource, who would be responsible for ensuring our adherence to the new rules and creating and maintaining reporting (to customers via inclusion in the business plan, CoMC, the Xoserve SLT/ Board), and ensure exceptions are managed through to conclusion.

In addition to the CDSP resource, depending on which Modification is implemented and the chosen assurance option, there are varying indicative cost ranges for the assurance activities. [A high-level summary of these assurance activities are detailed below:](#)

#### Modification 0841

- [This Modification requires assurance activities of the CDSP Budget to be conducted by 'a sufficiently independent 3<sup>rd</sup> Party'.](#) 3<sup>rd</sup>-Party assurance provider to independently assure the business plan.
- [Based on this, the 3<sup>rd</sup> Party would need to be contracted via a robust procurement exercise and then managed / assured as BAU.](#)
- [The Modification does not explicitly state the scope of the 3<sup>rd</sup>-party assurance. With this in mind, we have provided an indicative cost range for 3<sup>rd</sup> Party audit of the CDSP Budget / business plan has been provided. This is based on including the following activities:](#)
  - [assessment of process and controls in place,](#)
  - [an integrity review of models used for the budget setting process.](#)
- 2 types of assurance activities;
- 3<sup>rd</sup>-party assurance using the 'Efficiency Review' as a template of scope:
  - 3<sup>rd</sup>-party audit of the business plan / budget. This is based on including the following activities: assessment of process and controls in place, an integrity review of models used for the budget setting process and an audit of the actual numbers in the plan to give assurance over accuracy and appropriateness.

#### Modification 0841A

- [This Modification requires assurance activities of the CDSP Budget, however it allows for multiple options in terms of these assurance activities being conducted.](#)

o At the request of DSC CoMC, the CDSP shall include details of assurance activities carried out by one of the following:

- the DSC Internal Audit Process (CDSP Contract Assurance Audit Plan) or,
- the DSC CoMC;
- or a sufficiently independent 3<sup>rd</sup> Party.

o Indicative cost ranges have been provided for these options. This could differ dependent on the option as it could be covered. This would align with the BP process being assured under the existing Contract Assurance Audit Plan either by internal resource or by the independent 3<sup>rd</sup> Party assurer who CDSP has a co-source arrangement with, for the purpose of providing independent assurance of the process being audited, as approved by ARC.

UK Link Component Systems	Level of Impact (L/M/H)	File Format (Y/N)	Screens (Y/N)	Reporting (Y/N)	Batch Jobs (Y/N)	Validation (Y/N)	Processes (Y/N)	Other
UK Link Gemini					N/A			
UK Link System Application (e.g. SAP ISU, BW, PO)					N/A			
UK Link Portal					N/A			
UK Link Online Services					N/A			
Contact Management Service (CMS)					N/A			
UK Link Network (Inclusive of IX, EFT and AMT)					N/A			

Additional Systems	Level of Impact (L/M/H)	File Format (Y/N)	Screens (Y/N)	Reporting (Y/N)	Batch Jobs (Y/N)	Validation (Y/N)	Processes (Y/N)	Other
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Data Discovery Platform (DDP) Core	N/A							
Discovery API	N/A							
Reporting	H	N	N	Y	N	Y	Y	N/A
Gas Enquiry Service (GES)	N/A							

### 3c. High level costs and timescales

Costs provided within the ROM response are indicative and high level based on high level analysis.

Below details the high-level implementation cost range and provides an indication of any ongoing costs identified from the high-level analysis.

#### Implementation costs

We've provided an indicative cost range for ~~CDSP resource required and the assurance activity options - which are detailed within the table below for the assurance activities.~~  
Please note, ~~these~~ cost ranges in the table are not intended to create the total estimated costs but the options available for the assurance activity, as we have provided options for the assurance activities.

~~The indicative cost range for CDSP resource required to support the BP process will be required and the same amount for both Modification 0841 and Modification 0841A. This is reflected within the first line of the table below.~~

~~We have then provided the various options in terms of the assurance activities which will be dependent on the Modification implemented and assurance activity chosen. This is reflected in lines 3 to 4 in the table below.~~

<u>Assurance Activity Options</u>	<u>Indicative Cost Range</u>	<u>Mod 0841</u>	<u>Mod 0841A</u>
<u>Assurance Audit conducted by 3rd Party (not under existing arrangement) (every year) or;</u>	<u>£45,000 - £70,000</u>	<u>✓</u>	<u>✓</u>
<u>Assurance conducted under the existing CDSP Contract Assurance Audit Plan by 3rd Party under the co-source arrangement (every 3 years) or;</u>	<u>£0</u>	<u>✗</u>	<u>✓</u>
<u>Assurance conducted under the existing CDSP Contract Assurance Audit Plan by existing CDSP resource (every 1 to 3 years depending on the outcome of the audit) or;</u>	<u>£0</u>	<u>✗</u>	<u>✓</u>
<u>Assurance conducted by the DSC CoMC</u>	<u>£0</u>	<u>✗</u>	<u>✓</u>

Element	Estimated Range	
	Low	High
CDSP Assurance Resource	£50,000	£70,000
3rd Party Assurance – Efficiency review scope	£330,000	£530,000
3rd Party Assurance – Audit scope	£100,000	£180,000
Inclusion in CDSP Contract Assurance Audit Plan conducted by internal resource	£0.00	£0.00
Inclusion in CDSP Contract Assurance Audit Plan conducted by 3 <sup>rd</sup> party resource	£0.00	£0.00

Please note, the 'Efficiency review scope' activity is based on the recent Efficiency Review, whereas For the Assurance Audit conducted by a 3rd Party (not under existing arrangement), Audit scope the cost range includes all-both or a combination of the following activities:

- Assessment of the process and controls in place
- Integrity review of the models used in the budget setting process

An audit of actual numbers in the plan to give assurance over accuracy and appropriateness

Please note, the cost range for the Assurance Audit conducted by a 3rd Party is an indicative estimate and the actual cost will be determined following the procurement exercise which will be completed once the Modification is approved.

The CDSP Assurance Resource cost range (£50,000 – £70,000) will be required regardless of which option is selected and the indicative cost range of the assurance activity depends on the scope and the requirement for a 3<sup>rd</sup> party to complete.

#### **Modification 0841 Indicative Costs**

For Modification 0841, there is one option available in terms of the assurance activity. This is to have an Assurance Audit conducted by a 3<sup>rd</sup> Party (which is not under an existing arrangement). This is to ensure compliance with the 0841 Business Plan Information Rules (BPIR) which requires assurance activities to be conducted by a sufficiently independent 3<sup>rd</sup> Party.

Based on this, the enduring solution for 0841 is estimated to cost between **£45,000 - £70,000**.

If the 3<sup>rd</sup> party assurance requires an 'Efficiency review scope', the total enduring solution is estimated to cost between **£380,000 – £600,000**.

*This includes the CDSP Assurance Resource AND the 3<sup>rd</sup> Party Assurance – Efficiency review scope costs.*

If the 3<sup>rd</sup> party assurance requires an 'Audit scope', the total enduring solution is estimated to cost between **£150,000 – £250,000**.

*This includes the CDSP Assurance Resource AND the 3<sup>rd</sup> Party Assurance – Audit scope costs.*

Please note, the cost range for the 3<sup>rd</sup> party assurance are an illustrative estimate only and the actual cost will be determined following the procurement exercise which will be completed once the requirements are fully scoped and agreed.

### Modification 0841A Indicative Costs

For Modification 0841A, there are multiple options available in terms of the assurance activity. The assurance activity chosen will be determined by the DSC CoMC.

Based on this, the enduring solution for 0841A is estimated to cost between **£0 - £70,000** dependent on the option chosen by DSC CoMC.

If assurance of the Business Plan process is included in the CDSP Contract Assurance Audit Plan and carried out by internal resource on a cyclical basis (assumed frequency to be **between every 1 to 3 years**), there will be no additional cost to DSC Customers, the total enduring solution is estimated to cost between **£50,000—£70,000**.

If assurance of the Business Plan process is included in the CDSP Contract Assurance Audit Plan and is carried out by a 3<sup>rd</sup> party as part of the co-source arrangement the CDSP has in place, on a cyclical basis (assumed frequency to be **every 3 years**), there will be no additional cost to DSC Customers, the total enduring solution is estimated to cost between **£50,000 and £70,000**.

Please note, if the frequency of the audit as part of the co-source arrangement, is proposed to be more than every 3 years, there **is expected to would** be an additional cost to DSC Customers.

### Ongoing costs

The estimated implementation costs would be ongoing.

### Timescales:

The high-level estimate to develop and deliver this change is at least 16 weeks.

### Validity of ROM:

Please note, the information provided in the ROM response is an 'at a point in time' assessment which is valid for 6 months.

### 3d. Release type

Please provide a view on the anticipated release type this change would need to be delivered under.

Release Type	<input checked="" type="checkbox"/> Ad-hoc / Stand-alone	<input type="checkbox"/> Minor
	<input type="checkbox"/> Major	

Next available Release (based on the Release Type)	ChMC approval to Release scope	ChMC approval of Detailed Design
N/A – ad hoc / standalone expected	TBC	TBC



### 3e. Impact on Service Line(s)

<b>Impact on Service Line(s)</b>	<p>Based on an initial view, we do not expect the implementation of this change will require a change to the DSC Service Description Table as we believe it is covered under existing Service Lines.</p> <p>This will be clarified and confirmed ahead of implementation.</p> <p>In terms of funding, the change is expected to be funded by all DSC Constituencies with the exact split to be determined and agreed.</p>
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### 3f. Assumptions

- Any changes in the approach to the solution may affect the overall schedule and costs for the change.
- Costs are high level, based on high level analysis. Detailed analysis will be needed to determine the final solution which will impact both cost and schedule.
- Any costs associated to Market Trials are not included.
- The high-level analysis is based on changes to central processes and does not account for changes to customer processes as a result of any potential work.
- The high-level analysis and costs are based on current production system
- It is assumed to meet the requirement of 0841 for the assurance activities to be conducted by 'a sufficiently independent 3<sup>rd</sup> Party', they must be outside of existing assurance arrangements
- For the Assurance Audit conducted by a 3<sup>rd</sup> Party, a procurement exercise will be required to put this in place following a decision on the Modification