Xoserve

Annual Review 2022-23

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2022-23 Annual Review

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CEO's introduction

We are proud to have been able to support our customers and consumers in the part we played in facilitation of the Energy Price Guarantee scheme and its business equivalent.

With so much happening in the present, and with much to do in the future, it may feel like less of a priority to look back on what happened in the past. Focus is naturally on the new Business Planning cycle (we are just about to publish the first of 3 iterative drafts of a BP24) and on recent activities in review of how economically and efficiently CDSP services are delivered in comparison with similar organisations. However, understanding the journey that Xoserve has been on since our restructuring of the business in 2021 is contextually important, and we recognise the value in producing this record of what was achieved in 2022-23 to help inform our plans for the future.

Looking back at last year in this Annual Review 2022-23 (AR22), at the same time as looking ahead to BP24, has provided a fantastic opportunity to consistently apply the principles that we set out in the Principles and Approach (P&A) for BP24. This includes a greater degree of transparency in the way we share our budget, and the inclusion of information such as performance levels v work volumes. It also means that we have attempted to make AR22 more easily digested by annexing info that you may find interesting but not essential.

We achieved a great deal in 2022-23, which was a tumultuous period for the gas industry and wider society. We successfully delivered key industry programmes such as Central Switching Service Consequential (CSSC) and

UK Link move to cloud. We are proud to have been able to support our customers and consumers in the part we played in facilitation of the Energy Price Guarantee scheme and its business equivalent. At the same time our performance, measured through our Key Performance Metrics and Indicators, remained as strong as ever. This was backed up by our best ever results in the independent Institute of Customer Service (ICS) survey.

Finally, as interim CEO, I want to assure customers that we have heard loud and clear the desire for broader engagement, more transparency and greater collaboration in our dealings with our stakeholders, and that you will see this in all aspects of our activities in the coming year.

Steve Brittan
Interim Chief Executive Officer, Xoserve

Key achievements

Headline statistics

4,482,683 (4.5 million) customer Switches processed

1,541,524,214 (1.5 billion) meter reads processed

Vol of invoices issued: **33,575**

Value of transporter invoices: **c.£8 billion**

Vol of files processed: **c.251,520,000**

Vol of meter details changes: **3,671,754 (3.7 million)**

171,440,27 (171 million) Rolling AQ calculations

Net value of commodity charges issued on behalf of DNs: **c.£307 million**

Net value of capacity charges issued on behalf of DNs *(CAZ invoices only)*: **c.£4.3 billion**

Net value of capacity charges issued on behalf of DNs *(including NTS capacity invoices)*: **c.£5.5 billion**

1,720 EBI invoices produced

Xoserve is committed to continual improvement and is particularly focused on better customer engagement. With this in mind, we are pleased to share some of our most notable achievements for the Annual Review (AR22) period.

We achieved our best ever customer satisfaction score

Our latest overall satisfaction score is **78.9**, which is our highest ever, 9 points higher than three years ago, and improvements in customer satisfaction were achieved across every customer segment . Scores were based on an independent assessment by the Institute of Customer Services (ICS).

We supported customers and consumers during the cost-of-living crisis

We delivered the Energy Price Guarantee (EPG) scheme at pace, to make sure consumers were more likely to be able to pay their bills during a time of significant price rises. This in turn helped to mitigate the potential risk of further shipper failures.

We improved our performance against key metrics

During the AR22 period we were more effective in achieving the standards required by the Data Services Contract (DSC) Key Performance Metrics and Performance Indicators (KPM/PIs) than during the previous period. We achieved this improvement in performance during a time when the number of process events rose.

We invested in essential services

We successfully implemented the Central Switching Service Consequential programme, introducing a new centralised switching service for consumers. We also migrated the UK Link portal to the cloud, to future-proof service provision and ensure easy, secure access for users.

We improved cost transparency

We have listened to our customers and made improvements to the way we communicate about funding and costs in our Annual Review and Business Plan. This includes adopting a new Value for Money (VfM) framework and sharing the findings of our recent Efficiency Review.

About this document

This annual review (AR22) is designed to give Xoserve's customers and stakeholders insight into how we delivered Central Data Service Provider (CDSP) services between April-2022 and March 2023.

AR22 has been produced by the Xoserve Senior Leadership Team (SLT) and describes:

- notable business achievements for the AR22 period
- how the 2022-23 budget was used
- performance statistics and workload volumes
- how we engaged with customers and the wider industry
- outcomes delivered through investment in technical roadmap programmes and incremental change projects
- Xoserve's statistical and historical context

AR22 has been created using the key principles set out in the BP24 Principles and Approach document as a compass. These are shown below.

Just as transparency is a golden thread that runs through the BP24 process, it is also a guiding principle for AR22.

Key Principles

The production of AR22 will be guided by the four key principles shown below.

These four guiding principles will be underpinned by one consistent intention: **to provide transparency**.

Transparency will be the golden-thread that runs through the AR22 process, to ensure it is as useful and informative for our customers as possible. We will explain how this will be applied in the sections that follow.

Our plan will be built on engagement

We will be proactive about engagement, facilitate a range of easy feedback options and respond to all feedback appropriately.

Our plan will be accessible

We will ensure that information is clear and concise, and that it is accessible to all customers and stakeholders equally.

Our plan will articulate value for money (VfM)

We will provide a clear framework for VfM and explain how each aspect of our plan delivers against this framework.

Our plan will consider uncertainty

We will be clear about what we don't yet know, and how different future scenarios will affect our investment plans.

Finance and value

> The delivery of our services cost £3.31 per meter point; 17% less than in 2021-22.
>
> **James Spicer**, *Head of Finance, Xoserve*

An overview of total expenditure

The total budget to deliver Central Data Service Provider (CDSP) services during the 2022-23 financial year was £81.8m.

This total expenditure (TOTEX) figure included an uplift of 4.8%, compared to the TOTEX costs reported in our 2022/23 Business Plan, published in January 2022. The uplift was in line with the Consumer Price Index-Housing (CPI-H) inflation rate in December 2021.

The total budget provided by the DSC comprised:

- **£51.3m** funding for General, Specific and Additional service provision, known as Service and Operate (S&O) costs.
- **£27.6m** for investments: £8.9m to fund infrastructure programmes, and £18.7m for incremental change projects.
- **£2.9m** for Gas Enquiry Service.

As the graph shows, during the 2022-23 financial year:

99% of the S&O budget was utilised, with the remaining **1%** currently forecasted for rebate.

86% of the total investment budget was utilised (see 'Investment' section for full details), with **12% already** rebated and a further 4% forecasted to be rebated in the 2024-25 Annual Charging Statement. The reasons for the rebates are detailed below.

Chart legend: Initial Budget | Utilised (within FY) | Utilised (in new FY) | Rebated Actual | Rebated Forecast

S&O: £51.30 £50.70 £0.60
Investment: £27.60 £20.50 £3.10 £3.30 £0.70
GES: £2.90 £2.80 £0.10

Y-1 rebate

Initially communicated in the 2023/24 Annual Charging Statement

	Reason
£2.236m – Gemini Roadmap	Fewer regulatory changes were approved during the period than anticipated.
£0.052m – UK Link Roadmap	Renegotiation and subsequent discontinuation of resources required to deliver DSC research.
£1.03m – General change budget	Rebate of funds associated with unscoped general Uniform Network Code (UNC) change.

Finance and value

Direct and outsourced costs

The CDSP budget funds our S&O costs, infrastructure programmes (technical roadmaps that are scoped ahead of the period) and incremental change projects (scoped as the year progresses).

All CDSP activities, many of which are unique to the gas industry, are either delivered directly by Xoserve or via contracts between Xoserve and third-party service providers. The majority of outsourced activity is delivered on behalf of Xoserve by Correla.

The table to the right shows a breakdown of TOTEX during the AR22 period, demonstrating how the budget detailed in the Annual Charging Statement for 2022-23 (v2) was used and highlighting direct vs outsourced costs.

It also shows how much of the budget has already been rebated and how much of the budget is forecasted to be rebated when the current financial year closes, along with the value of any scoped activity delivered after the financial year closed.

Element	BP Category	Business Area	Budgeted Spend 2022/23 (£m)	Actual Spend in 2022/23 (£m)	Actual Spend Post-Financial Year End (£m)	Rebated in 2023/24 Charging Statements(£m)	Rebate Forecast in 2024/25 Charging Statements (£m)
Outsource	S&O	Operate	45.6	45.3	-	-	0.3
		PAFA, AUGE, Meter Read Agents	0.6	0.5	-	-	0.1
		GES	2.9	2.8	-	-	0.1
	Investment	Infrastructure Projects	8.9	6.1	0.5	2.3	-
		Change	17.9	13.6	2.6	1.0	0.7
		Total Outsource	**75.9**	**68.3**	**3.1**	**3.3**	**1.2**
Direct	S&O	Operate	0.6	0.6	-	-	-
		Support	3.6	3.4	-	-	0.2
		Infrastructure & Change Projects	0.9	0.9	-	-	-
	Investment	Change Projects	0.8	0.8	-	-	-
		Total Xoserve	**5.9**	**5.7**	**-**	**-**	**0.2**
Other	**Other**		-	-	-	-	0.3
Total			**81.8**	**74.0**	**3.1**	**3.3**	**1.7**

Scoped investment completed following FY close-out

- 86% (£23.6m) of the initial infrastructure budget (£27.6m) was utilised, with 12% (£3.3m) being rebated due to some scoped activity not being required, and a further 4% (£0.7m) relating to renegotiated project costs, which is forecasted to be rebated in the 2024-25 Annual Charing Statement.

Most of the required scoped activity (85%) was delivered before the end of the financial year, with outstanding activity delivered shortly after.

Find out more here

Finance and value

The majority of Xoserve's direct costs were related to our people. This amounted to £3.8m.

In 2022-23 the team consisted of 45 people, spread across five teams and overseen by our Senior Leadership Team and the Executive Board. The diagram below shows our structure and headcount.
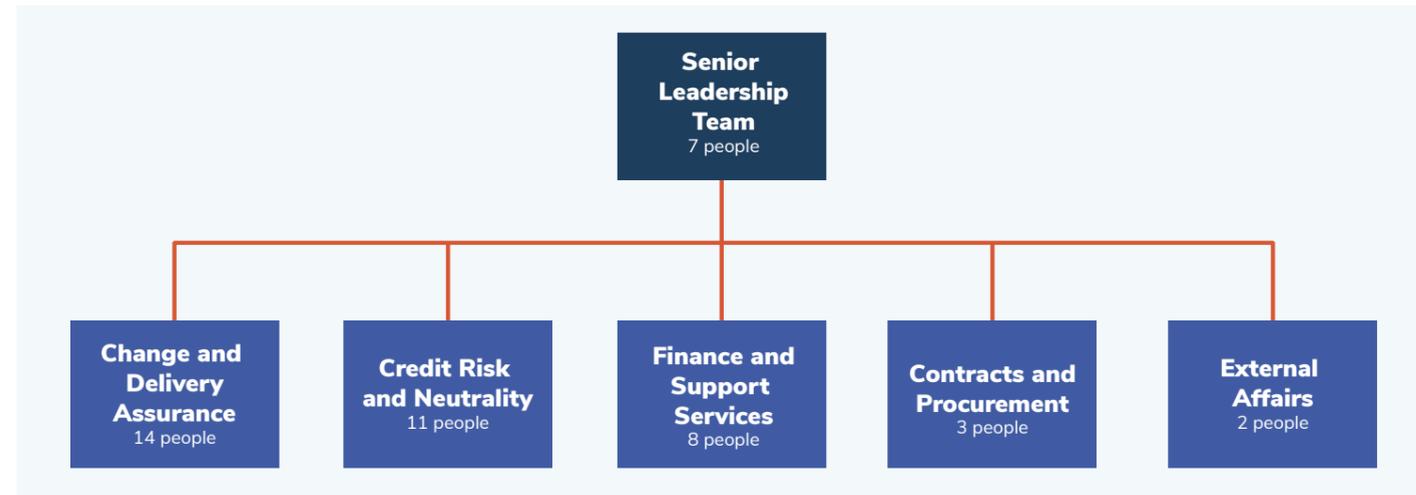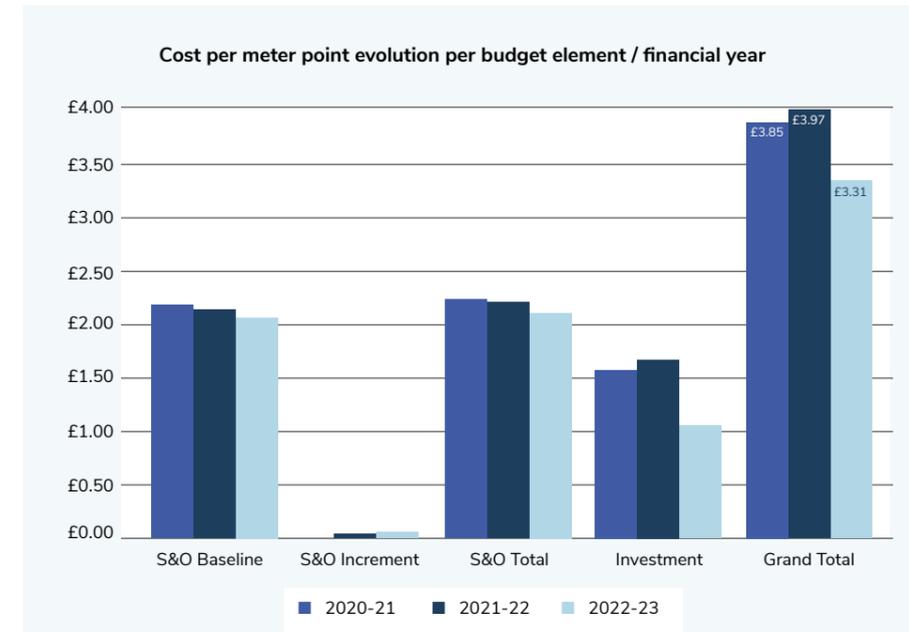
A focus on direct costs

The remainder of our direct cost-base included funding for IT and desktop equipment, property-related charges, professional and legal fees, Xoserve Board costs and other overheads.

Find out more about Xoserve's costs here.

```
                    Senior
                    Leadership
                    Team
                    7 people
    |          |          |          |          |
Change and  Credit Risk  Finance and  Contracts and  External
Delivery    and Neutrality  Support    Procurement    Affairs
Assurance   11 people    Services     3 people       2 people
14 people                8 people
```

Cost-per-meter point

The cost to deliver CDSP services decreased by 66 pence per meter point between 2021-22 and 2022-23. This reduction was primarily due to a lower requirement for investment funding during 2022-23 than in the previous year, thanks to completion of the CSSC and UK Link programmes. S&O costs remained relatively static, although baseline S&O costs - a like-for-like comparison of scope across financial years - did reduce in line with our forecasts. **View more detail here.**

Cost per meter point evolution per budget element / financial year

| | 2020-21 | 2021-22 | 2022-23 |

Values shown: Grand Total £3.85, £3.97, £3.31

Contract assurance and performance

Performance improved in 2022-23, as overall workload volumes increased.

Chris Dwyer *– Head of Contract Management and Procurement, Xoserve*

Effectively delivering DSC services

We strive to assure the effectiveness of DSC service delivery by monitoring how well we and our service providers perform against a series of 47 Key Performance Metrics and Performance Indicators (KPM/PIs).

The metrics and indicators were agreed via consultation with customers in 2020. They are both quantitative and qualitative in nature, and are deliberately designed to stretch our capabilities. We recognise that the services we are responsible for are critical to the gas industry and that we should therefore be challenged to deliver exceptional performance.

Each month, the customer-elected DSC Contract Committee (CoMC) is presented with Xoserve's performance statistics, along with the details of any remedial assurance work we are undertaking to address performance issues.

Our 2022-23 performance statistics were based on 3.5 billion performance events; the total number of events occurring during the evaluation period.

Key Performance Metrics

In 2022-23 there were 20 KPMs in place to measure how effective Xoserve was in the delivery of critical gas industry activities such as: Shipper Transfers, Meter Read/Asset processing, Invoicing Customers, AQ Processing, Customer Contacts, UK Link and Gemini system availability, and Change Management. In all instances, our performance was either maintained or improved when compared with 2021-22.

KPMs

- **14 KPMs were perfectly achieved throughout the year.**

- **4 KPMs were achieved the majority of the time:**
  Where there were isolated instances of below target performance, the root cause was identified and the issue resolved, with performance returning to 'green' status following remedial fixes or assurance activity.

- **2 KPMs were consistently below standard:**
  For 'meter reads processed on time' we achieved an average success rate of 99.96% versus a target of 100% (for a total of 1.6b meter reads). For 'invoicing exceptions resolved within 2 invoice cycles' we achieved an average of 99.8% success versus a target of 100% (for a total of 3.8m invoicing exceptions).

Contract assurance and performance

Performance Indicators

In 2022-23 there were 27 PIs in place to measure how effective we were in delivering other important gas industry activity such as: managing customer queries and issues (both written and telephone queries/issues), producing reporting and issuing surveys, adhering to industry obligations, managing gas industry joiners and leavers, and credit regime.

Our performance during 2022-23 was either better or as good as in 2021-22 in all but one case.

PIs

- **21 PIs were perfectly achieved all year.**
- **4 PIs were achieved the majority of the time:**
  Where there were isolated instances of below target performance, the root cause was identified and the issue resolved, with performance returning to 'green' status following remedial fixes or assurance activity.
- **2 PIs were consistently below standard:**
  For 'query resolved within 10 days' we achieved an average success rate of 98% versus a 100% target (for a total of 273,758 queries)For 'dispatch reports on due date' we achieved a 91% success rate versus a 95% target (for a total of 8,445 reports).

Find out more about our KPM/PI and workload evolution statistics here

Focus on procurement

New procurement activity

We undertook nine separate procurement exercises during the AR22 period. Of these, five led to contracts being awarded and two led to contracts being withdrawn or discontinued, due to new requirements being identified. A further two exercises were started in the period and completed after the period ended.

Find out more about these here.

Continuous Improvement

We have created new agile procurement processes to manage industry tenders. Our aim is to:

- ensure compliant bids
- optimise bidder selection
- utilise customer-led Stakeholder Engagement Panels (SEPs) when awarding contracts

We're driving more efficient procurement programmes on behalf of our customers through the application of smart metrics, clearly defined service scope, and the effective use of public procurement protocols wherever practicable.

We have also made improvements to internal governance and 'Procure to Payment' processes, adding significant controls and enhanced assurance to all company expenditure. VfM principles are applied to all procurement exercises.

Finally, we have undertaken a' right-sizing' assessment of third-party supply contracts, considering potential reductions in the type and size of service provision, as well as non-renewal of contracts or contract termination where appropriate.

We avoided £105K in excess cost through this activity.

Internal and external auditing

Audit activity during the AR22 period included external assurance against ISAE3402, an independent audit of NIST maturity by the NCC Group, ISO9001 and ISO27001 audits, and 16 internal audits aimed at assessing internal processes and control frameworks.

Ten findings from the 2022/23 audit plan are outstanding, as they are not yet due to be implemented. This was previously reported to the CoMC. **Find out more here.**

Cyber-security

Between April-22 and March-23, we continued our multi-year programme to become more resilient to cyber-crime and protect our customers' data from ever-increasing cyber-security risks. The potential threat of cyber-attack intensified during the period, as the conflict in Ukraine made us a higher value target for those seeking to destabilise global gas supplies.

Xoserve has a critical responsibility to ensure the confidentiality, integrity and availability of the gas industry data in our care. We have endeavoured to provide Xoserve and its customers with the highest level of cyber-protection possible by continually evolving and updating our systems and processes. This enables us to provide ongoing assurance that we can protect our business and ways of working from all types of cyber-attacks.

Customer and industry engagement

We achieved our best ever Institute of Customer Service (ICS) customer satisfaction results at the end of 2022-23, with improvements across all areas.

Dave Turpin, *Head of External Affairs, Xoserve*

Record levels of customer satisfaction

ICS benchmarked Xoserve's performance based on our customers' most recent transactions with us, to give us an independently verified UK customer satisfaction index (UKCSI) score.

We achieved an overall satisfaction score of 78.9, as an average across all core segments. This is a 4.7 increase from 2021/22 (74.2) and exceeded the utilities sector average of 71.7.

These scores show that customers are more satisfied than ever with the way we are delivering CDSP services.

See the results in full here.

The Energy Price Guarantee (EPG) scheme

In October 2022, Xoserve began to administer the gas element of the Government's Energy Price Guarantee (EPG) scheme. The aim of the EPG was to limit the price per unit of energy paid by domestic consumers, providing them with some protection from the cost-of-living crisis. The scheme also reduced the risk of supplier failures due to bad debts, and in doing so shielded the rest of the gas market from the levels of financial losses seen last winter.

We were initially invited to engage in August 2022, and our inputs and suggestions contributed to the delivery of a solution within just six weeks. This ensured the scheme was operational by October 2022, when the price cap increased. We were pleased to be able to support the Government, the gas market and consumers in this way.

We also supported the Government with the non-domestic Energy Bill Relief Scheme (EBRS), supporting the identification of off-gas sites that could potentially qualify for subsidies via alternative fuel schemes.

Decarbonisation

Xoserve launched a full programme of communication around gas decarbonisation this year, including a monthly 'Delivering Decarb' newsletter and 'Decarb Discussions' podcast. Our aim is to ensure that up-to-date information about new projects, trials and policy decisions are reviewed, discussed and shared with industry.

We also supported H100 and the Hydrogen Village projects; reviewing existing processes and regulations to ensure that the impacts to industry participants are understood and that the hydrogen trial areas can be settled and billed accurately, making use of existing systems and processes without disrupting the current gas regime.

We have developed a range of educational material, including gas industry personas and a roadmap of the current gas journey, to support developing gas decarbonisation thinking within the Department for Energy Security and Net Zero (DESNZ). We have also delivered six training sessions to DESNZ personnel, to enhance their knowledge and understanding of the current gas industry and the potential requirements of a hydrogen-based gas industry.

We delivered 40 Hydrogen Implementation Working Group sessions with our metering, shipper, network and IGT customers, and represented customers at over 50 conferences and workshops, both in person and virtually. We discussed and debated the future of heat, transport and the development of the net zero energy market.

Discover how Xoserve is supporting decarbonisation here.

Gas codes development

Xoserve has played a fundamental role in supporting the Retail Energy Code Company (RECCo) with the timely implementation of REC V3. This code change was essential to facilitate the introduction of the Central Switching Service and Gas Enquiry Service, both of which went live on 18th July 2022.

To support the successful implementation of REC V3, Xoserve conducted daily meetings with RECCo, weekly industry-wide meetings, and weekly meetings with RECCo Code Managers to put processes in place that would ensure a smooth transition. We also managed the transition of gas enquiry services from provision under the DSC to provision under the REC, and made sure all service users were kept informed through regular and detailed communications.

Xoserve continues to support RECCo in a number of roles, as GRDA, CDSP Further Services Provider and GES Provider.

We also supported the development of multiple Unified Network Code (UNC) modifications; providing cost estimates to assist the relevant committees, working groups, panels and authorities to assess industry code implementation decisions. **Find out more here**.

DSC contract governance

During the last year, we have created, presented and continuously improved content at 13 CoMC meetings, so that the industry-elected representatives from each DSC constituency could make informed decisions about changes to CDSP service descriptions and key CDSP documents, and the release of data items.

Infrastructure and change investment

2022-23 was an extremely busy time, in which we developed and delivered major industry, strategic and customer-driven change into central systems and processes. Qualitative and quantitative assurance was performed across a wide portfolio of technical infrastructure, and against a backdrop of regulatory and process change.

Emma Smith, *Head of Change and Delivery Assurance, Xoserve*

Effective change processes

During the AR22 period, the Xoserve Change Delivery and Assurance team worked with customers to develop the requirements for **55 new changes**. This process most often began with a customer's idea, which we helped to develop, initially with the customer directly and then with the wider industry via the interactive consultation process.

To this end we created and distributed **18 change packs** and further facilitated their development via our change-related forums, including **12 Delivery Sub Group (DSG) meetings**. To achieve funding approval for the design, build and delivery of the changes, we presented high quality material to the industry-elected DSC Change Management Committee (ChMC), conducting **15 meetings** during 2022-23.

Once changes were fully-approved, our focus turned to assuring that projects and programmes were delivered by our service providers on time, to budget and to a high standard. Our assurance framework enabled us to track milestones throughout the lifecycle of each project and ensure the quality of outputs at key stages. We kept the DSC ChMC informed of progress through **31 separate project updates**.

We also reported monthly change-related Key Performance Metrics and Performance Indicator statistics to each of the 12 industry-elected DSC Contract Management Committees (CoMC). The graphs show how our performance has evolved from the previous financial year.

Timescales

There were less missed milestones in 2022/23 than in the preceding financial year. Where in-flight project milestones were missed, we worked with service providers to assure the projects were completed on time.
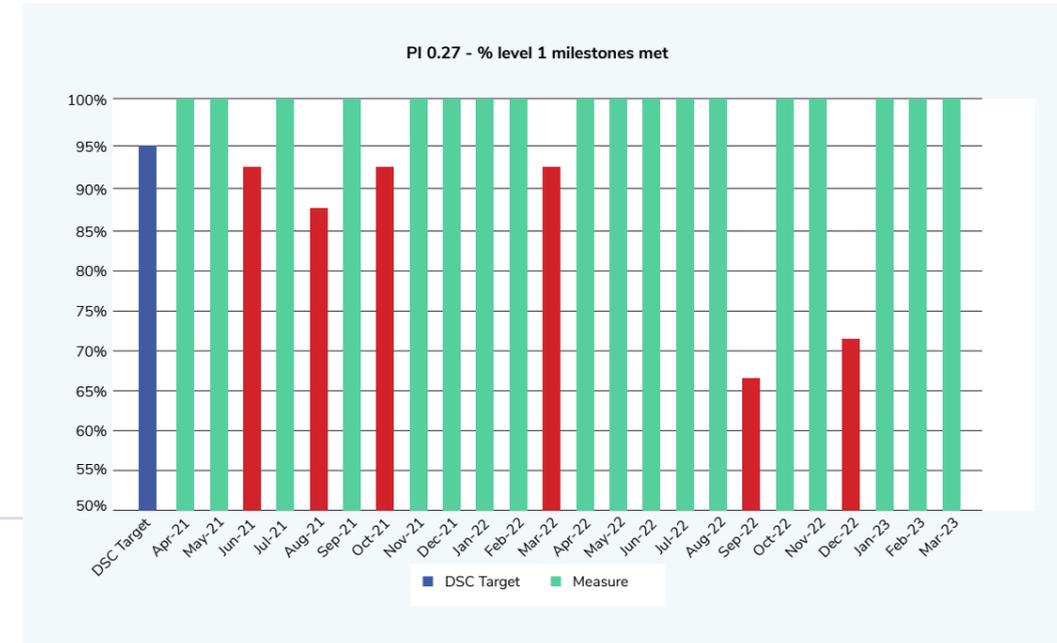
PI 0.27 - % level 1 milestones met
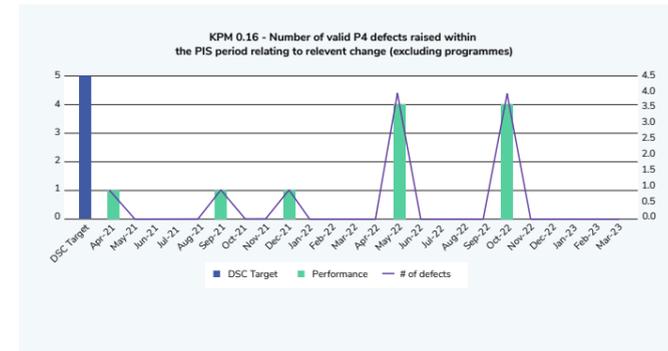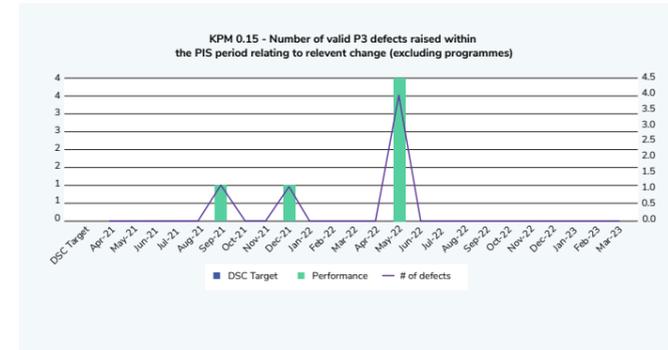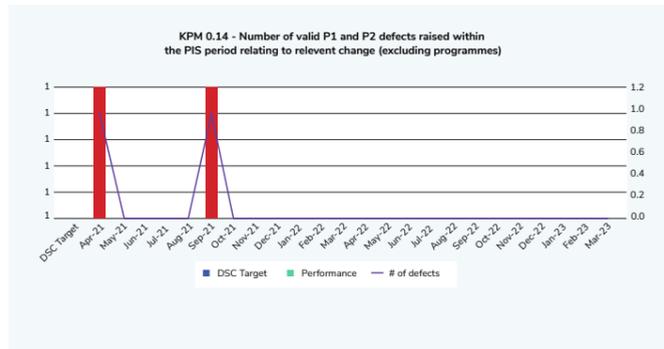

Legend: ■ DSC Target   ■ Measure

Infrastructure and change investment

Quality

There were no failures to meet our qualitative targets in 2022-23, which was an improvement on the previous year.

KPM 0.14 - Number of valid P1 and P2 defects raised within the PIS period relating to relevent change (excluding programmes)

■ DSC Target   ■ Performance   — # of defects

KPM 0.15 - Number of valid P3 defects raised within the PIS period relating to relevent change (excluding programmes)

■ DSC Target   ■ Performance   — # of defects

KPM 0.16 - Number of valid P4 defects raised within the PIS period relating to relevent change (excluding programmes)

■ DSC Target   ■ Performance   — # of defects

Investment highlights

UK Link

UK Link is the suite of critical IT systems that underpin the majority of gas industry processes. The transition of UK Link onto a cloud-based platform this year represented a significant step forward for system-resilience. It allowed us to eliminate outdated components, such as old and cumbersome hardware, shut down 'on premise' data centres, and mitigate potential future technical challenges which, if left unaddressed, could have led to higher system maintenance costs.

The adoption of a cloud-based platform also aligned with our commitment to environmental sustainability, as it eliminated the need for physical repairs by engineers and provided the flexibility to create operational environments remotely.

For more information in UK Link, **click here** UK Link System (xoserve.com)

Central Switching Service (CSS)

The industry introduced a new programme to make the switching process faster and simpler for Shippers and Suppliers. The CSS launched in July, creating a centralised supplier switching service for both gas and electricity. As part of this programme, we introduced consequential changes into UK Link and other key systems.

To support our customers to interface effectively with the CSS, Xoserve created an adapter product called **SwitchStream**. This enabled customers to continue to send files in the same way and to the same recipients as before. Without SwitchStream, customers would have had to build a connection to the CSS and manage the associated security requirement, which could have resulted in delays to the Switching Programme, increasing our programme costs and those of our customers. SwitchStream does this for them, saving time and removing the need for manual intervention. SwitchStream supports 30% of all switching messages in the UK.

SwitchStream supports 30% of all switching messages in the UK.

Infrastructure and change investment

Gas Enquiry Service (GES)

At the same time as the CSS programme launched, the Data Enquiry Service (DES) was replaced with the **Gas Enquiry Service (GES),** also available via our new Xoserve Services Portal. GES enables users to view their organisation's data and provides a range of information relating to supply meter points, accessible through a choice of online screens, application programming interfaces and customisable reports.

Contact Management System (CMS) rebuild

Our Contact Management Service (CMS) provides the ability for our customers to query and update their data within their own portfolio. Prior to the rebuild work commencing in 2022, we undertook extensive engagement with customers to shape the future system and identify improvements. This allowed us to prioritise subsequent releases based on customer need, as we incrementally moved towards replacing the ageing legacy system. **Read more about the CMS rebuild here.**

The Gemini programme

The Gemini System is a suite of online applications for managing the transportation of gas through the National Transmission System (NTS) in Great Britain. During the last year, we have mobilised the Gemini Sustain Plus Agile delivery programme, successfully completing the proof of concepts for code extraction from legacy Gemini, database integration, and the creation of a new user interface framework. We successfully extracted the NTS Capacity code from Gemini legacy java code and migrated this functionality into new microservice technology.

Regulatory change is also a crucial part of the Gemini programme. We successfully delivered the Autumn 22 release, consisting of functional changes to the Gemini platform in support of UNC modifications 779 (Introduction of Entry Capacity Assignments) and 729 (Applying a discount to the Revenue Recovery Charge st Storage Points). This delivered Long Term Flow Swaps functionality, and amendment to file flows to include Interconnector data.

Data Discovery Platform (DDP)

We continued to develop the core functionality of **the DDP**. Through bespoke dashboards, available via a browser or the DDP app, users can explore their organisational data, ask questions and gain insights - whenever and wherever they need. The DPP provides instant access to visual data, from high-level key performance indicators to low-level granular data, to support better decision making. By the end of the period, around 800 users were registered across more than 110 organisations. We also held customer workshops to better understand user priorities and ensure DDP delivers real value.

More information about our 2022/23 investments can be found here.

Annexe 1 – Finance and Value

This section provides further information on our budgets and expenditure, and how we deliver Value for Money (VfM).

Budget and Charging Methodology

The rules and processes that dictate how we present our annual budget information are maintained via the Budget and Charging Methodology.

This document was initially introduced in 2017 (following the implementation of the Funding, Governance and Ownership programme Xoserve Funding, Governance and Ownership (FGO) Review | Joint Office of Gas Transporters (gasgovernance.co.uk), and has since been updated seven times following DSC CoMC approval.

Annual Charging Statement

We communicated the costs that funded BP22 (2022-23) via the publication of our Annual Charging Statement (v2) CDSP Annual Charging Statement 2022-23 v2 (15 November 2022).pdf (gasgovernance.co.uk).

Cost Allocation Methodology

The way that costs are allocated to each General Service Area is described in the Cost Allocation Methodology.

Service and Operate (S&O)

S&O costs relate to 'BAU' CDSP activity, which was broken down under 15 'General Service Areas' across the period. Each General Service Area represented functional activity being undertaken either directly by Xoserve or via one of our commercial outsourced contracts. The table to the right shows how S&O costs evolved through the period, from the initial budget through to the current actual and forecast position.

S&O Evolution

Element	BP Category	Business Area	Budgeted Spend 22/23 (£m)	Actual Spend in 22/23 (£m)	Actual Spend Post Financial Year End (£m)	Rebated in 23/24 Charging Statements (£m)	Rebate Forecast in 24/25 Charging Statements (£m)
Outsourced	S&O	Operate	45.6	45.3	-	-	0.3
		PAFA, AUGE, Meter Read Agents	0.6	0.5	-	-	0.1
		Total Outsource	**46.2**	**45.8**	**-**	**-**	**0.4**
Direct	S&O	Operate	0.6	0.6	-	-	-
		Support	3.6	3.4	-	-	0.2
		Infrastructure & Change	0.9	0.9	-	-	-
		Total Xoserve	**5.1**	**4.9**	**-**	**-**	**0.2**
Other		**Other**	**-**	**-**	**-**	**-**	**0.3**
Total			**51.3**	**50.7**	**-**	**-**	**0.9**

Annexe 1 – Finance and Value

General Service Areas

General Service Areas are functional categories that make up the total S&O cost base. The costs associated with each one are allocated via the Cost Allocation Methodology, and split between DSC customer constituencies based on various factors. The table below shows this at a summary level:

No	SA Description	2022-23 £000s	Shipper	NTS	DN	IGT	Charging Rationale
1	Manage Shipper Transfers	1422	100%	0%	0%	0%	100% Shipper activity
2	Monthly AQ processes	1090	100%	0%	0%	0%	100% Shipper activity
3	Manage updates to customer portfolio	3987	90%	0%	10%	0%	Approximate share of service line deliverables between constituents
4	Meter Read / Asset processing	1116	33%	0%	67%	0%	Proportion of activity
5	Demand Estimation obligations	1893	50%	0%	50%	0%	Proportion of activity
6	Customer Relationship Management	3154	63%	9%	26%	3%	Customer advocate / care resource requirements per constituency
7	Customer Joiners/ Leavers (UK Gas Market)	885	0%	50%	50%	0%	Networks only with NTS taking half
8	Energy Balancing (Credit Risk Management)	1182	0%	100%	0%	0%	100% NG activity
9	Customer Reporting (all forms)	1840	34%	7%	53%	6%	Proportion of activity
10	Invoicing customers	7899	0%	12%	88%	0%	Resource and UK Link capacity for invoice calculations
11	Management of Customer Issues	769	40%	5%	50%	6%	Customer Incident resource requirements
12	Customer Contacts	2880	50%	6%	40%	4%	Service Desk activity
13	Managing Change	14431	52%	7%	40%	1%	Average spread of historic investment
14	Gemini Services	5584	0%	100%	0%	0%	100% NG activity
15	Value Added Services	1817	80%	0%	20%	0%	Average spread of historic DDP development

Annexe 1 – Finance and Value

Investment

The table below shows how our S&O costs evolved through the period, from the initial budget through to the current position. You can read more about the programmes and projects here: Investment themes (xoserve.com)

Element	BP Category	Business Area	Budgeted Spend 22/23 (£m)	Actual Spend in 22/23 (£m)	Actual Spend Post Financial Year End (£m)	Rebated in 23/24 Charging Statements (£m)	Rebate Forecast in 24/25 Charging Statements (£m)
Outsourced	Investment	Infrastructure	8.9	6.1	0.5	2.3	-
		Change	17.9	13.6	2.6	1.0	0.7
		Total Outsource	**26.8**	**19.7**	**3.1**	**3.3**	**0.7**
Direct	Investment	Change	0.8	0.8	-	-	-
		Total Xoserve	**0.8**	**0.8**	**-**	**-**	**-**
Other		**-**	**-**	**-**	**-**	**-**	**-**
Total			**27.6**	**20.5**	**3.1**	**3.3**	**0.7**

GES Evolution

We deliver the Gas Enquiry Service on behalf of RECCo. You can find our more here: Gas Enquiry Service (GES) (xoserve.com)

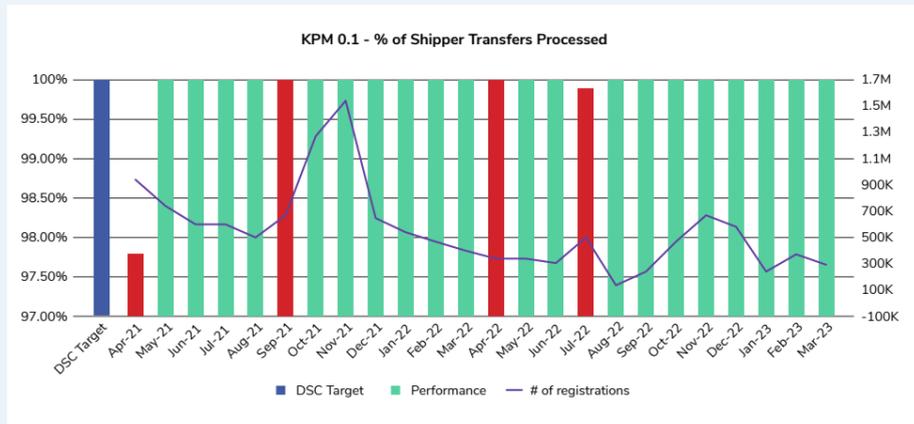| Element	BP Category	Business Area	Budgeted Spend 22/23 (£m)	Actual Spend in 22/23 (£m)	Actual Spend Post Financial Year End (£m)	Rebated in 23/24 Charging Statements (£m)	Rebate Forecast in 24/25 Charging Statements (£m)
		GES	2.9	2.8	-	-	0.1
		Total Outsource	**2.9**	**2.8**	**-**	**-**	**0.1**

Annexe 2 – Contract Performance and Assurance

This section provides further detail on our assurance measures, including Data Service Contract (DSC) Key Performance Metrics (KPMs) and Performance Indicators (PIs) and associated workloads.
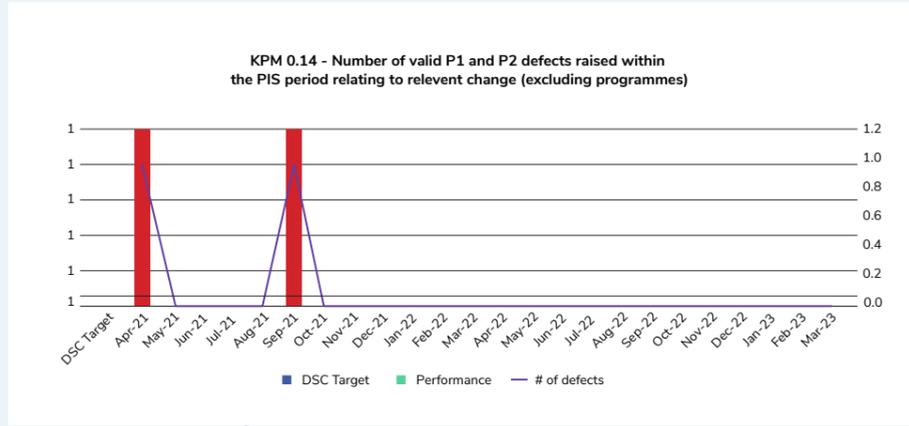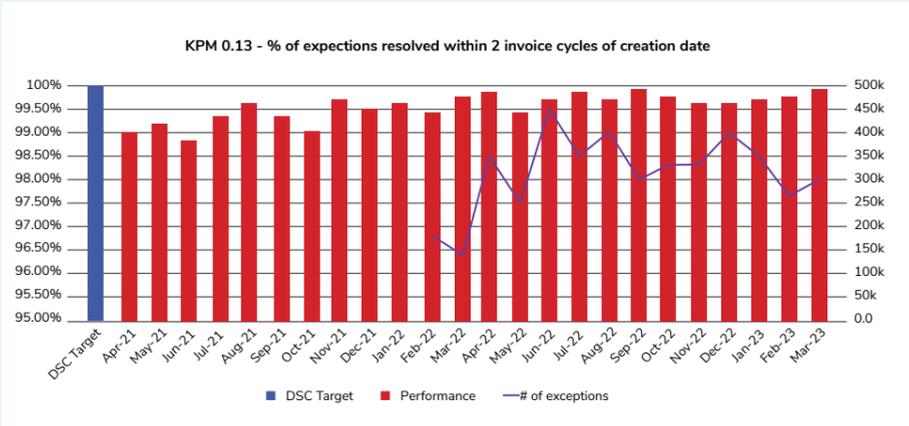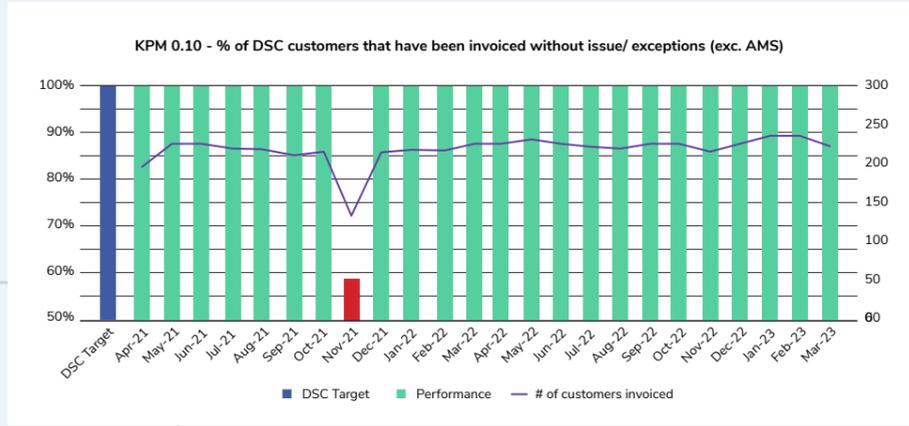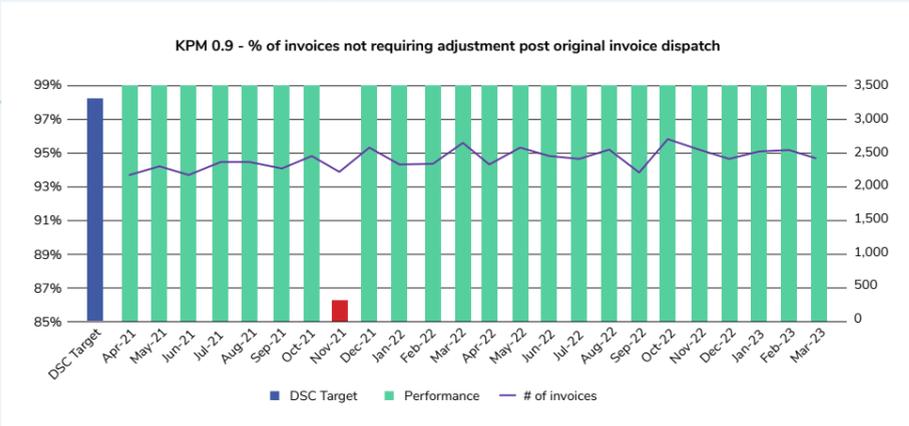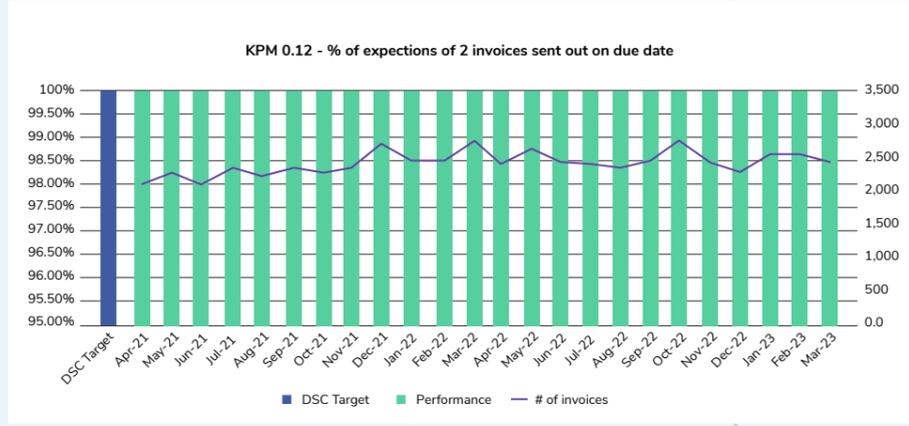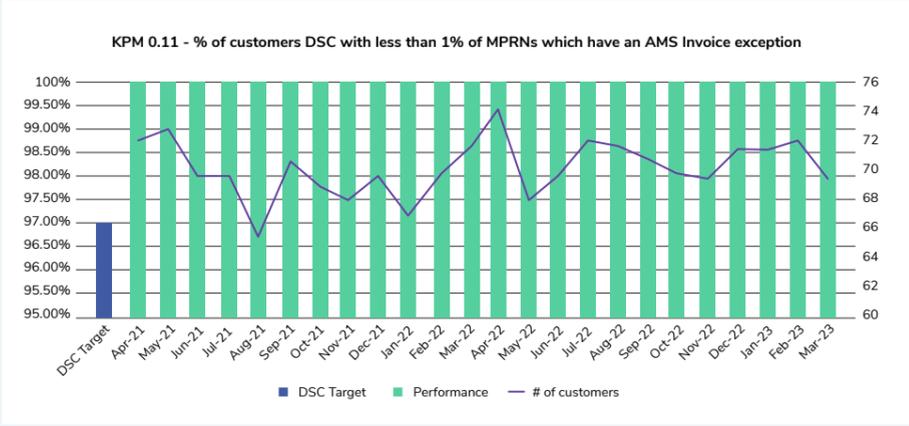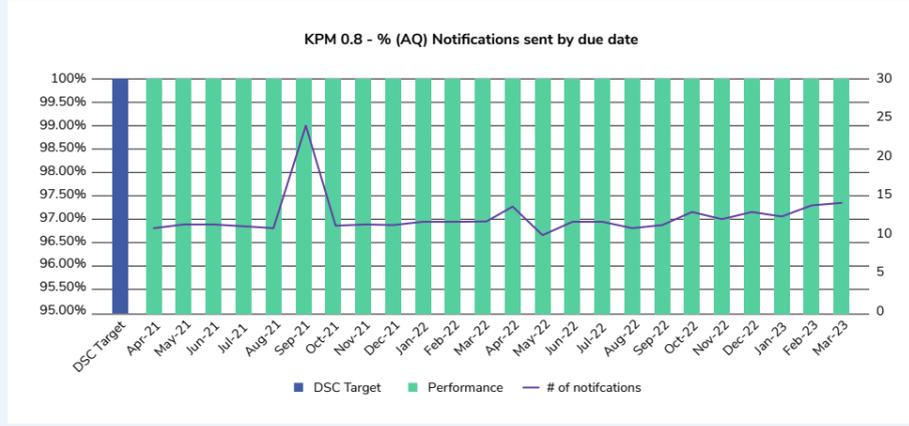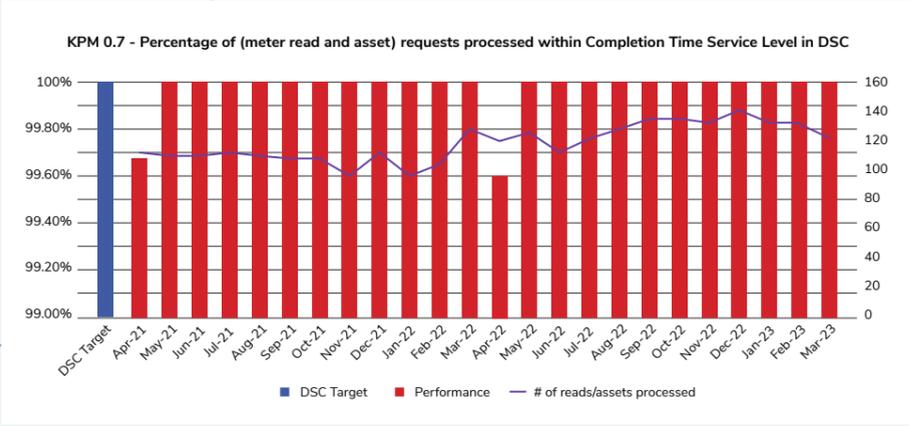
- 3.5b process events were counted to measure our effectiveness at delivering CDSP services. This section shows in detail:
- how we performed in each of the 20 KPMs and 27 PIs

- the number of process events that were counted in each instance
- trend analysis to show evolution of performance and volumetric statistics compared with previous annual period
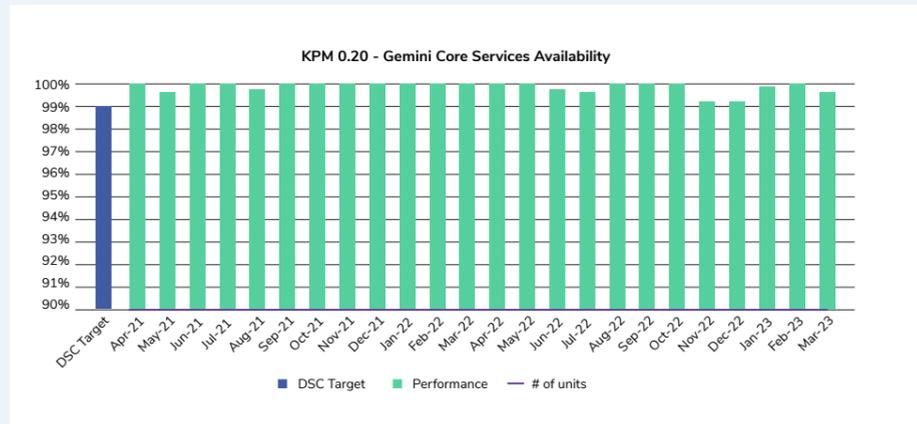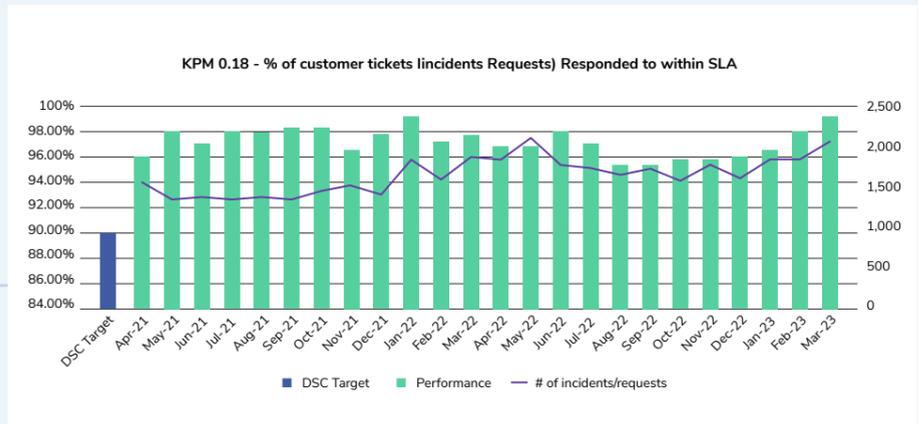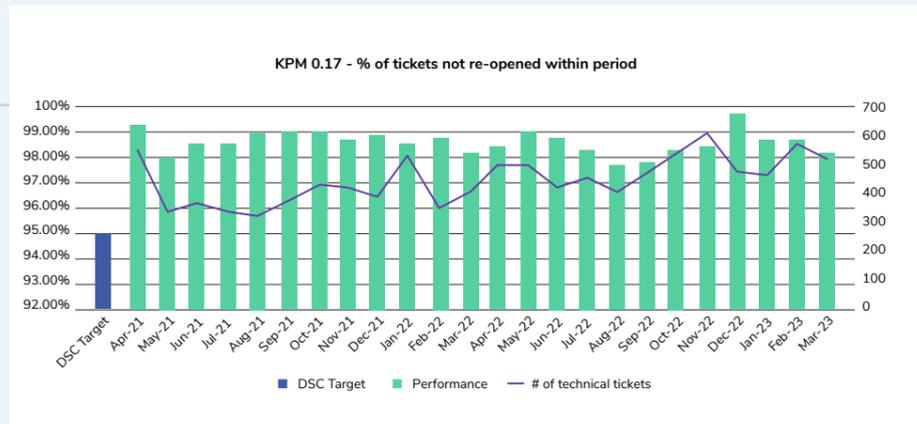
Key Performance Metrics

KPM 0.1 – % of Shipper Transfers Processed

KPM 0.2 – % of meter reads successfully processed

KPM 0.3 – % of asset updates successfully processed

KPM 0.4 – % of AQs processed successfully

KPM 0.5 – Percentage of total LDZ AQ energy at risk of being impacted

KPM 0.6 – Percentage (shipper transfer) processed within the Completion Time Service Level in DSC

Annexe 2 – Contract Performance and Assurance

KPM 0.7 - Percentage of (meter read and asset) requests processed within Completion Time Service Level in DSC

KPM 0.8 - % (AQ) Notifications sent by due date

KPM 0.11 - % of customers DSC with less than 1% of MPRNs which have an AMS Invoice exception

KPM 0.12 - % of expections of 2 invoices sent out on due date

KPM 0.9 - % of invoices not requiring adjustment post original invoice dispatch

KPM 0.10 - % of DSC customers that have been invoiced without issue/ exceptions (exc. AMS)

KPM 0.13 - % of expections resolved within 2 invoice cycles of creation date

KPM 0.14 - Number of valid P1 and P2 defects raised within the PIS period relating to relevent change (excluding programmes)

Annexe 2 – Contract Performance and Assurance

KPM 0.15 - Number of valid P3 defects raised within the PIS period relating to relevent change (excluding programmes)

KPM 0.16 - Number of valid P4 defects raised within the PIS period relating to relevent change (excluding programmes)

KPM 0.19 - UK Link Core Services Availability

KPM 0.17 - % of tickets not re-opened within period

KPM 0.18 - % of customer tickets (incidents Requests) Responded to within SLA

KPM 0.20 - Gemini Core Services Availability
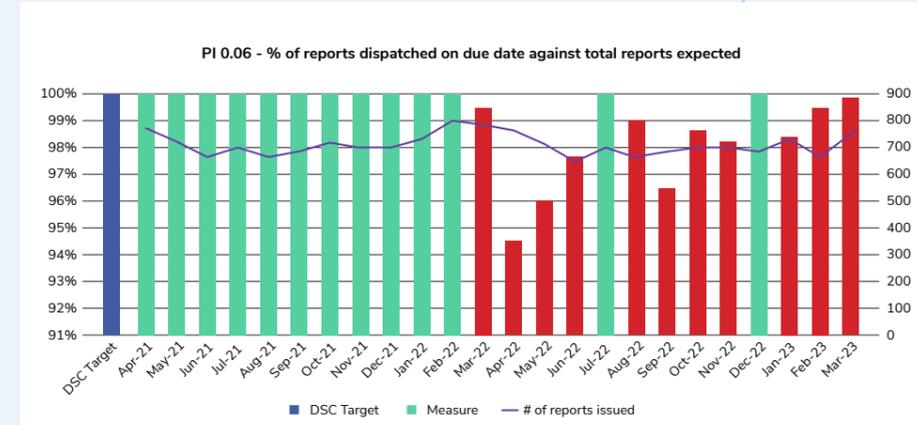
Annexe 2 – Contract Performance and Assurance

Performance Indicators

PI 0.01 - % CMS Contacts processed within SLA (95% in D+10)

PI 0.02 - % CMS Contacts processed within SLA (80% in D+4)

PI 0.05 - % of queries resolved RFT

PI 0.06 - % of reports dispatched on due date against total reports expected

PI 0.03 - % CMS Contacts processed within SLA (98% in D+20)

PI 0.04 - % customer queries responded to within SLA/OLA

PI 0.07 - % of RFT against all reports dispatched

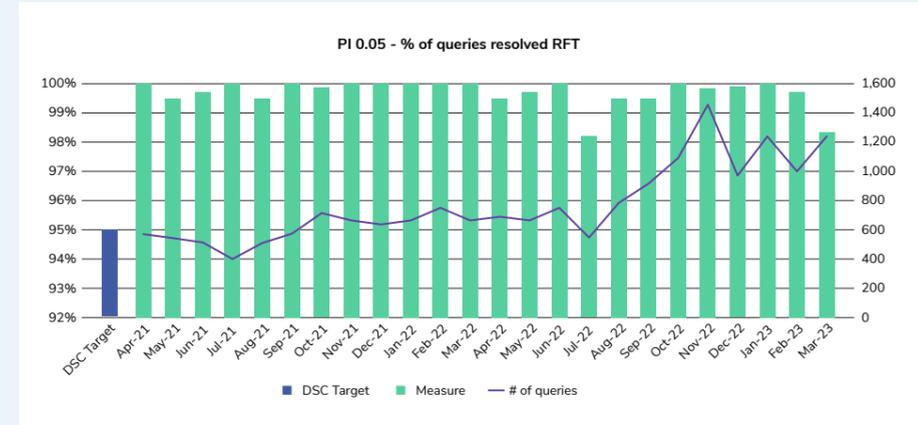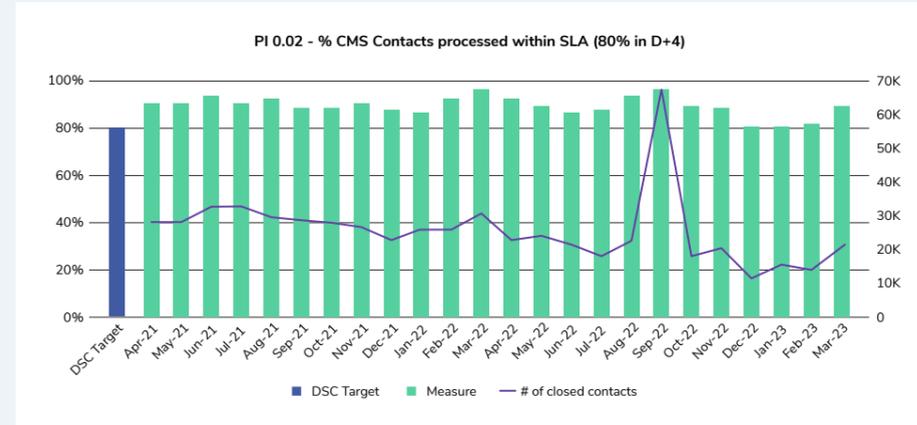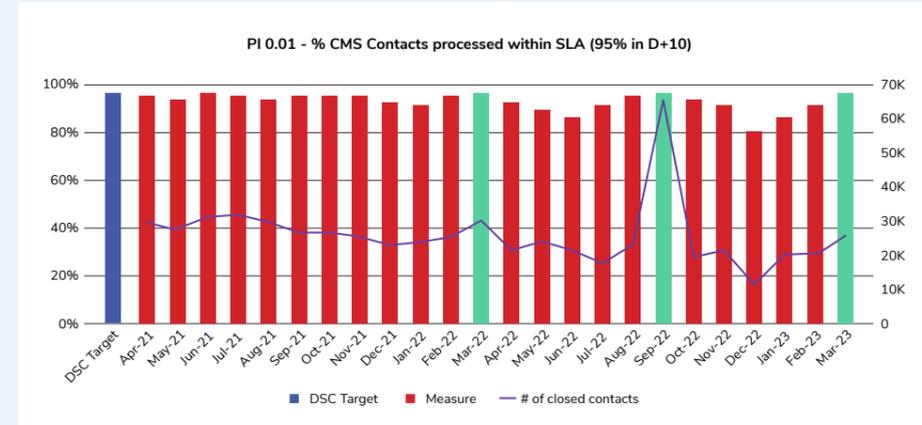PI 0.08 - % of valid CMS Challenges received (PSCs)(less than 1%)

Annexe 2 – Contract Performance and Assurance

PI 0.09 - % of Telephone Enquiry Service calls answered within SLA (30 secs)

PI 0.10 - Confidence in DE Team to deliver DESC obligations (via Survey of DESC Members)

PI 0.13 - Plan accepted by customers & upheld (Key Milestones Met as agreed by customers)

PI 0.14 - Provision of relevant issue updates to customers accepted at CoMC and no negativity on how the issue is managed

PI 0.11 - DESC/CDSP DE obligations delivered on time

PI 0.12 - KPM relationship management survey

PI 0.15 - Survey results delivered to CoMC in Month +1

PI 0.16 - % closure/termination notices issues in line with Service Lines (leave) Shipper

Annexe 2 – Contract Performance and Assurance

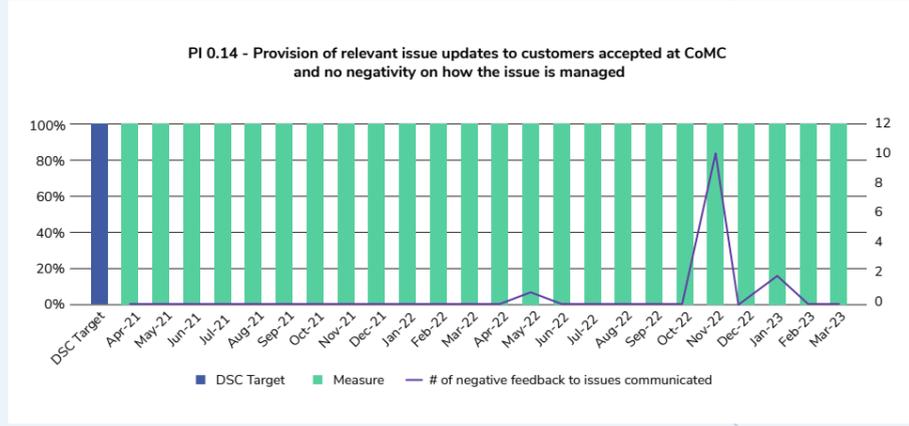PI 0.17 - % key milestones met on readiness plan (join) Non Shipper

PI 0.18 - % key milestones met on readiness plan (join) Shipper

PI 0.21 - % of readiness criteria approved by customers (join) Non Shippers

PI 0.22 - % of readiness criteria approved by customers (join) Non Shippers

PI 0.19 - % of closure notices issued within 1 business day following last exit obligation being met (leave) Non Shipper

PI 0.20 - % of exit criteria approved and account deactivated within D+1 of ccessation notice being issued (leave) Shippers

PI 0.23 - % of readiness criteria approved by customers (join) Shippers
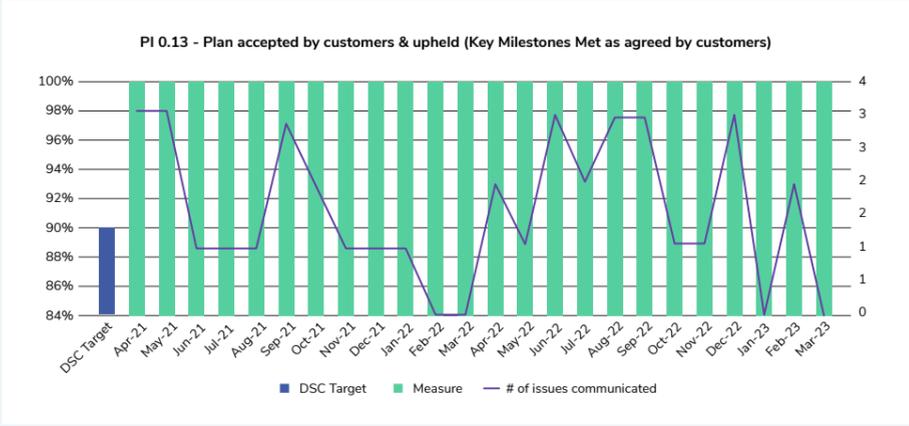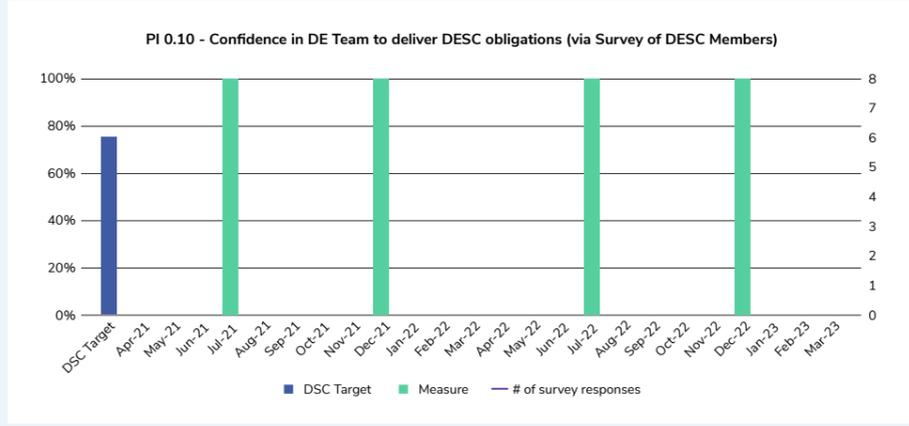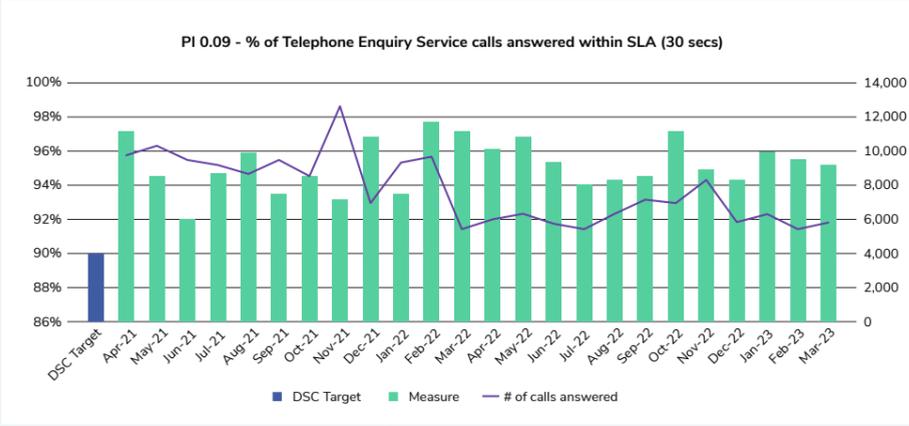

PI 0.24 - % of revenue collected by due date

Annexe 2 – Contract Performance and Assurance

PI 0.25 - % of revenue collected by due date (+2 days)

PI 0.26 - Energy Balancing Credit rules adhered to, to ensure adequate security in place

PI 0.27 - % level 1 milestone met

Annexe 2 – Contract Performance and Assurance

An Internal Audit Plan is approved by the Audit & Risk Committee for each contractual year. It is delivered in conjunction with Correla and KPMG under a co-source arrangement. The 2022/23 Internal Audit Plan was delivered as planned with progress reported regularly to the Senior Leadership Committee and the Audit & Risk Committee.

| | Activity Completed | | | Findings | |
Resources	Audit Title	Grading	P1	P2	P3
Correla	Manage updates to customer portfolio	Substantial	-	-	-
Xoserve	Credit Risk	Substantial	-	-	2
Xoserve	Neutrality & Energy Balancing Invoice	Substantial	-	-	1
Correla	GDPR - Correla	Substantial	-	-	-
Xoserve	Balanced Scorecard	Substantial	-	-	2
Xoserve	GDPR - Xoserve	Substantial	-	-	2
Xoserve	Human Resources	Substantial	-	-	3
Correla	Customer Reporting	Substantial	-	-	1
Correla	Meter Reads & Asset Processing	Substantial	-	-	-
Xoserve	Anti-Corruption & Bribery	Substantial	-	-	1
Xoserve	DSC Contract Management	Substantial	-	-	1
Xoserve	Purchase Governance	Reasonable	-	-	6

| | Activity Completed | | | Findings | |
Resources	Audit Title	Grading	P1	P2	P3
Xoserve	Regulatory Change	Substantial	-	-	-
KPMG	Energy Price Guarantee Scheme	Satisfactory*	-	-	2
KPMG	IT Disaster Recovery	Improvement Required	1	3	2
Correla	People Platforms	Substantial	-	-	1

Satisfactory is the highest assurance given by KPMG and is equivalent to Xoserve's substantial rating – high degree of assurance; control weaknesses noted, if any, are relatively minor.

The implementation of actions arising from audits is reported to the Senior Leadership Committee and the Audit & Risk Committee. Ten findings from the 2022/23 audit plan remain outstanding as they are not yet due for implementation.

Additional external assurance is also obtained annually in the following areas:

- ISAE3402 assurance report on distribution and transportation billing services – delivered May 2023
- NCC NIST maturity
- ISO9001 and ISO27001 surveillance and recertification audits

Annexe 2 – Contract Performance and Assurance

Procurement Activity

The table charts all new procurements undertaken during the period.

Ref	Procurement Title	Procurement Route	Governance / Support	Outcome	Comments
2022.001.00	ISAE 3402 Assurance Audit	Standard procurement on behalf of CDSP	SLT ARC	Competitive award	Existing DSC obligation, retendered at end of current agreement. Mitigated impact of inflation uplift on costs.
2022.002.00	Financial Statement Audit	Standard Procurement on behalf of CDSP	SLT ARC	Competitive award	Existing DSC retendered at end of current agreement. Mitigated impact of inflation uplift on costs.
2022.009.00 MOD 0782 XRN5554	AUGE Assurance – Independent Review	Direct award (time sensitive)	SLT ChMC DSG	WITHDRAWN - no award	Potential new requirement. Started then discontinued on customer instruction. WIP costs waived.
2022.003.00 MOD 0710 XRN5379	Daily Metered Service Provision	Standard Procurement on behalf of CDSP	SLT SEP	Competitive award	Change in UNC obligation from DNs to CDSP. Improved service performance
2022.004.00 XRN5143	Non-Daily Metered Service Provision	Regulated Procurement on behalf of CDSP customers	SLT SEP	DISCONTINUED	Change in requirements

Ref	Procurement Title	Procurement Route	Governance / Support	Outcome	Comments
2023.002.00 XRN5143	Non-Daily Metered Service Provision	Regulated Procurement on behalf of CDSP customers	SLT SEP	Award without prior call for competition	Re-tender on expiration of existing contract. Improved service performance
2023.009.00	Third Party Due Diligence Checks	Direct award	SLT	Award to existing provider	Service brought back in house vs outsourced.
PROCUREMENTS –started but completing 2023/24					
2023.001.00	Climate Change Methodology	Standard procurement on behalf of CDSP	SLT DESC	IN PROGRESS - scheduled for completion 2023/24	Re-procurement of updated methodology & data. Inflation impact to be mitigated.
2023.003.00	Efficiency Review 2023	Standard procurement on behalf of CDSP	SLT SEP ChMC	IN PROGRESS - scheduled for completion 2023/24	Updated CDSP bench-marking review

Annexe 3 – Customer and Industry Engagement

Xoserve adopts a unique neutral position in the UK Energy sector. Along with delivering critical UK gas industry services, we drive value via both planned and unplanned engagement with our customers and the wider industry. This section goes into more detail about the ways we engaged in 2022-23 to the benefit of our customers, the gas industry, and end consumers.

Best ever ICS customer satisfaction results

We were delighted to achieve our best ever Institute of Customer Service (ICS) customer satisfaction scores in 2022-23 with improvements across all areas.

We achieved an overall satisfaction score of 78.9, as an average across all core segments. This is a 4.7 increase from 2021/22 (74.2) and exceeded the utilities sector average of 71.7. The UK Customer Satisfaction Index results broken down by customer type were as follows (increase from 2021/22 in brackets):

- Transmission 84.9 (increase of 10.9)

- Small and Medium Shippers 82.9 (increase of 10.2)

- Large Shippers 81.3 (increase of 6.2)

- Industrial and Commercial (I&C) Shippers 79.3 (increase of 0.2)

- Distribution Networks (DN) 76.7 (increase of 2.4)

- Independent Gas Transporters (IGTs) 67.3 (increase of 6.2)

Net Promoter Score (NPS) – recommending our services

Customers were asked how likely they would be to recommend Xoserve to colleagues. For this, we achieved +26.1, an increase of 18.6 from our 2021/22 score of +7.5.

Customer Effort (CE) – less effort, more value

Customers were asked how much effort it takes to complete a transaction, enquiry or request. For CE scores, a lower result means less effort was needed. Our CE score was 3.8 out of 10, which is a 0.5 improvement since last year.

Right First Time (RFT) – a more efficient service

Customers were asked how frequently services are delivered to them 'right first time'. This year, 'yes' responses increased by 0.3 to 53.2%, and 'no' responses decreased by 7.9 to 17.4%, meaning customers are seeing more efficient results. The remaining 29.4% responded as 'don't know' or 'not applicable'.

What are you most happy with?

Customers were most satisfied with the helpfulness and competence of staff and the ease of doing business with us. Customers named 37 individuals who had delivered exceptional customer service.

Read more here Xoserve achieve record ICS results

DSC Governance (CoMC)

During financial year 2022/23 there were twelve scheduled CoMC meetings and one e-CoMC

To ensure that the material presented is of a consistently high standard, Xoserve facilitates a monthly pre-meet attended by representatives from Correla and Xoserve to review all the material to be presented at the CoMC, provide feedback and propose improvements or amendments.

There were a total of twenty items presented to CoMC for approval during the financial year 2022/23, all of which were approved. In addition to the items approved, there have been a number of achievements following discussions held in CoMC.

Annexe 3 – Customer and Industry Engagement

Summary of approvals:

CoMC Meeting Date	Document presented for approval
20th April 2022	XRN 5495-Changes to the CDSP Third Party and Additional Services Policy
	XRN 5496 Amendments to the CDSP Service Description Table (SDT)
15th June 2022	XRN5505 Changes to SDT v24
20th July 2022	DPM Approval
	DPM Conditionality Document
19th October 2022	Changes to DSC SDT v25
	DRR Primes and Subs Reporting 2.3
16th November 2022	Changes to DSC SDT v25
14th December 2022	XRN5597 Changes to SDT v27 Change Pack 31104 – Amendments to DSC Documents Approval
	DRR Primes and Subs
18th January 2023	DRR Additional Prime and Sub Reporting and Latest Read
	Change Pack 31104-Amendments to DSC Documents
	DRR – Update to DPM Conditionality Document to reflect the release of data to a User who is recorded as a Registered User on CSS
	DPM v22
15th March 2023	XRN 5622 Amendments to DSC Service Description Table v28
	DSC Class 1 Read Service Supporting Document
	Update to the CDSP DSC Annual Charging Statement for the period of 01 April 2023 – 31 March 2024
	XRN5379 – DRR to update the DPM Conditionality Document
	DPM Update (as per Action 0102) – pre-Covid AQ removal

Summary of key achievements:

CoMC Reporting	Enhancements made to the monthly reporting pack to merge all reporting into one single pack and include: • bespoke reporting dashboards for each customer group; • a dedicated report on GRDA activities; • a customer highlights slide with links to specific topics
REC Updates	Following implementation of CSS at REC V3, introduced a regular REC Update to provide visibility of any REC/CSS updates that may impact on DSC including visibility of the REC change pipeline.
Supporting DSC customers on industry issues impacting DSC but which are outside of DSC control	Drafted communication on behalf of the DSC Contract Management Committee to send to REC/DCC to request priority resolution of the issues with missing secured active messages.
SND/Shipper Engagement Day	Engaged with CoMC reps to determine the topics for discussion at the event.
UIG Process Webinar	Delivered a comprehensive overview of the UIG process at the request of CoMC via Webinar that was attended by a number of interested DSC parties
Customer Survey Results	Introduction on a new quarterly slide deck introduced to provide an overview of feedback received as well as detailed action plans, progress updates, and initiatives that have been implemented with a view to improving future scores

Annexe 3 – Customer and Industry Engagement

Gas codes development

Overall, we supported the development of 42 UNC modifications (there were 62 in total – but 20 had no CDSP impact). The breakdown of the 42 modifications was as follows:

April 22 - March 23	Total
Modifications that Xoserve supported (Modifications or review groups with CDSP impacts. All modifications without CDSP impacts excluded from the count).	42
Sub-categories	**Total**
In progress	16
Implemented	11
Awaiting Implementation	1
Rejected	6
Withdrawn	3
Request Closed	5

The regulation team attended 121 industry meetings during this period.

How many industry meetings did UNC Regs team attend in total? (April 22 - March 23)	121
UNC Panel	15
Distribution / Transmission Workgroup	31
IGT Workstream	12
Individual Mod Workgroups	24
PAC	15
Customer constituency	6
CoMc / ChMC	18

Annexe 4 – Investment

This section contains a summary of key customer, industry and strategic projects and programmes that Xoserve developed, assured or delivered during the AR22 period.

Change-related further reading

Further details about our change programme can be found on the Xoserve website Central Data Service Provider for Britain's gas market | Xoserve in the 'Change' section.

As well as general information about current and historic change projects and programmes, this includes:

- a view of the existing change register Customer Change Register - XOSERVE
- how to raise a change with us
- how we manage change How we manage change (xoserve.com)
- details and further reading on the change forums we deliver and support Change forums (xoserve.com)
- the progress of each investment that was funded via BP24 Investment themes (xoserve.com)

Key change delivery in 2022-23

Move to the cloud

Transferring UK Link to the cloud was a significant achievement. We also successfully migrated UK Link to the Xoserve Services Portal. This innovative portal serves as a unified hub for customers to access multiple systems, streamlining the process with a single sign-on requirement.

We introduced automated exception handling for specific case categories, resulting in the automatic resolution of common exceptions. As a result, reconciliation processes are faster and customers receive more timely information.

Daily data updates commenced in early 2023, when we began to employ file monitoring to swiftly identify and address issues. This approach ensures that critical files are processed within the expected timeframes, enhancing relia-bility and minimising the impact on downstream processes. Additionally, the daily data refresh mitigates potential delays in processing non-critical files that could otherwise be impacted by the prioritised handling of critical files.

Contact Management System (CMS) rebuild

Our Contact Management Service (CMS) provides the ability for our customers to query and update their data within their own portfolio.

During 2022-23, we launched the first new processes, comprising Shipper MNC and Supplier Theft of Gas contacts, Duplicate Meter Point Process, new Set to Extinct contact code, Originator Clarification and Configuration Change functionality.

We continue to meet regularly with customer focus groups to provide progress updates, understand customer impacts and testing and training needs.

Data Discovery Platform (DDP)

We continued to develop the DDP core functionality. Through DDP, we rolled out Shipper packs containing portfolio information and performance reports for the Performance Assurance Committee to better enable the monitoring and management of gas settlement risk. We also delivered new invoice reports so that customers can now compare costs and identify ways to price more effectively to protect their revenue.

DDP also introduced a self-serve element to invoicing so that Distribution Networks can access charging invoice data and understand changes and movements. The ongoing delivery of read performance dashboards means Shippers can access data and track industry performance. Finally, the Independent Gas Transporters can access industry analytics to compare Market Domain Data against UK Link data, ensuring that their asset data remains accurate.

Release 1

Development of additional items from the industry Shipper Pack.

Release 2

Introduced a DN financial forecasting model, report and dashboard, providing the ability for DNs to understand potential future variances in revenue as AQs change.

Release 3

Introduced an invoicing summary report for DNs, combining totals across different elements, with associated dashboards providing additional insight into charge total movements. Completed IGT data quality analysis.

Release 4

Developed detailed design and data model to deliver new dashboards for new minimum read performance measures and processes for Class 2 and 3. Additional Shipper Pack report added to DDP.

Release 5

Development of new functionality to highlight meter points for reclassification and dashboards for new minimum read performance measures for Class 2 and 3.

Release 6

Completed implementation of new Class 2 and 3 minimum read performance dashboards for Shippers and PAFA, providing proactive tracking of meter points, insight and analysis into meter points performance against the measure (including identification of impacted meter points), and tracking of any required reclassifications. Further enhancements to DN financial reporting.

The benefits of Xoserve's centralised service

The work we do helps to ensure that Great Britain's gas market is efficient, transparent and reliable

Maintaining standards: We ensure consistent standards across the gas industry, by establishing, reviewing and updating common protocols, data formats, and procedures.

Reducing complexity: We make it easier for our customers to interact more efficiently and keep costs down, by reducing the need for multiple marketplace systems and interfaces.

Ensuring data integrity: We provide the accurate, reliable data that is crucial for billing, settlement and other industry processes, by consolidating information into a single, secure source of truth.

Enhancing market transparency: We facilitate transparency in the gas market, by providing access to consistent and up-to-date information. This enables better decision-making, fosters competition and supports innovation.

Supporting regulatory compliance: We support our customers with compliance, by establishing and maintaining systems and processes that help them meet regulatory requirements.

Supporting the energy transition: We're facilitating the transition to a sustainable and customer-centric energy system, by providing expertise and services that reduce administrative burdens and create a level playing field for all market participants.

Ownership

Xoserve is jointly owned by National Gas Transmission and Great Britain's four major gas distribution network companies: Cadent Gas Limited, Northern Gas Networks, SGN and Wales & West Utilities.

Funding

Xoserve is a not-for-profit company. Our customers fund CDSP activity by paying charges that are set in our annual budget, which is approved by the Xoserve Board following consultation with customers during the business planning process.

The rules that dictate how costs are shared by customers are described in the CDSP Budget and Charging Methodology.

Industry Governance

Xoserve is funded, governed and owned by the gas industry through the Data Services Contract (DSC). All signatories to the DSC share decision-making responsibility for services provided under it. Decisions are made by three committees that are populated by industry-nominated experts:

- **Contract Management Committee (CoMC)**
  The role of the CoMC is to represent customers in the management of Xoserve in relation to its DSC duties. The Committee has six transporter and six shipper seats, with representatives appointed each October for a period of one year.

- **Change Management Committee (ChMC)**
  The role of ChMC is to represent customers in the management of in-year change to the DSC. The Committee has six transporter and six shipper seats, with representatives appointed each October for a period of one year.

- **Credit Management Committee (CMC)**
  The role of the Committee is to assist the CDSP in managing credit risk, to ensure customers operate within the Credit Rules and to minimise the risk of avoidable financial loss. The Committee has a minimum of three shipper seats and three transporter seats, with representatives appointed each October for a period of one year.

DSC committee meetings are chaired, organised and administered by the Joint Office of Gas Transporters. The Joint Office oversees the process for the appointment of voting representatives.

Corporate Governance

Industry representation is carried into our Corporate Governance arrangements with a Board made up of members nominated by each DSC constituency. The Board's role is to challenge, review and oversee the activities Xoserve undertakes, including the preparation of Xoserve's annual Business Plan.

Eve Bradley, *Company Secretary*

Our Board

Membership of the Board is managed via a customer driven nomination process, and comprises:

- 2 members nominated by the Gas Distribution Networks
- 1 member nominated by National Gas Transmission
- 1 member nominated by IGTs
- 4 members nominated by Gas Shippers

The Board also has a number of sub-committees. Each carries out specific duties, allowing the Board to operate more efficiently and concentrate on providing leadership and decision-making for the business.

Board members

- **Sarah Carroll** – *Network Director*
- **David Handley** – *Network Director*
- **Chris Logue** – *Transmission Director*
- **Neil Shaw** – *Independent Gas Transporter Director*
- **Chris Jones** – *Shipper Director*
- **Mike Hogg** – *Shipper Director*
- **Yehuda Cohen** – *Shipper Director*
- **Steve Brittan** – *Shipper Director*

The Xoserve Board is chaired by **Clare Spottiswoode**, formerly the UK's Gas Regulator between 1993 and 1998.

The Board and its subcommittees work closely with the Xoserve Senior Leadership Team (SLT), to ensure clarity about the scope of their roles and ensure they provide the appropriate level of consideration to relevant matters.

Our Senior Leadership Team

The Xoserve team is led by our CEO (Interim), Steve Brittan and his Senior Leadership Team (SLT).

Steve Brittan
Chief Executive Officer (Interim)

Dave Turpin – *Head of External Affairs*
Responsible for Xoserve's relationships with industry participants, business plan development and ensuring that the CDSP services deliver customer satisfaction.

Emma Smith – *Head of Change and Delivery Assurance*
Responsible for capturing customer requirements, agreeing project arrangements and successful project delivery.

Eve Bradley – *Company Secretary*
Responsible for ensuring good corporate governance.

James Spicer – *Head of Finance and Support Services*
Responsible for robust financial management and reporting, support functions and financial assurance of supply chain and annual Business Plan.

Chris Dwyer – *Head of Contract Management and Procurement*
Responsible for industry procurement, contract governance and commercial performance of supplier relationships.

Contract Management and Assurance

Xoserve subcontracts the majority of its obligations as CDSP through an ecosystem of third parties. This provides the benefit of being able to use specialist service providers for industry critical services.

Chris Dwyer, *Head of Contract Management and Procurement*

Examples include the services provided by the Performance Assurance Framework Administrator (PAFA) and the Allocation of Unidentified Gas Expert (AUGE), as well as the broad set of technical and data services provided to Xoserve by Correla.

Our operating model delivers benefits to customers in a number of ways, including the assurance of service and change delivery. The independence that Xoserve brings to performance assurance, requirements fulfilment auditing, risk management and quality enables us to act on our customers' behalf without the inherent conflict of also being the organisation doing the delivery.

In effect, we manage third party service delivery on behalf of customers, to ensure the service meets code requirements and the commitments in the DSC. This arrangement is enhanced by the availability of commercial levers in our flow-down contracts, which incentivise performance to customers while allowing Xoserve to take corrective action on their behalf if needed.

We use our in-depth knowledge and experience of the gas marketplace and its systems, regulations and processes to implement formal and structured supplier performance reviews and propagate a culture of continual improvement. Our overarching aim is to ensure that customers receive a reliable, future-proofed service, which meets all code requirements as well as the commitments detailed in the DSC.

Our services

We are responsible for the provision of various CDSP services, which are categorised based on the nature of the activity:

General Services

These cyclic operational activities are fundamental to the smooth running of the gas industry. The services are broken down into 17 General Service Areas, which are categorised based on the functional activities being undertaken. We refer to the costs associated with delivering General Services as 'Service and Operate' costs.

Area	Service Area	Service Description
1	Manage Shipper transfers	UK Link automated processing of file flows associated with end consumer registrations, switching and supply point data.
		Contracting with, and management of the services provided by PAFA and AUGE.
		Includes the provision of reports that supported PAFA's management of c.40 performance plans across industry and data extracts to enable the AUGE to support the analysis of Unidentified Gas (UIG) causes and the development of the annual UIG weighting factors.
		Provision of insights into industry performance through reporting channels.
2	Monthly AQ processes	UK Link automated processing of file flows associated with Annual Quantities (AQ) and Supply Point Offtake Quantities (SOQ).
		All activities associated with AQ calculation processes including AQ query resolution.
		Also includes monitoring, notification and creation of AQ performance dashboards for meter points that have crossed the class 1 threshold.
3	Manage updates to customer portfolio	Running and maintaining the Contact Management System (CMS), including the interfaces to and from the UK Link system where updates are required to the supply point register.
		Progression of any customer queries raised in CMS, including investigation and resolution.
		Change to CMS delivered via minor releases.

Area	Service Area	Service Description
4	Meter read/asset processing	The automated processing of meter asset and meter read file flows in UK Link. This includes files and notifications associated to: • exchanges or updates to records for traditional meters, smart meters, automatic meter reading equipment, and datalogger equipment. • updates to the metering conversion factors that are used to calculate meter volume and energy. • meter readings for all classes of meter points. • read replacement processes inclusive of daily read error notices. • generation and notification of estimated opening and transfer readings. • all activities associated with meter reading processes including meter read validation and rejection, calculating meter volume and energy from the raw meter read data, and calculating consumption adjustments.
5	Demand estimation obligations	Demand activities: • Develop end-to-end methodology to determine gas demand profiles. • Manage sampling, collection and validation of daily gas consumption for several thousand meter points. • Analyse consumption data against variables such as weather and events calendar, to build demand models which can be used to calculate the estimated consumption for 25m Non-Daily Metered (NDM) meter points. • Industry consultation and engagement with Demand Estimation Sub Committee (DESC). • Review and maintain the gas industry's weather parameter: the composite weather variable (CWV), and its 'seasonal normal' version (SNCWV), to reflect the latest consumer and weather patterns. All of the above is necessary for production of demand profiles for the next gas year, to support key industry processes such as NDM nominations/ allocation and capacity forecasting.
6	Customer relationship management	Provision of customer relationship management team and services for all customer constituents. Customer training and education, including induction days for new industry entrants, customer expert days where customers are given access to a range of subject matter experts, and change awareness sessions for stakeholders.

Area	Service Area	Service Description
7	Customer joiners/leavers	The management and support for customers joining and exiting the gas market includes cessation notices, Supplier of Last Resort (SoLR) processes, and invoking deed of undertaking. Adding parties to the Data Services Contract (DSC) and UK Link user agreement, creation and removal of access to UK Link. Management of the Market Domain Data (MDD) and arranging user agent agreements. Information exchange (IX) installation, change and removal of equipment services.
8	Energy balancing	All activities in respect of energy balancing credit risk management, debt collection, and management of neutrality.
9	Customer reporting	Creation, maintenance, and distribution of reporting, both for external customers and management information required internally.
10	Invoicing customers	Issue of invoices for: • Gas transportation on behalf of National Grid Transmission and the distribution networks • DSC services provided by Xoserve. Covers: UK Link automated calculation and creation of NTS and LDZ capacity, commodity, reconciliation, balancing and request to bill invoices (e.g. failure to supply gas). Also includes a share of the UK Link support and service desk costs. Validation and approval of invoices prior to issue and management of any customer queries raised against an invoice.
11	Management of customer issues	Management and communication of customer issues including: • Incident Management • Defects which become apparent through the normal course of business where the functionality implemented does not result in the expected outcome. • Data security incidents (including potential data breaches) • Process issues and other, non-system issue management to identify underlying causes and prevent recurrence.
12	Customer contacts	Service desk operation. Telephony service for the domestic enquiry telephone service line.

Area	Service Area	Service Description
13	Change management	Development, governance, delivery, and assurance of change outside major change programmes.
14	Gemini services	Gemini automated processing of file flows between the Gemini and UK Link system, the operation and support of the Gemini system, monitoring performance and incident management. Includes the provision of essential maintenance. Change management: the development, governance, delivery, and assurance of Gemini change.
15	Value added services	The DDP platform is a data visualisation tool, used to access reporting information. It enables customers to: • securely query their organisation's data • create bespoke reports via a personalised dashboard • visualise data using a range of chart tools and comparison screens to gain insights on and evaluate responses to industry changes and trends • use trend analysis to identify opportunities for improving data accuracy or process performance • access the detail sitting between high-level key performance indicators to support decision making
16	Central switching services	This service was launched in 2021. It provides a consistent set of arrangements for suppliers of electricity and gas and consumers and governs the operation of faster and more reliable arrangements for consumers to switch their energy supply. The Xoserve Central Switching Service Consequential (CSSC) Programme was set up in 2018 as a result of the launch of Ofgem's Switching Programme. It delivers all direct and consequential impacts on CDSP systems and services, enabling faster switching services that interface with existing systems and processes, to allow seamless shipper registration, settlement, and transportation invoicing.
17	Distribution Network funded services	Services which are wholly funded by Distribution Networks. Costs are associated with delivering the Flow Weighted Average Calorific Value service.

Change delivery

We assure the delivery of critical transformation programmes and projects on behalf of our customers. These include multi-year infrastructure programmes aimed at maintaining or improving critical IT platforms such as UK Link and Gemini, and in-year, change projects that are incrementally scoped by customers.

Specific Services and Additional Services

These are optional services which are delivered directly to individual organisations on a case-by-case basis. These services include installation of / connection to the Information Exchange (IX), usage of our telephone enquiry services and delivery of customer-specific reporting.

How charges are calculated

The General Service, Infrastructure and Change charges (both in total and by customer constituency) are published each January in the CDSP Annual Charging Statement.

Each February, Distribution Networks, IGTs and National Gas receive a Charging Schedule which details their individual organisation's share of the overall constituency charge (split over 12 equal monthly instalments).

Shipper organisations receive a schedule which provides indicative annual charges based on a range of meter point totals. The individual organisation's shares are calculated using the following rules, which were introduced in 2017 following the Funding, Governance and Ownership industry programme:

• **Shippers** – By percentage share of meter points with the count taken at the start of each month.

• **Distribution Networks and IGTs** – By percentage share of meter points with the count taken on a fixed date - 1st December each year.

• **National Gas** – No further breakdown required.

Evolution of the company

Xoserve has occupied a critical and unique position within the heart of Great Britain's gas industry since it was established in 2005. We have been a consistent and reliable presence during that time, adapting to evolving gas industry priorities to best serve our customers.

Here is an overview of the significant events which have shaped the company we are today:

2005: Formation of Xoserve - Xoserve is established as a separate entity from Transco, the former gas transportation arm of British Gas, with the aim of introducing competition into the gas industry and providing independent gas settlement services.

2014: Funding, Governance and Ownership (FGO) programme begins - Gas industry participants begin the process of reforming how Xoserve is funded, governed and owned.

2017: FGO programme concludes - Xoserve is designated as CDSP, funded and governed by the gas industry and owned by the distribution networks.

2017: Successful Implementation of Project Nexus - Xoserve successfully implements Project Nexus to upgrade the UK Link system, introducing significant improvements to data management and settlement processes.

2021: Creation and sale of Correla - Xoserve's business is restructured, creating Correla. This commercial company is sold via a competitive tender process to a private investor. The move provides customer benefits including:

- Fixed costs for services and projects
- A contractually incentivised service level agreement (SLA)
- Shared proceeds from company sale (as rebate to charges in FY 2020-21).

2022: CSSC goes live – Xoserve begins to provide the Gas Enquiry Service (GES) on behalf of RECCo.

CMS redevelopment - Funded by private equity, with customers paying a Software as a Service charge.

Energy Price Guarantee (EPG) and other support schemes - Xoserve provides support for consumers in the face of high energy bills, through administration of the EPG and EBRS schemes, and involvement in additional Government support activities.

Links to further useful info

CDSP service documents
DSC / CDSP Documents | Joint Office of Gas Transporters (gasgovernance.co.uk)

Previous Business Plans
www.xoserve.com/about-us/about-xoserve/business-plan

Further info about our role and our customers
Our role and customers (xoserve.com)

Business Plan Hub
bp24.xoserve.com

People Matters

Intro

The Cost-of-Living Crisis impacted most people across the UK, with high energy costs and inflation having the biggest impact on households.

To support our people through these turbulent times, we continued to place significant priority on supporting their mental health & wellbeing, while embedding skills and experience, to set teams up for success.

Developing our Capabilities

Xoserve continued to embed as well as evolve our team structures to align to our customer needs and industry priorities.

- Resourcing activity
- Our population increased by 14%, with essential roles externally recruited to build our capability in Contract & Procurement Management, Finance & Support Services and Change & Delivery Assurance teams, with particular focus areas supporting the DMSP/NDMSP procurement activities, the Energy Relief Scheme on behalf of the government and the increase to the decarbonisation team to ensure we continue to be at the forefront of this important agenda.

- There were also some internal moves, with five promotions and two sideway moves, which acted as a great incentive to ensure we could nurture, grow and retain our talent.
- These activities have also reduced our reliance on external legal and contracting support.
- We supported employees in undertaking specialist qualifications in support of their roles, with 12 people focusing development in Commercial & Contract Management, Credit Management, Finance & ISO27001.

Flexible Working

We encouraged a hybrid way of working as it continued to be successful post-pandemic, with the support of great technology and office space, we were able to offer flexible and collaborative working opportunities. Our people were trusted to manage their working lives in a way that balanced their needs with the needs of the organisation and customers without the need to mandate 'office days'.

Our customers continued to have access to our office space for key touchpoints, workshops and industry meetings, with the option of working remotely always available.

People Engagement

We measured employee engagement and completed our second annual cycle of our People Engagement Survey, in which our overall participation score increased from 86% to 95% and our engagement score was maintained at 8.58.

We fully trained 3 Mental Health First Aiders, who helped to support wellbeing, providing a safe space to talk things through. We also had monthly wellbeing campaigns and introduced a number of additional wellbeing provisions available to everyone.

Corporate Social Responsibility

One of our key objectives was to support a number of schemes to incentivise our people to participate in local community work in support of other charitable causes. Throughout the year, Xoserve contributed a total of **£6,924** to our nominated charity partners, selected by employee vote and other good causes.

- Fuel Bank - £3,300
- Cancer Research UK - £3,300

Our match giving scheme also helped support these worthwhile causes.

- BBC Children in Need - £60
- Save the Children Christmas Jumper Day - £40
- Red Nose Day - £24
- Cancer Research UK - £200

Our staff continued to support and volunteer in the community, with four people taking time out of their day job to support these worthwhile causes.

Sustainability

- We continued to support the decarbonisation agenda
- We continued to offset our annual unavoidable emissions of 4.33 tCO2e
- We formed an Environment, Social & Governance (ESG) working group where our commitment was to make efficiencies and reduce our overall carbon footprint.
- We introduced an Electric Car Scheme across the business

We welcome your feedback on the information included in this document. Please get in touch with our team by emailing **customerexperience@xoserve.com** if you have any queries or comments.

XOserve