Xoserve

2024-25 Business Plan   Final

This report was published in January 2024

2024-25 Business Plan

Please click to navigate to any section

Message from the CEO

Since being appointed as permanent Chief Executive Officer of Xoserve, I have been spending a significant proportion of my time meeting customers, often one to one but also at the many meetings that we have with customers collectively. I have heard loud and clear the desire for customers to see greater transparency from Xoserve, as well as more meaningful engagement, and in many ways this Business Plan is where we demonstrate that we have listened and responded positively.

This particular document is the final version of the business plan, and I am grateful to customers who have taken the time to provide input to the Xoserve team, in support of its production. The planning process has been designed explicitly to give more opportunity for dialogue and feedback and further opportunities will come as the business plan evolves towards being finalised at the end of 2023.

I am bound to observe that in the background to this plan's evolution, we have in parallel conducted a comprehensive, independent review into the efficiency and value for money of all aspects of Xoserve's activities. I am pleased to note that Xoserve has benchmarked positively, which I hope will give customers greater confidence in this value for money in this business plan in comparison to previous years.

The Efficiency (VfM) Review report is available to all nominated DSC contract managers via a portal, and I would encourage you to download it if you haven't already done so. In the report, the consultants stated : "The openness and transparency of access to information from Xoserve and Correla has been very good throughout the assessment period" and I am grateful to all colleagues in Xoserve, and our key supplier Correla for supporting the review in this positive way. A publicly available summary of the report can be accessed **here**.

In addition to specific improvement opportunities captured in the Efficiency (VfM) Review, the Xoserve team has also identified other significant areas where value for money can be improved, and you will see these highlighted in this business plan. I want to assure customers that we will remain focussed on continually improving value for money beyond BP24 into the future, building on the longer term recommendations in the Efficiency (VfM) Review.

Finally, I would like to thank the Xoserve team for the huge amount of effort and diligence put into the production of this plan, with the many and complex engagements that it involves. In our "Principles and Approach" document we emphasised that we would not be taking silence as acceptance and therefore we will be making every effort to garner your views and feedback on the work to date. We will continue this effort as the business plan evolves to its conclusion this year.

I look forward to continuing the conversation.

Steve Brittan
CEO, Xoserve

About this document

Summary of key principles

This Business Plan (BP24) sets out the required scope and budget for the provision of Central Data Service Provider (CDSP) services during the 2024-25 financial year. It also provides a forecast for the financial years 2025-26 and 2026-27.

With the overarching aim of providing clarity and transparency for our customers and stakeholders, the contents of this document include:

- a financial summary describing the Service and Operate (S&O) and Investment costs.
- a forecast of Xoserve's work volumes and contract management and assurance activities.
- a description of planned customer and industry engagement activity in support of the planning cycle and during the BP24 period.
- a business case in support of each planned infrastructure project and incremental change investments.
- information about the business.

Key Principles

The guiding principles underpinning BP24 are as stated in the Principles and Approach (P&A) document published in July 2023:

Transparency will be the golden-thread that runs through the BP24 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.
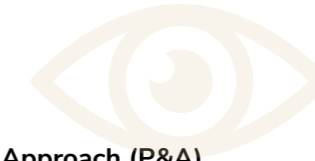
Our plan will articulate value for money (VfM)

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.

What has changed?

A summary of feedback

Feedback provided during the BP24 First Draft consultation has been generally positive, with most respondents agreeing that we have largely adhered to the principles set out in the P&A published in July 2023.

Customers told us that:

- BP24 represents an improvement on previous business plans, and the content we have included demonstrates that customer feedback has been listened to and acted upon

- engagement so far has been effective, with the resources provided (including the roundtable sessions and BP24 Hub) adding value to the process

- the level of detail is deeper and more useful than in previous years - and a summary document would also be useful

- in some specific areas, more information would be appreciated. We have addressed this through the changes detailed below.

Most customers who provided feedback told us that they would like more information on how we now plan to address the findings of the recent Efficiency (VfM) Review.

Changes included in the Second Draft

We have made several changes to the BP24 document, based on customer feedback/

Changes include:

- Updates to the rebate table, intended to provide greater transparency, including the rationale for each element. We have also updated the Y-1 position to include S&O and 'Other' cost forecasts

- A new Glossary section has been added to improve accessibility and understanding.

- Information about current year effectiveness (KPM/PI performance) has been added.

- Information relating to our plan to address the findings of the recent Efficiency (VfM) Review has been added.

- We have added further information relating to the areas of uncertainty we will be monitoring during 2024-25.

- We have added more information regarding the cost reductions and efficiencies that are described in the business plan.

- We have added a summary of what has been amended.

In addition to the changes made to this document, we have also:

- updated the Q&A Register, located on the BP24 Hub, with all customer feedback, questions or points for clarification and Xoserve's responses.

- made provision to provide a 'bitesize' BP24 for readers wishing to see the plan in summary.

Changes included in the Final Draft

We made some changes to the Final Draft of BP24, including:

- Further context as to our approach to the application of indexation

- Further clarification regarding the VfM target

- Inclusion of the Board Assurance Statement

- Updates to the Service and Operate and Investment costs associated with Decarbonisation to better reflect the allocation between funding parties

Executive summary

Industry context

Last year's planning cycle was overshadowed by global events, the increase in energy prices that came with those events, and a period of domestic political turbulence. These factors combined to create increased uncertainty and an added layer of complexity in business decision-making.

While it was difficult to know how best to respond, we felt privileged to be able to play a part in the design and implementation of the Energy Price Guarantee and Energy Bill Relief Scheme. We are now a year on, and while the global energy markets remain volatile, the acute energy crisis seems to have passed - although vigilance will be required again this winter.

For the most part, focus has returned to systemic issues affecting the efficiency and resilience of the UK energy market, including what steps can be taken to reduce the costs of operating the commercial gas market. The Faster Switching Programme now has over 12 months of operational experience behind it, and with no other major market reforms in flight, we have greater certainty of our operating regime and can report that our plan already includes some material cost reductions compared to last year.

Efficiency (VfM) Review

A detailed, independent review of Xoserve's costs has been undertaken this year, and is now complete. This work was unfortunately delayed by the events of last year but we are pleased to confirm that the review and resulting report are now available.

The results provide some comfort as to the overall level of efficiency when compared to others in the energy sector but also shine a light on some issues, both within our organisation and across the wider market in which we operate. The recommendations provided by the report are being reviewed with our customers, and we expect to include them in the next version of our plan later this year.

Read the Efficiency Review report.

Responding to policy and uncertainty

Since the last Business Plan there have been several important policy statements, providing a road map for development of the role of hydrogen in the decarbonisation of the energy system, as well as the role of biomethane and the development of carbon capture technologies. Further policy decisions are expected around hydrogen blending, the provision of domestic heat and the development of energy storage in the near future. We also expect to see the upscaling of trial areas, and while detailed design is yet to be undertaken, considerable progress has been made.

Our role as Xoserve is to support our customers and stakeholders by ensuring that central market issues are considered at both trial and pilot or roll-out stage, that all possible future scenarios are assessed and understood from a CDSP system and process perspective; to ensure well-informed, least-regret development decisions. We do not promote the role of hydrogen or push for accelerated decisions, but we do provide relevant and timely data to interested parties to make sure that enough information is available to allow decisions to be made.

This means that our plan is increasingly about understanding uncertainty and managing the resulting risk to avoid potentially wasted investment whilst understanding the potential efficiency of delivering alongside regular maintenance or change activities. This will become our new normal in the energy transition, and not one we profess to have fully mastered yet, but our progress is solid and will be refined in future updates as further policy announcements are made.
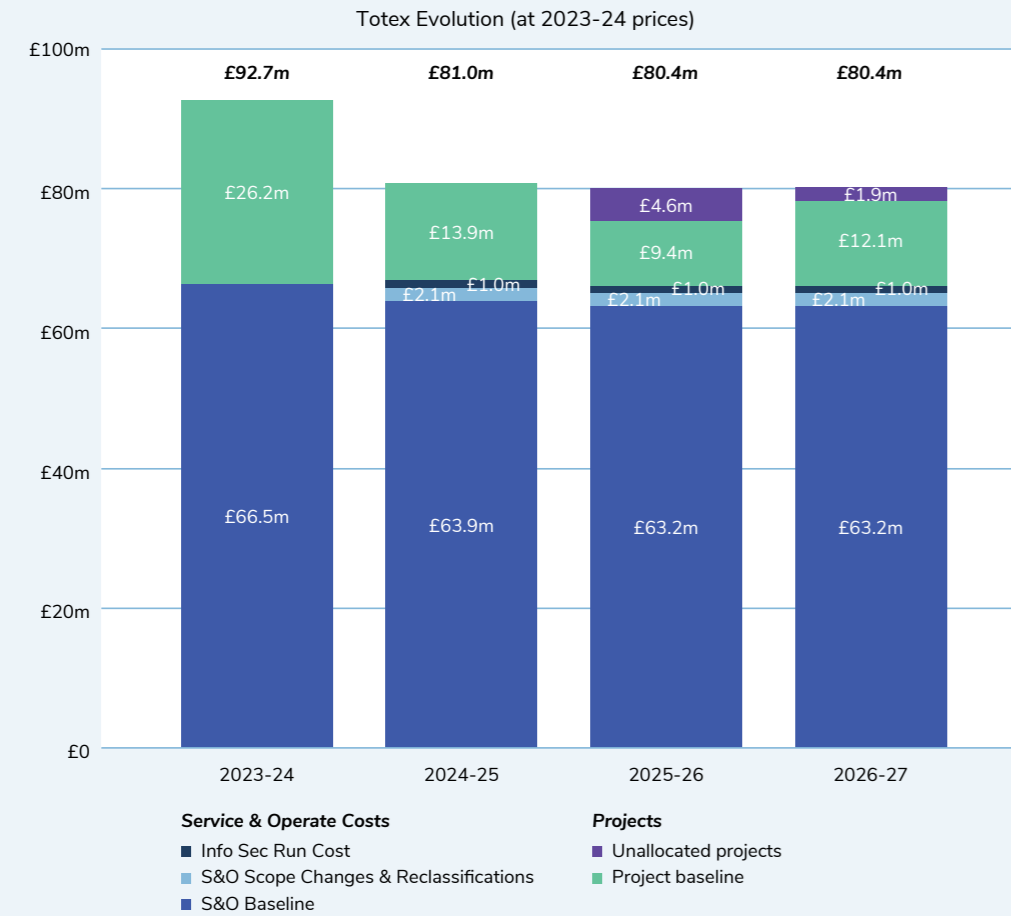
Finance and value

Xoserve's proposed total expenditure (TOTEX) for the 2024-25 period is £81m, which is £11.7m less than during the 2023-24 period. This is primarily due to a smaller total investment profile during 2024-25. The cost per meter point to deliver CDSP services will be £3.22 at 2023-24 prices.

The graph and chart that follow show provide an overview of TOTEX, split by:

- **S&O baseline costs:** Like-for-like services spanning business plan years.
- **S&O scope changes and reclassifications:** Newly scoped services or services that have been reclassified as operational costs, where previously funded via investment.
- **Information security (InfoSec) running costs:** Costs associated with keeping central data systems safe from cyber crime.
- **Project investments and unallocated investments:** Costs associated with investment in infrastructure or change projects.

Executive Summary - Totex for BP24 Period (inc Current year)

£m (2023-24 Prices)	2023-24	2024-25	2025-26	2026-27
Unallocated Projects	-	-	£4.6m	£1.9m
Project Baseline	£26.2m	£13.9m	£9.4m	£12.1m
Subtotal Projects	**£26.2m**	**£13.9m**	**£14.0m**	**£14.0m**
Info Sec Run Cost	-	£1.0m	£1.0m	£1.0m
S&O Scope Changes & Reclassifications	-	£2.1m	£2.1m	£2.1m
S&O Baseline	£66.5m	£63.9m	£63.2m	£63.2m
Subtotal Service & Operate	**£66.5m**	**£67.1m**	**£66.4m**	**£66.4m**
Totex	**£92.7m**	**£81.0m**	**£80.4m**	**£80.4m**
Broken down by:				
DSC	£88.4m	£78.2m	£77.5m	£77.6m
Additional & Third Party	£0.1m	£0.1m	£0.1m	£0.1m
RECCo	£4.1m	£2.7m	£2.7m	£2.7m
Totex	**£92.7m**	**£81.0m**	**£80.4m**	**£80.4m**

Totex Evolution (at 2023-24 prices)

	£92.7m	£81.0m	£80.4m	£80.4m
Info Sec Run Cost	£26.2m	£13.9m	£4.6m	£1.9m
		£2.1m	£9.4m	£12.1m
		£1.0m	£2.1m £1.0m	£2.1m £1.0m
S&O Baseline	£66.5m	£63.9m	£63.2m	£63.2m
	2023-24	2024-25	2025-26	2026-27

Service & Operate Costs
- Info Sec Run Cost
- S&O Scope Changes & Reclassifications
- S&O Baseline

Projects
- Unallocated projects
- Project baseline

- Baseline S&O costs will reduce by 4% (£2.6m) during 2024-25 due to renegotiated RECCo services costs (-£1.4m), reductions resulting from the decommissioning of our legacy CMS (Contact Management System) (-£0.6m) and efficiencies driven by the Gemini Sustain programme (-£0.5m).

- InfoSec running costs of £1.0m will be included in S&O costs. This figure represents a £1.4m reduction in comparison with our BP23 forecast, due to a renegotiation of scope with third-party service providers.

- We are forecasting that we will be able to rebate a total of £8.7m in the Annual Charging Statement 2024-25, which will be published in January 2024 . This total is a combination of 2022-23 'Y-2' and 2023-24 'Y-1' funds that were either not required or have been renegotiated, including: £1 .7m from the Cyber Security investment, £2.0m from the UK Link Roadmap and a further £3.7m from unutilised incrementally scoped General and Gemini change budgets.

Xoserve's direct costs will be £7.5m, of which £5.1m will relate to our people. We expect to start 2024-25 with 58 employees, with this number reducing to 57 (£4.9m) following the expiration of fixed-term contracts.

We are sharing the results of a recently completed (September 2023) Efficiency (VfM) Review, undertaken by a third-party to assess the value we provide to customers in the delivery of CDSP services in comparison with similar organisations. Xoserve and its key service providers have embraced this opportunity for evaluation and improvement, and we have shared our plans for responding to the findings of the Efficiency (VfM) Review in this Business Plan.

Contract management and assurance

We will continue to manage existing contracts such as the Data Services Contract + (DSC+) agreement, which is our largest outsourcing agreement, through a process of performance assurance. This includes monitoring Key Performance Metrics and Indicators (KPM/PIs). Performance is expected to be maintained at existing levels.

DSC Contract Managers within customer organisations have been provided with access to an appropriately redacted DSC+ contract, as requested by the Data Service Contract Management Committee (DSC CoMC).

We also intend to carry out up to 18 separate audit exercises and process reviews, plus several potential procurement exercises which may require customer support through Stakeholder Evaluation Panels.

Current work volume forecasts indicate that existing system and process capacity is sufficient, but we will continue to monitor and periodically report trends to CoMC alongside KPM/PI performance.

Customer and industry engagement

As promised in the P&A document, BP24 will be built on customer engagement, and we will continue to offer new and flexible ways for customers to interact with us as we move through the cycle.

We have already held successful customer roundtable events around the release of the P&A, and to share BP24 investments. **Our next scheduled roundtable event is on 3rd October, followed by less structured 'drop-in' sessions throughout October.**

We have created a dedicated Business Plan Hub which provides easy access to all Business Plan-related documentation and resources.

Outside of the planning cycle, we will strive to continually add value through numerous customer and wider industry engagements, including our deep and ongoing involvement with the development of industry codes such as the Uniform Network Code (UNC), its Independent Gas Transporters (IGTs) equivalent and Retail Energy Code (REC). We will also endeavour to continually seek customer feedback, both through independent surveys such as the UK Customer Satisfaction Survey (UKCSI) and internal means such as the Key Value Indicators (KVIs) report.

We recognise our unique position at the heart of the gas industry and will aim to leverage that to the benefit of our customers, to find solutions that work for everyone and can stand the test of time.

Infrastructure and change investment

The total proposed investment budget for 2024-25 is £13.9m. The scope for this year has familiar objectives:

- Sustain and enhance the critical IT platforms that facilitate the operation of Great Britain's gas industry.

- Deliver incremental customer changes to central systems and processes.

- Support the gas industry in its journey towards net zero.

The investment budget is smaller than in recent years, as we take a measured approach to navigating potential futures.

The majority of the budget is held for incremental utilisation following approval in DSC committees, with the remaining funds dedicated to sustaining critical central platforms.

Finance and value

In this section we present the budget for 2024-25 and a forecasted budget for 2025-26 and 2026-27. This includes a summary of our total expenditure and how that breaks down into S&O and Investment costs, showing a comparison with previous budgets and forecasts.

Our total expenditure for 2024-25 is £81m, or £3.22 per meter point. This is 13% less than in BP23 due to a reduced investment profile.

James Spicer, Head of Finance, Xoserve

In line with our commitment to transparency and in response to customer feedback, we have endeavoured to provide this information in a clear and concise way, focusing on the facts we believe our customers are most concerned with. The information below includes:

- an overview of TOTEX evolution
- a breakdown of our costs into direct and outsourced categories
- a detailed view of Xoserve's cost base, including current and forecasted resource requirements
- an early forecast of the Y-1 (2023-24) and Y-2 (2022-23) rebate position
- the output from the recent third party Efficiency (VfM) Review

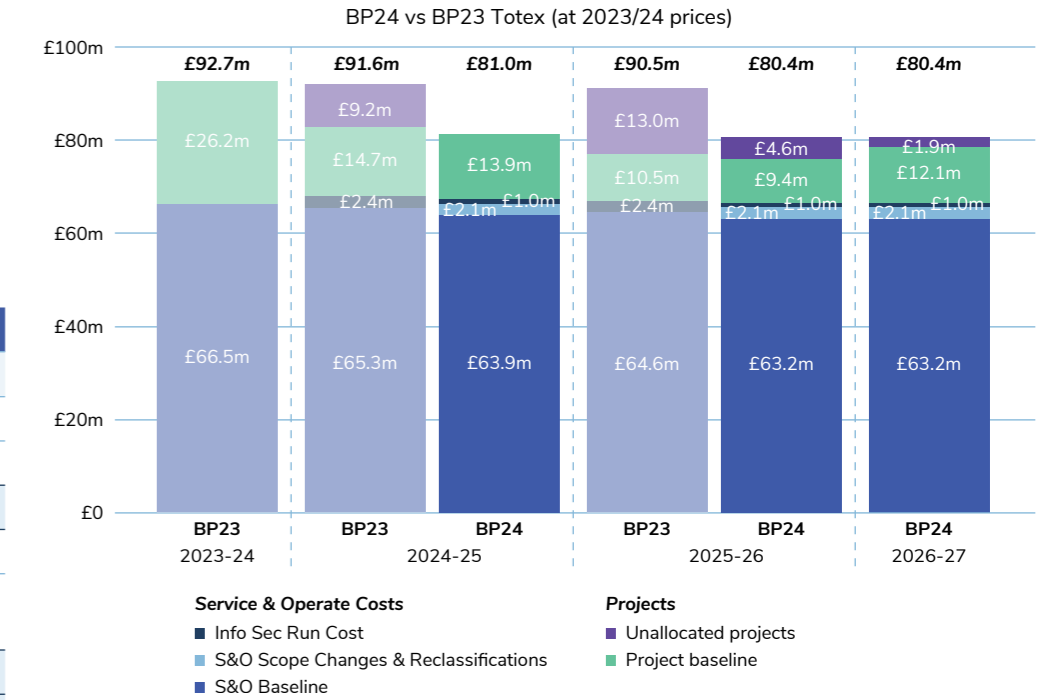## TOTEX Summary

Our total expenditure for 2024-25 is £81m. This is £11.7m less than in 2023-24 due to a significant reduction in the proposed total investment budget. The graph below shows how our TOTEX forecast for the next three years has changed since BP23. **Visit the 'Infrastructure and change investment' section for more details**.

Totex BP24 vs BP23

£m (2023-24 Prices)	2023-24	2024-25		2025-26		2026-27
	BP23	BP23	BP24	BP23	BP24	BP24
Unallocated Projects	-	£9.2m	-	£13.0m	£4.6m	£1.9m
Project Baseline	£26.2m	£14.7m	£13.9m	£10.5m	£9.4m	£12.1m
Subtotal Projects	**£26.2m**	**£23.9m**	**£13.9m**	**£23.5m**	**£14.0m**	**£14.0m**
Info Sec Run Cost	-	£2.4m	£1.0m	£2.4m	£1.0m	£1.0m
S&O Scope Changes & Reclassifications	-	-	£2.1m	-	£2.1m	£2.1m
S&O Baseline	**£66.5m**	**£65.3m**	**£63.9m**	**£64.6m**	**£63.2m**	**£63.2m**
Subtotal Service & Operate	**£66.5m**	**£67.7m**	**£67.1m**	**£67.0m**	**£66.4m**	**£66.4m**
Totex	**£92.7m**	**£91.6m**	**£81.0m**	**£90.5m**	**£80.4m**	**£80.4m**

BP24 vs BP23 Totex (at 2023/24 prices)

	BP23 2023-24	BP23 2024-25	BP24 2024-25	BP23 2025-26	BP24 2025-26	BP24 2026-27
Total	£92.7m	£91.6m	£81.0m	£90.5m	£80.4m	£80.4m
Unallocated projects		£9.2m		£13.0m	£4.6m	£1.9m
Project baseline	£26.2m	£14.7m	£13.9m	£10.5m	£9.4m	£12.1m
Info Sec Run Cost		£2.4m	£1.0m	£2.4m	£1.0m	£1.0m
S&O Scope Changes & Reclassifications			£2.1m		£2.1m	£2.1m
S&O Baseline	£66.5m	£65.3m	£63.9m	£64.6m	£63.2m	£63.2m

Service & Operate Costs
- Info Sec Run Cost
- S&O Scope Changes & Reclassifications
- S&O Baseline

Projects
- Unallocated projects
- Project baseline

Total cost base forecast

Since our restructure in 2021, we outsource the majority of our investment and S&O activity to a number of third-party suppliers. For more details on the contracts we have in place, please visit the **Contract management and assurance** section. The table below shows how the budget looks when costs are broken down based on whether work is being undertaken directly by Xoserve or via an outsourcing agreement.

We will update this table during the BP24 period, bringing updates to the DSC CoMC to demonstrate how the budget evolves throughout the financial year.

Element	BP Category	Business Area	Budgeted Spend 2024/25 (£m)	Budgeted Spend 2025/26 (£m)	Budgeted Spend 2026/27 (£m)
Outsource	S&O	Operate	54.7	54.0	54.0
		PAFA, AUGE and Meter Read Agency Services	3.1	3.1	3.1
		RECCo services	2.5	2.5	2.5
	Investment	Infrastructure Projects	5.8	1.8	4.5
		Change Projects	7.4	11.5	8.8
		Total Outsource	**73.5**	**72.9**	**72.9**
Direct	S&O	Operate	0.6	0.6	0.6
		Support	5.3	5.3	5.3
		Infrastructure & Change Projects	0.9	0.9	0.9
	Investment	Change Projects	0.7	0.7	0.7
		Total Xoserve	**7.5**	**7.5**	**7.5**
		Total	**81.0**	**80.4**	**80.4**

Our direct costs are primarily people-based. We will have 58 employees during 2024-25. The table shows our headcount forecast and associated costs.

Xoserve employee count

Xoserve Area	2024-25	2025-26	2026-27
Senior Leadership Team	7	7	7
Change & Delivery Assurance	20	19	19
Contracts & Procurement	6	5	5
Finance & Support Services	10	11	11
Credit Risk & Neutrality	10	10	10
External Affairs	5	5	5
Headcount	**58**	**57**	**57**
Total Xoserve people costs £m	**£5.1m**	**£5.0m**	**£5.0m**

Investments

In BP23 we forecasted that investment costs would reduce to £14.7m in 2024-25 and, following historic precedent, a balancing figure of £9.2m for 'unallocated projects' was added to the forecast to maintain a flat investment profile.
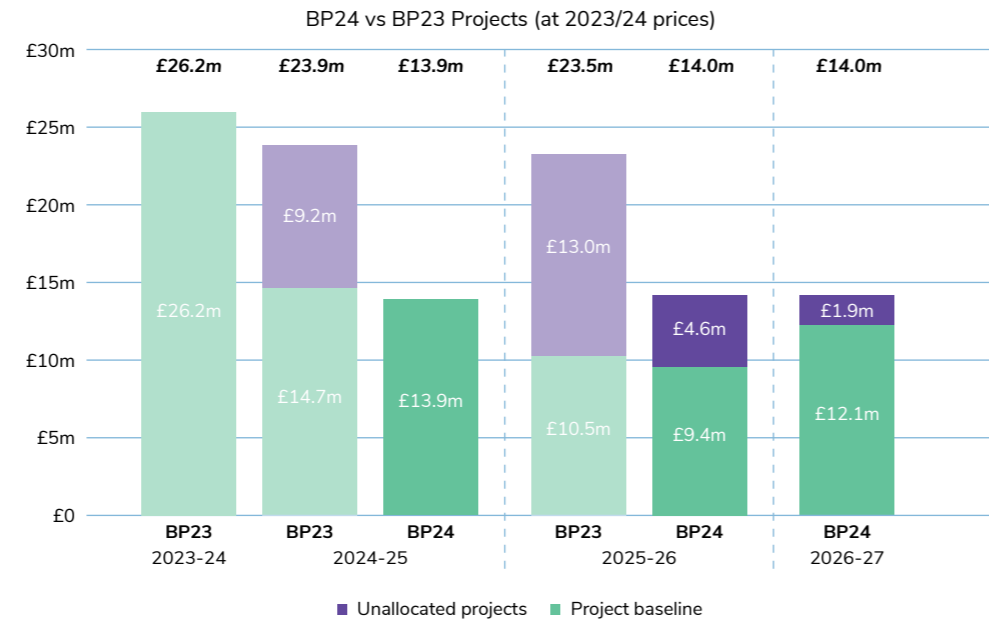
Our recent review has confirmed that the forecasted investment cost of £14.7m is broadly in line with our required BP24 investment requirement of £13.9m. The main difference between our forecast and budget has been created by the reclassification of decarbonisation funding from investment to S&O. We have also removed unallocated projects from our potential requirements.

The £13.9m budget for investment delivery is smaller than in recent years, when we were delivering major industry programmes which are now operational; such as Central Switching Service Consequential (CSSC), moving UK Link to the cloud (known as M2C) and the implementation of the Protecting Against Cyber Crime programme.

Following customer feedback, we are also presenting investments differently than in BP23, by reverting to terminology consistent with our Budget and Charging Methodology.

Following historical precedence, this forecast spans 3 years. It is possible that the investment profile beyond this period will increase as we approach a mandated SAP upgrade to the **UK Link platform**.

The graph below shows the total investment budget, and how it has evolved from the forecast we shared in BP23.

BP24 vs BP23 Projects (at 2023/24 prices)

	£26.2m	£23.9m	£13.9m	£23.5m	£14.0m	£14.0m
		£9.2m		£13.0m		£1.9m
	£26.2m				£4.6m	
		£14.7m	£13.9m	£10.5m	£9.4m	£12.1m
	BP23 2023-24	BP23 2024-25	BP24 2024-25	BP23 2025-26	BP24 2025-26	BP24 2026-27

■ Unallocated projects   ■ Project baseline

The types of investment work we undertake breaks down into two sub-categories:

- **Infrastructure projects** - detailed, fully scoped projects with fixed costs that are known, presented and agreed as part of the business planning process.

- **Change projects** - effectively placeholder budgets for utilisation once scoped by customers during the financial year.

As the tables show, the majority of investments for BP24 are change projects. You can also see how the cost of each investment will be shared among customer constituencies and the cost-per-MPRN for each project.

Infrastructure Projects		Shippers		National Gas NTS	DN Operators		IGTs	
No / Infrastructure Project	Annual Infrastructure Charge Base	Share of Annual Infrastructure Charge Base	Annual Infrastructure Charge per Meter Point £	Share of Annual Infrastructure Charge Base	Share of Annual Infrastructure Charge Base	Annual Infrastructure Charge per Meter Point £	Share of Annual Infrastructure Charge Base	Annual Infrastructure Charge per Meter Point £
1 UK Link Sustain	1,800	808	0.03	130	835	0.04	27	0.01
2 UK Link Service Essentials	560	251	0.01	40	260	0.01	8	0.00
3 Gemini Sustain	3,434	-	-	3,434	-	-	-	-
Total Infrastructure Service	5,794	1,060	0.04	3,604	1,095	0.05	35	0.01

Change Projects		Shippers		National Gas NTS	DN Operators		IGTs	
No / Change Project	Annual Change Charge Base	Share of Annual Change Charge Base	Annual Change Charge per Meter Point £	Share of Annual Change Charge Base	Share of Annual Change Charge Base	Annual Change Charge per Meter Point £	Share of Annual Change Charge Base	Annual Change Charge per Meter Point £
1 Gemini Regulatory Change	2,420	-	-	2,420	-	-	-	-
2 UK Link Optimisation	1,500	674	0.03	108	696	0.03	23	0.01
3 Decarbonisation	678	-	-	79	599	0.02	-	-
4 DSC Change Budget	2,650	1,530	0.06	56	921	0.04	143	0.05
5 REC Change Budget	350	207	0.01	-	124	0.01	19	0.01
6 Data Discovery Platform	383	192	0.01	-	160	0.01	32	0.01
7 Non Standard Items for Data Reporting	110	49	0.00	8	51	0.00	2	0.00
Total Change Service	8,091	2,651	0.11	2,671	2,551	0.11	218	0.08

S&O costs

S&O costs fund all 'business as usual' CDSP activities and comprise of four elements:

- General services
- Specific services
- Additional third-party services
- RECCo services

General services costs are allocated based on customer-approved percentage splits, as set out in our Budget and Charging Methodology. The allocation of specific costs and additional third-party costs is based on individual customer use. RECCo services (the provision of the Gas Enquiry Service) are funded directly by the Retail Energy Code Company (which is itself funded by suppliers).

The table below lists the service areas, the associated costs (at a 'total' and 'cost per-MPRN' level), and how they are shared amongst customer constituencies. A new Service Area (18) to track S&O decarbonisation spend is proposed and its creation is being progressed through the appropriate DSC governance routes.

S&O efficiencies and cost reductions

Baseline S&O is a measure of like-for-like activity across several years and is used as a way to track whether operations are becoming more cost-efficient. This comparison requires us to apply the prices from the most recent financial year across the previous financial years, so that annual inflation doesn't distort the analysis.

In 2024-25 the baseline S&O is reduced by 4% (£2.6m) due to a variety of factors:

Costs associated with RECCo services were renegotiated, which made the activity more economic (£1.4m less expensive). This resulted from a restructure of the architecture of platforms holding the Gas Enquiry Service data.

The Gemini Sustain+ programme has modernised and optimised the technologies used within the platform. This has resulted in an annual £0.5m reduction in the S&O costs associated with Gemini. It has also moved to a DevOps supporting framework, which reduces the ongoing cost of managing and delivering change.

Additionally, a cost reduction of £0.6m has resulted from the decommissioning of legacy CMS.

S&O Costs

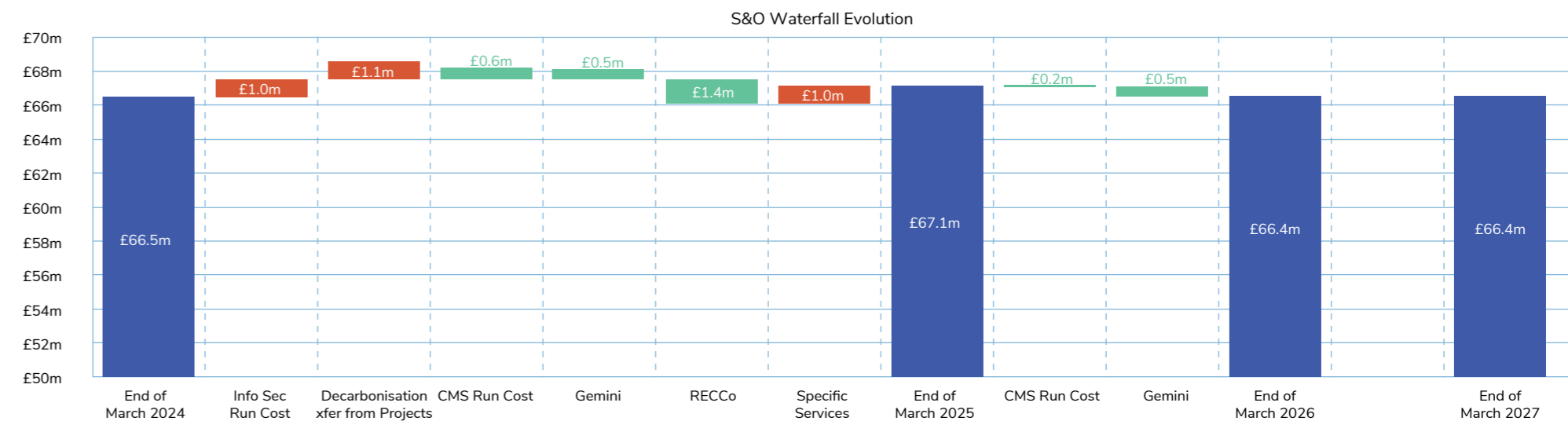| No	Service Area	Annual Service Area Charge	Shippers		National Gas NTS	DN Operators		IGTs		Other
			Share of Annual Service Area Charge	Annual Service Charge per Meter Point £	Share of Annual Service Area Charge	Share of Annual Service Area Charge	Annual Service Charge per Meter Point £	Share of Annual Service Area Charge	Annual Service Charge per Meter Point £	Share of Annual Service Area Charge
1	Manage Shipper Transfers	2,025	2,025	0.08	-	-	-	-	-	-
2	Monthly AQ processes	1,721	1,721	0.07	-	-	-	-	-	-
3	Manage updates to customer portfolio	5,448	4,903	0.19	-	545	0.02	-	-	-
4	Meter Read / Asset processing	1,149	379	0.02	-	770	0.03	-	-	-
5	Demand Estimation obligations	1,881	941	0.04	-	941	0.04	-	-	-
6	Customer Relationship Management	3,421	2,155	0.09	291	859	0.04	116	0.04	-
7	Customer Joiners/Leavers (UK Gas Market)	961	-	-	480	480	0.02	-	-	-
8	Energy Balancing (Credit Risk Management)	1,258	-	-	1,258	-	-	-	-	-
9	Customer Reporting (all forms)	1,879	639	0.03	132	977	0.04	132	0.04	-
10	Invoicing customers	8,400	-	-	1,008	7,392	0.33	-	-	-
11	Management of Customer Issues	834	333	0.01	42	404	0.02	54	0.02	-
12	Customer Contacts	3,123	1,561	0.06	187	1,212	0.05	162	0.05	-
13	Managing Change	15,980	8,310	0.33	1,119	6,392	0.29	160	0.05	-
14	Gemini Services	4,572	-	-	4,572	-	-	-	-	-
15	Value Added Services	1,979	1,583	0.06	-	348	0.02	47	0.02	-
16	CSS	3,699	3,699	0.15	-	-	-	-	-	-
17	Distribution Network Wholly Funded	246	-	-	-	246	0.01	-	-	-
18	Decarbonisation	1,122	-	-	-	1,122	0.05	-	-	-
	Total General Services Charge	59,698	28,250	1.12	9,089	21,688	0.98	672	0.22	-
	Total Specific Services Charge	4,574	2,745	0.11	-	1,829	0.08	-	-	-
	Total Additional / 3rd Party Charge	153	-	-	-	-	-	-	-	153
	Total RECCo Charge	2,691	-	-	-	-	-	-	-	2,691
	Total Service & Operate Business Plan 24	67,116	30,995	1.23	9,089	23,517	1.06	672	0.22	2,845

Scope changes and cost reclassification

The chart below shows the moving parts associated with our evolving S&O cost base.

In previous plans we forecasted that we would increase our S&O cost by £2.4m following the completion of the Security and Privacy Improvement Plan. This ongoing cost has been reduced by £1.4m thanks to renegotiations with service providers and a refocus on actual risk reduction shaped around our specific requirements rather than achieving perceived improvement based on the NIST cyber risk scoring model.

£1.1m of decarbonisation funding is being reclassified from investment into S&O, to reduce reliance on contract staff and retain in-house decarbonisation expertise. A new dedicated Decarbonisation General Service Area has been proposed to track expenditure and is currently being progressed through the appropriate industry governance routes.

An additional £1.0m is being applied to the costs associated with Specific Service Area SS SA22 94 (Provision of a Managed Non-Daily Metered Sample Read Service) to reflect the new and improved service.

S&O Waterfall Evolution

£70m		
£68m		
£66m		
£64m		
£62m		
£60m		
£58m		
£56m		
£54m		
£52m		
£50m		

£66.5m — End of March 2024
£1.0m — Info Sec Run Cost
£1.1m — Decarbonisation xfer from Projects
£0.6m — CMS Run Cost
£0.5m — Gemini
£1.4m — RECCo
£1.0m — Specific Services
£67.1m — End of March 2025
£0.2m — CMS Run Cost
£0.5m — Gemini
£66.4m — End of March 2026
£66.4m — End of March 2027

Rebate forecast

The table below provides a forecast of the rebates that, if realised, will be communicated in the Annual Charging Statement 2024-25, to be published in January 2024.

Element	2022-23 Y-2 £m	2023-24 Y-1 £m	Rationale	Total Forecasted Rebate in Annual Charging Statement 2024-25 (published January 2024) £m
Protecting Against Cyber Crime	0.7	1.0	A reassessment of the return on investment (ROI) associated with the planned deployment of some tools has led us to conclude that there are elements which do not give a sufficient ROI to justify the cost i.e. they will only provide a minimal reduction in risk.	1.7
Service & Operate	0.7	0.3	PAFA and AUGE costs were lower than forecast. Rebate also relates to unused GES resource funding and employee vacancies.	1.0
Other (interest, RDEC)	0.3	0.4	Rebate relates to interest accrued within year and reclaimed tax credits.	0.7
UK Link Roadmap	-	2.0	The rebate relates to the pared down investment profile in certain areas within the BP 2023/24 period, with a view to implement Discovery recommendations (due to be available April 2024) in a phased manner over the next 2-3 business plan years. This will be undertaken in consultation with customers. It will allow time to fully optimise UK Link and align the transition with major industry changes such as decarbonisation; synergising investment where possible.	2.0
General Change	-	1.0	The General Change Budget is not forecasted to be fully utilised during the period.	1.0
CMS	-	0.3	An increase to the Service as a Software costs associated with functionality of the re-built CMS system was not required, as scope was delivered later than planned.	0.3
Gemini Roadmap (Regulatory Change Budget)	-	2.8	The Gemini Regulatory Change Budget is not forecasted to be fully utilised during the period.	2.8
Total	**1.7**	**7.8**		**9.5**

Treatment of inflation

Earlier this year we reviewed the elements that make up our cost base, including our 3rd party arrangements, and concluded that S&O was subject to CPI-H indexation and that this should be applied to the BP23 budget for charging purposes, noting that where costs did not increase by this level then customers would be rebated accordingly at the year end.

The review found that applying CPI-H to investments was necessary for those fully scoped programmes (at the time of the review) and which had been costed in 2022/23 prices. The review concluded that investments that were designed to be budgets for within-year 'drawdown' need not be subject to indexation because the projects would be set in 2023/24 prices at the time of the agreement of their individual scopes.

We will continue to apply (December 2023) CPI-H to 2024-25 Service and Operate costs for calculating customer charging. However, we have refined our approach to investments in our 2024-25 budget, with more funding being placed into the incremental 'Change' investment category, which will not be subject to indexation in the Annual Charging Statement. For example, we have separated the UK Link Roadmap into 'Sustain' and 'Enhance' sub-categories, with the former remaining in the 'Infrastructure' category – which is subject to indexation in the Annual Charging Statement – and the latter being moved into the 'Change' category – which is not.

Value for money

In the P&A document that preceded this Business Plan, we highlighted that clearly articulating VfM was a key principle for BP24, and during the dedicated P&A roundtable customers agreed that it should be a priority focus area. We explained that we saw VfM as being multifaceted, and not just about whether services were inexpensive. With that said, and as the graph below shows, our cost per meter point is decreasing. The cumulative incremental increases to the S&O baseline includes the operation costs associated with the Central Switching Service (CSS) and other incremental industry / customer driven scope changes.

Cost per meter point (2023-24 prices)

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 LF	2026-27 LF
Total	£4.21	£4.34	£3.61	£3.70	£3.22	£3.19	£3.19
Investment	£1.70	£1.84	£1.22	£1.04	£0.55	£0.56	£0.56
S&O Cumulative Increment	£0.00	£0.06	£0.07	£0.43	£0.48	£0.48	£0.48
S&O Baseline	£2.50	£2.43	£2.33	£2.22	£2.19	£2.16	£2.16

■ S&O Baseline ■ S&O Cumulative Increment ■ Investment
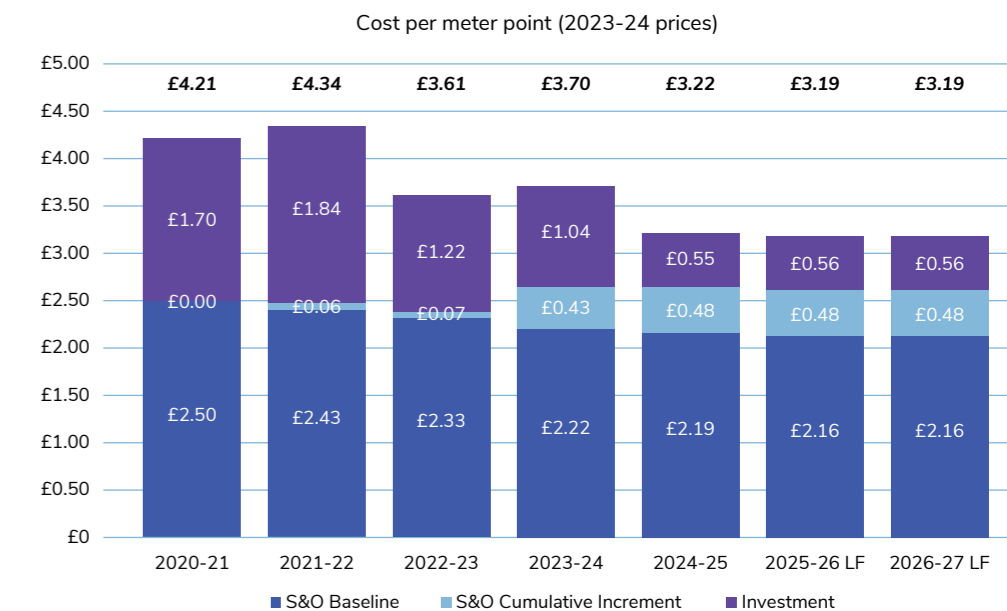
VfM framework: The four Es

In the P&A we explained our choice of the 4E framework as a way of articulating value for money through Economy, Efficiency, Effectiveness and Equity.

Economy and efficiency

Following customer scoping and approval of the necessary funding, during July and August 2023 a third-party consultant was contracted to undertake an Efficiency (VfM) Review of the CDSP cost base. Their directive was to conduct a benchmarking exercise and assess whether Xoserve is delivering CDSP services economically and efficiently. A comparison was made with other service providers and other organisations in different sectors to evaluate the services we undertake on behalf of DSC customers and the associated costs.

Effectiveness

Our effectiveness is measured across a series of 49 KPM/PIs. You can find information regarding performance here (pages 34-47).

Equity

A review of our Cost Allocation Methodology (CAM) is underway and will make use of the observations and recommendations relating to cost classification from the Efficiency (VfM) Review. We will share information on the progress and outcomes of the CAM review as we move through the BP24 cycle,

Additional information relating to this section, including a breakdown of costs by customer constituency, can be found in Annexe 1.
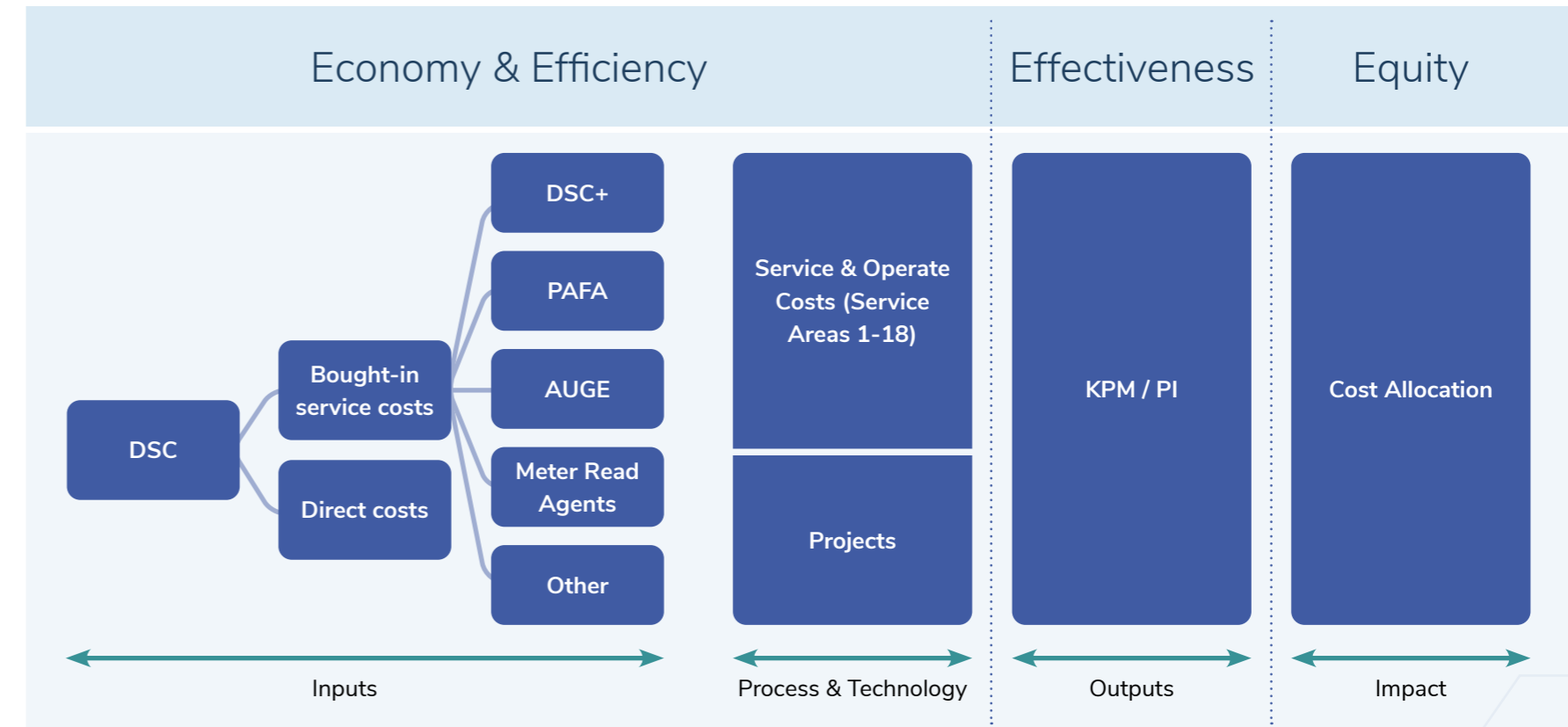
Findings of the Efficiency (VfM) Review

The recent 3rd Party review of our cost base, that was scoped in collaboration with customers, has now concluded with the final report delivered in September, just prior to the publication of BP24 Draft 1.   We have made a **summary report** for public access available on our dedicated **BP24 Hub** and the fully detailed version to all DSC Contact Managers.

The assessor was able to successfully review 80% of our 2022-23 cost base and found that the majority of our services benchmarked positively in comparison with similar / other organisations.   They also identified some areas that warranted further exploration, suggesting that an economy gain of between 2-8% (of the total 2022-23 cost base) might be achievable following the delivery of some focused VfM initiatives.

Service and Operate

Service and Operate costs are the most consistent element of our cost base in terms of size and shape, reflecting the nature of the associated activity. As such, we can effectively measure ongoing economy and efficiency across multiple years. Since the period that the assessor reviewed (2022-23), our Baseline S&O costs have already reduced via a mixture of initiatives. We are aiming to reduce the Efficiency (VfM) Review baseline S&O cost-per-meter-point by a total of 9% (from £2.40 in 2022-23 to £2.19 in 2026-27). The Efficiency (VfM) Review baseline includes all S&O costs (including incremental scope) in 2022-23.

Current S&O cost-per-meter-point economy target (2023-24 prices)

Year	Value
2020-21	£2.50
2021-22	£2.49
2022-23	£2.40 (Cost base used for VfM Review)
2023-24	£2.29
2024-25	£2.26
2025-26 LF	£2.23
2026-27 LF	£2.19
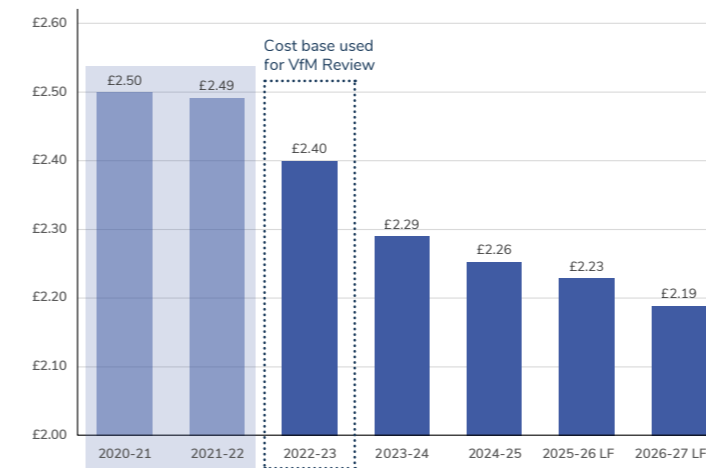
Investment

Given the variability of our investment profile from year to year (our profile in 2024-25 is c£12m less than in 2023-24, based on the demand and / or need to develop CDSP systems and processes), it is more difficult to target specific economy gains. We will be fully and robustly assessing all of the potential opportunities highlighted in the review associated with the delivery of change, with the aim to drive economy. We will also look at ways in which change can be delivered more efficiently and effectively.

Our approach

Since we published Draft 1 of BP24, we have initiated a programme of work to address the findings of the review. The Efficiency Review Delivery Programme (ERDP) will consist of five workstreams, each designed to categorise and address the 40 separate Findings Actions (FAs) emanating from the review, and sponsored by a member of our Senior Leadership Team (SLT).

Efficiency Review Delivery Programme Packages

Programme Package	FA Count	Programme Scope Executive Summary	Accountable SLT Member	
Contract Strategy	3	For future work consider gain share deals, benchmarking, competition and incentives for innovation and new services from its supplier base.	Chris Dwyer	
Contractual Application	2	Ensure Xoserve maximises all contract levers in its commercial agreements to ensure value for money and effectively manage third party suppliers.	Chris Dwyer	
Change	27	End-to-end process and management review of the change process. The review will consider the operating model of change within Xoserve and its interactions with customers and Correla.	Emma Smith	
Customer Reporting	1	End to end review (including the cost of provision) of the reporting that Xoserve provides to customers. Review if current provision is still fit for purpose and if there are better ways to deliver customers reporting requirements.	Emma Smith	
Financial & Operation Reporting	7	Ensure financial, operational and change metrics evidence value for money (VfM) continue with salary benchmarking roles in Xoserve to ensure VfM and rates charged to Xoserve for resource.	James Spicer	

Customer engagement and role

We intend to fully engage all customers throughout the lifecycle of the programme, creating a collaborative and transparent environment in which the programme can progress and deliver. We will instigate and facilitate a Customer Advisory Board (CAB), consisting of change specialists from each of our customer constituency groups. The CABs role will be to to support our aspirations to deliver improved efficiencies and savings internally, and through influencing best practice and driving change across the gas sector. The outputs from the CAB, including programme update reports, will be available to all customers on the dedicated BP24 Hub.

The 4Es

As we have set out in this business plan, we believe VfM can be achieved by a blend of making services more economic, more efficient, more effective, or more equitable. As the programme progresses, we will be clear how each initiative addresses one or more of the 4Es and we will promote the use the framework as a decision-making tool when required.

Contract management and assurance

The majority of our cost base funds an ecosystem of contracts with third parties, to deliver Central Data Service Provider (CDSP) services. We will continue to perform appropriate contract management and assurance activities for each contract, including qualitative and quantitative KPM/PI setting, monitoring and auditing.

Chris Dwyer, Head of Contract Management and Procurement, Xoserve

Data Services Contract Extra Services (DSC+)

We hold a contract with Correla for the delivery of the majority of our general services (funded via S&O) and infrastructure and change programmes. This contract has been in place since 2021. Correla has a unique depth of knowledge and expertise borne from many years of successfully delivering DSC activities, now on behalf of Xoserve rather than directly. In September 2023, on request from the DSC CoMC, we invited all DSC Contract Managers to review a redacted version of the DSC+ contract. Find out more about how we manage and assure the DSC+ in **Annexe 2**.

Performance Assurance Framework Administrator (PAFA)

The Performance Assurance Framework has been in place since 2016, and its administrator (PAFA) was appointed following a procurement exercise carried out by Xoserve with support from customers. The PAFA contract is currently held by Gemserv, and this organisation provides the Performance Assurance Committee (PAC) with data analysis, including analysis of gas settlement data and data visualisations provided by Xoserve, and administrative support for the management of gas settlement risk. We are in the process of retendering the PAFA contract following contract expiration. We shall commence a PAFA Public Procurement during October 2023 in readiness for the termination of the current agreement in July 2024.

Allocation of Unidentified Gas Expert (AUG-e)

We contract with Engage Consulting for the provision of AUG-e activities and the provision of the Annual Statement. The AUG-e analyses data, including gas settlement data provided by Xoserve, to produce a table of weighting factors which are used to share Unidentified Gas (UIG) insights each day. Dependent on the outcome of the current UNC modification 831v, there may be a requirement for the procurement of a new AUG-e

Efficiency (VfM) Review

Funds were approved within BP23 to procure a third-party review of the CDSP cost base and contracting landscape, benchmarking whether we were providing DSC services economically and efficiently in comparison with similar organisations. We have contracted with Kearney for this work. It is possible that another tendering exercise for a future Efficiency Review activity may be requested by customers, and if so, we will adopt the same approach; asking the CoMC to appoint a Stakeholder Evaluation Panel to assist with the setting of scope and execution of procurement. Find out more about the **Efficiency Review**.

Non-daily metered service provider

We contract with Technolog to provide meter read services on behalf of Distribution Network Operators: Cadent, Northern Gas Networks and Wales & West Utilities. Technolog gathers actual daily gas consumption data in support of demand estimation modelling. This contract covers both data provision and field service elements.

Daily metered service provider (Class 1 sites)

This contract covers provisions for data collection, reporting and associated field services to support the requirement for the collection of daily and within-day meter reads from Class 1 sites to feed into demand estimation processes as part of a DSC obligation. We contract with Technolog for these services.

ISAE3402 Assurance Audit 2023

Provision of an ISAE 3402 Assurance Review report on internal controls in respect of the gas transportation billing services provided to Xoserve customers, covering the five key DNO and NTS invoice types, to include:

- management control framework & environment;
- relevant IT controls, and
- business process controls

Financial Statement Audit

Annual financial statement preparation services for FY 2024/25, providing the associated external financial audit and opinion (excludes Corporation tax support).

DSC - Effectiveness

Our priority is always to perform our role as CDSP to the best of our ability. Our customers measure how effective we are via a series of 20 Key Performance Metrics (KPMs) and 29 Performance Indicators (PIs). These measures, initially agreed with the DSC CoMC, have evolved over time and new additions are added in line with the expansion of the services we deliver. We report performance each month to the DSC CoMC.

These controls are necessarily stretching given how critical the services that they pertain to are to the smooth operation of the gas industry. Our aim for 2024-25 is to once again improve on the previous year's performance, which we managed to do in 2022-23. If required, we will establish within-year 'back to green' plans with CoMC to address sub-optimal performance. See the full suite of KPMs and PIs here.

Work volume ('process events') forecast

We do not forecast any significant changes in the volume of work, or 'process events', to the extent that system capacity will need to be reviewed during this period. However, we will continue to monitor trends and report outputs to CoMC each month.

Find out more about workload forecasts in Annexe 2.

Customer and industry engagement
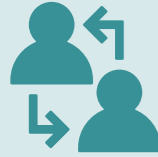
Customer engagement is an essential part of what we do at Xoserve. In our role as CSDP, serving our customers is our reason for being, and so we strive to engage continually. We do this in many ways, including formal, periodic DSC committees, REC, UNC and IGT UNC working groups, change development sessions, and directly; when customers need advice or want to provide individual feedback.

As a non-profit entity, we will continue to serve all corners of the market, approaching industry problems or opportunities centrally and from a neutral perspective, to contribute towards solutions that benefit everyone.

Dave Turpin, Head of External Affairs, Xoserve

We maintain and develop the digital systems that keep our customers informed and connected, and endeavour to always provide the opportunity for human connection too. We will continue to actively seek out opportunities to interact with our customers and respond to their feedback. This is something we want to keep getting better at.

Find out more about how we will engage with customers in 2024-25.

Alongside this, we recognise and aim to leverage the unique position we occupy in the gas industry to the benefit of our customers. As a non-profit entity serving all corners of the market, we can approach industry problems or opportunities centrally and from a neutral perspective, to contribute towards solutions that benefit everyone. We have a role to play in facilitating the transition to net zero and can also help to ensure that important change projects that will benefit our customers happen at pace.

Our ongoing objective is to use our broad depth of knowledge and experience for the gas industry's long-term benefit, while also ensuring that we deliver high-quality, economic, efficient and effective CDSP services.

BP24 engagements

In our P&A document, we committed to the principle that BP24 will be built on engagement. This will build on the foundations we have laid since the approval of BP23 in January 2023. During that time, we have continually and frequently engaged with customers to help identify improvements that could lead to a better experience of the planning cycle.

In response to customer feedback, we led a well-attended customer roundtable at the start of the formal BP24 process in June, shortly after the publication of our draft P&A document and just as a three week consultation period began.

The roundtable was successful in generating useful discussion. Attendees broadly agreed that the principles we had identified as being most important were also their priorities. However they also felt that transparency was the most important principle and that our commitment to it should be more explicit. In July, we published the final version of the P&A document, in which transparency was at the forefront.

Our aim now is to bring customers closer to the process than ever before. In practice this means providing easily digestible written and visual communication, dedicated roundtable events at key stages of the planning process, and more informal drop-in sessions which offer an opportunity for customers to ask more detailed or item-focused questions. Importantly, all feedback needs to be captured and responded to or acted upon as appropriate.

All BP24 content can be found in our Business Plan Hub, including documents, videos and the Q&A Register which transparently tracks all non-confidential customer feedback and Xoserve's responses. More content will be uploaded as we move through the BP24 cycle.
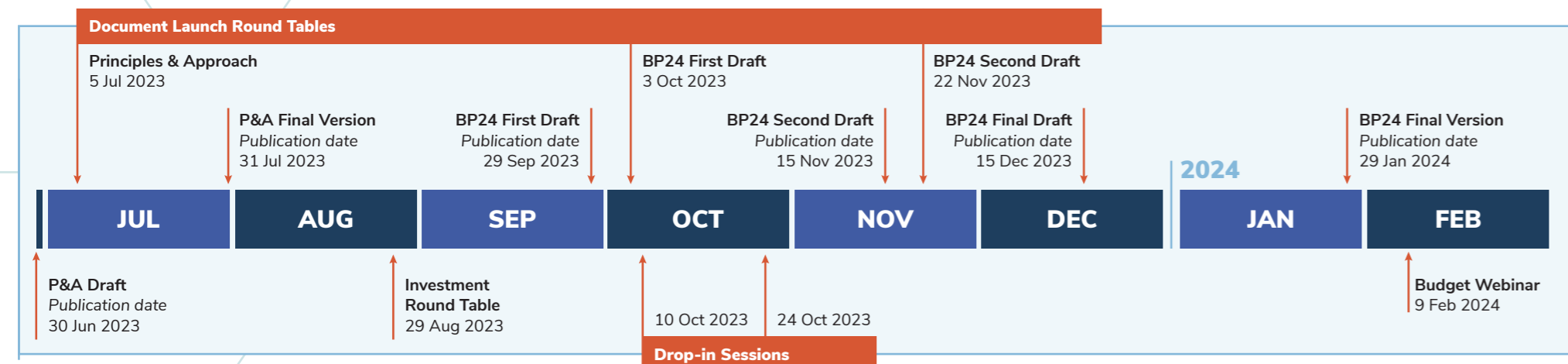
Document Launch Round Tables

Principles & Approach
5 Jul 2023

P&A Final Version
Publication date
31 Jul 2023

BP24 First Draft
Publication date
29 Sep 2023

BP24 First Draft
3 Oct 2023

BP24 Second Draft
Publication date
15 Nov 2023

BP24 Second Draft
22 Nov 2023

BP24 Final Draft
Publication date
15 Dec 2023

BP24 Final Version
Publication date
29 Jan 2024

2024

JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB

P&A Draft
Publication date
30 Jun 2023

Investment Round Table
29 Aug 2023

10 Oct 2023   24 Oct 2023

Drop-in Sessions

Budget Webinar
9 Feb 2024

Consultation questions

To help keep the dialogue between us open, we have included some questions below that we hope will stimulate discussion. You can respond to these via **our online form**.

Please remember, we would love to hear all feedback and this should not be constrained to answering our questions. Your comments and queries can also be sent to **customerexperience@xoserve.com**.

Finance and value

Q1 - How frequently do you think an Efficiency (VfM) Review should be repeated?

Customer engagement

Q2 - Do you agree that the principles set out in the P&A have been achieved in this draft of BP24?

Q3 - Is there any information that is provided in other central body business plans or budget documents that is not provided here and which you would find useful?

Contract Management and Assurance

Q4 - Do you think the DSC KPMs and PIs are comprehensive in measuring CDSP performance, or are there other measures that you would like to see applied?

Change and infrastructure delivery

Q5 - Is there any area of investment not currently included in BP24 that you think should be included?

The consultation period for BP24 (1st Draft) is open until 20th October 2023. Building on the success of previous roundtable events, we are holding a BP24 (First Draft) focused roundtable on 3rd October 2023.

Change and infrastructure investment

Xoserve's total proposed investment budget for the BP24 period is £13.9m, and the scope for this year has objectives that our customers will be familiar with:

- Continue to sustain and enhance the critical IT platforms that facilitate the operation of Great Britain's gas industry.
- Deliver incremental and beneficial customer changes to central systems and processes.
- Support the gas industry on its journey towards net zero.

Along with sustaining the critical platforms that underpin the gas industry, we will engage even more closely with our expert DSC committees in the development of incremental change, as we co-navigate the path to net zero.

Emma Smith, Head of Change and Delivery Assurance, Xoserve

2024-25 investment costs in comparison with previous budgets

As mentioned in the 'Finance and value' section, the total budget for the 2024-25 financial year is smaller than previous years, when we were delivering major in-flight programmes such as CSSC and M2C.

Additionally, BP23 investments such as the Protecting Against Cyber Crime programme and elements of decarbonisation activity are set to become operational activities funded via S&O in 2024-25.

BP23 also introduced one-year 'isolated' investments such as the Energy Price Guarantee Scheme, which doesn't require further funding in BP24, and an Efficiency (VfM) Review which may become a related activity, depending on further dialogue with our customers.

The graph below shows how our total actual investment budget has evolved since BP21 and in comparison with the investment budget for 2024-25. CSSC and M2C have been broken out separately to properly reflect the size of investment commitment.

Investment profile comparison with previous Business Plans from relevant Annual Charging Statement (£m)

	2021-22	2022-23	2023-24	2024-25
	£39.8m	£27.6m	£26.2m	£13.9m
Infrastructure	£8.2m	£7.3m	£15.8m	£5.8m
	£13.0m	£9.5m		£8.1m
CSSC	£13.3m	£9.2m	£10.4m	
Change		£1.6m		
M2C	£5.3m			

Legend: Infrastructure ■ Change ■ CSSC ■ M2C
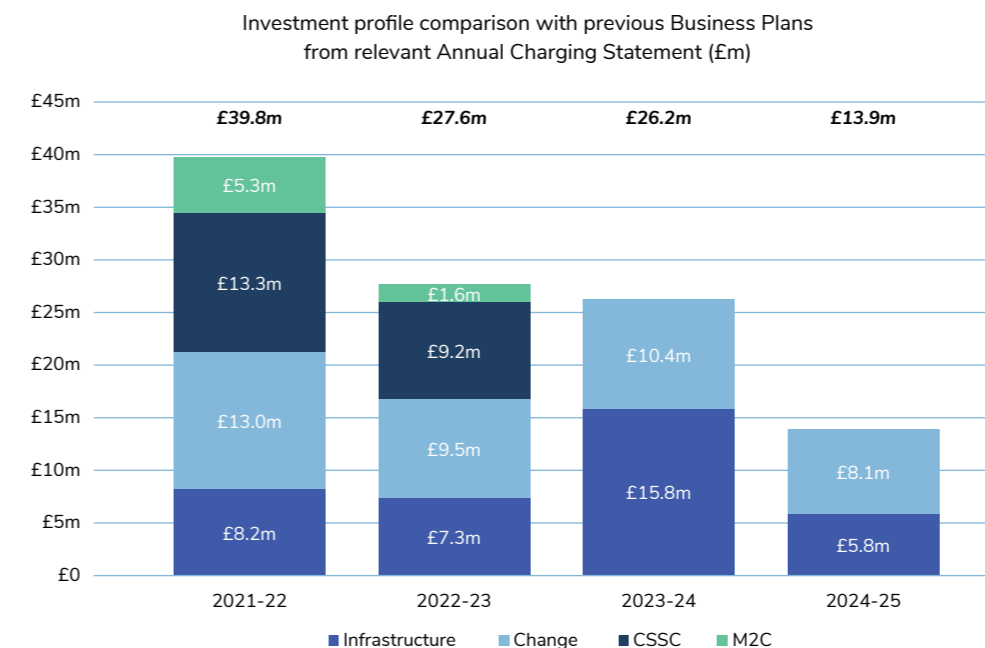
Evolution of each investment across the same period:

Investment	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Gemini Roadmap	3.0	3.8	6.1	3.4
UK Link Roadmap	0.6	0.3	6.6	2.4
UKL Core Platform Migration (M2C)	5.3	1.6	0.2	-
UKL Capacity for Change	2.6	0.1	0.1	-
Protecting Against Cyber Crime*	4.4	3.1	2.6	-
Data Discovery Platform (DDP)**	1.8	0.9	0.8	-
Customer Experience / Digital	1.5	0.3	-	-
Central Switching Service Consequential (CSSC)	13.3	9.2	-	-
General Change	5.3	3.3	3.5	3.5
Decarbonisation	-	1.9	1.8	0.7
Efficiency (VfM) Review***	-	-	0.5	-
Energy Price Guarantee (EPG)	-	-	1.0	-
Gemini Regulatory	2.0	3.1	3.0	2.4
UK Link Optimise****	-	-	-	1.5
Total	**£39.8**	**£27.6**	**£26.2**	**£13.9**

* Protecting Against Cyber Crime is becoming an operational activity, with cost moving into S&O from 2024-25.

** The DDP change development budget will now be classified as a general change cost

*** Customers may decide to reinvest in future Efficiency (VfM) Reviews

**** UKL Optimise is a new, drawdown budget associated with the UK Link Roadmap, and is separate from UK Link 'Sustain'.

Our investment approach

We have already briefly outlined our investment objectives. Building on this, our aims must also consider how we optimise value for money. To do so, we must:

- efficiently sustain our key IT platforms so that we continue to be effective in delivering critical Central Data Service Provider (CDSP) services that rely on system availability, processing reliability and capacity.

- navigate the political and environmental uncertainties ahead, and incrementally optimise CDSP infrastructure at the right time and with the least risk of 'regret' spend.

- deliver customer change economically and to a high standard, bringing customers closer to the change process than ever before.

Future energy scenarios

The gas industry continues to navigate a difficult path. An already complex geopolitical landscape has been exacerbated by Russia's invasion of Ukraine, and we must approach the coming year knowing that a degree of uncertainty remains over future energy scenarios. We recognise that the transition towards net zero requires a collective will to reshape how energy is produced, transported, supplied and consumed.

While it is likely that natural gas will support domestic heating and industrial capabilities at the current scale for years to come, this demand will diminish as we approach 2050. The role played by hydrogen is likely to become more prominent across that period, as detailed in **National Grid ESO's Future Energy Scenarios**.

As we began to explore in our P&A document, the change and uncertainty ahead must shape our approach to investment and risk. All investment being sought in during the BP24 period and beyond will fall into one of three categories:

- No regret
- Required to keep options open
- Delivers benefits now

Navigating uncertainty

A number of uncertainties have been considered when scoping BP24 investment proposals. These range from technical (e.g. SAP support expiry dates and cloud developments), to global (e.g. will events lead to more energy cost challenges and support scheme redeployment), political (e.g. will a potential change to government delay/change policy decisions on hydrogen and blended gas) and market (e.g. will there be changes in market conditions that result in increased or decreased system capacity, or capability requirements).

These uncertainties have influenced our proposals in terms of what and when investments should be delivered, and focused us on delivering no-regret spend wherever possible in the upcoming year.

Throughout the BP24 period we will continually monitor what is on the horizon; arming ourselves with an in-depth knowledge of any policy decisions that will impact CDSP services, and providing our assistance to policymakers when required, as they navigate the path to net zero.

Policy milestones

The key Government policy / regulatory milestones that may reduce some uncertainty are:

- **2023** – Final policy decision on hydrogen blending
- **2023** – First hydrogen support contracts allocated
- **2023** – Decision on hydrogen village location
- **2024** - H100 trial to commence
- **2024** - Energy Bill expected to complete
- **2024** - Future systems operator appointed
- **2024** Smart meter rollout completed
- **2025** – New business models for hydrogen transport and storage infrastructure designed

- **2025** – Hydrogen certification scheme introduced
- **2025** – Hydrogen village trials to commence
- **2025** – Target for reaching 1GW electrolytic hydrogen production capacity and price competitive annual allocation rounds
- **2026** - MHHS (Marketwide Half Hourly Settlement) begins
- **2026** - Final policy decision on whether hydrogen will support domestic heating
- **2030** – New target for creating up to 10GW low carbon hydrogen production
- **2030** – Hydrogen town trial to commence

Customer feedback

Alongside the necessary consideration of future uncertainty, our approach to investments for BP24 has also been inspired by customer feedback received since we published BP23.

We've listened carefully to customers' thoughts on the transparency of information available to them, on our processes, and on the value for money being delivered. It is our intention to ensure that our customers' priorities and concerns are addressed in BP24; by sharing more detail about the costs involved in our critical platform-sustaining roadmaps, and by ensuring that they are provided with opportunities to provide informed feedback on all incrementally scoped change activity.

> The majority of the total investment budget will be incrementally scoped, with timely and informed oversight from our dedicated DSC committees.

Transformation categories

Our transformation programmes, projects and budgets fall into two categories, as defined in our Budget and Charging Methodology:

- Infrastructure
- Change

The activities we are proposing in BP24 are either critical to the sustenance of key IT infrastructure, such as UK Link Sustain and Gemini Sustain, or add value/deliver regulatory change and are incrementally scoped by customers. The latter category includes general change, decarbonisation activities, Gemini Regulation, and UK Link optimisation, for example.

Infrastructure

As is typically the case, and as many of our customers will expect, the infrastructure activities required during 2024-25 form a part of our multi-year technological roadmaps for the CDSP IT platforms: UK Link and Gemini.

UK Link Sustain - £2.4m - Fixed - No-regret

This £2.4m investment is to fund activities associated with sustaining the UK Link Systems Applications and Products (SAP) infrastructure and its networking components.

We will sustain some current UK Link solution components: reporting, data transformation and monitoring layers.

We will continue to maintain current assets as long as technically and economically feasible.

Using a mix of standing and specialist third-party resources, we will purchase the licences and subscriptions necessary to maintain UK Link batch integration and file processing.

View the business case to find out more

Project	Project Funding Split			
	NTS	GDN	IGT	Shipper
UK Link Sustain	7.2%	46.4%	1.5%	44.9%
UK Link Service Essentials	7.2%	46.4%	1.5%	44.9%
Core Platform Migration	7.2%	46.4%	1.5%	44.9%

BP23 Approved (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26
UK Link Sustain	Infrastructure	5,712	1,000	2,000
UK Link Service Essentials	Infrastructure	360	360	-
Core Platform Migration	Infrastructure	228	-	-
Projects Total		6,300	1,360	2,000
Service & Operate - Reclassify, Increase & Saving		-	-	-
Total Expenditure		6,300	1,360	2,000

BP24 Proposed (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
UK Link Sustain +	Infrastructure	5,712	1,800	1,500	2,000
UK Link Service Essentials	Infrastructure	360	560	270	-
Core Platform Migration	Infrastructure	228	-	-	2,500
Projects Total		6,300	2,360	1,770	4,500
Service & Operate - Reclassify, Increase & Saving		-	-	-	-
Total Expenditure		6,300	2,360	1,770	4,500

Variance BP23 vs BP24 (+ = increase) (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
UK Link Sustain +	Infrastructure	-	800	-500	N/A
UK Link Service Essentials	Infrastructure	-	200	270	N/A
Core Platform Migration	Infrastructure	-	-	-	N/A
Projects Total		-	1,000	-230	N/A
Service & Operate - Reclassify, Increase & Saving		-	-	-	N/A
Total Expenditure		-	1,000	-230	N/A

UK Link Sustain + Timeline

	2024 / 2025				2025 / 2026				2026/ 2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Checkpoint 1

Sustain + (FE)
Discovery Phase
Sustain 2024 — Sustain 2025
Sustain Batch 2024
Placeholder Budget – TBC post Discovery results

Service Excellence
ITOM 2024
File Transfer Interface Technology Upgrade

Core Platform Migration
Core Transformation begins

Key: ● Planned ● On-target ● Planning underway   Dates to be confirmed - task sized once discovery results are known

Gemini Sustain - 3.4m - Fixed - No-regret

2024-25 will be the final year of the three-year Gemini Sustain programme. The £3.4m costs will fund third-party and internal resources, along with the Azure subscriptions required to complete end-to-end testing and implementation of the new solution in Q2 2024, and the subsequent support period.

View the business case to find out more

Project	Project Funding Split			
	NTS	GDN	IGT	Shipper
Gemini Sustain	100.0%	0.0%	0.0%	0.0%

BP23 Approved (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26
Gemini Sustain	Infrastructure	6,080	3,434	-
Projects Total		6,080	3,434	-
Service & Operate - Reclassify, Increase & Saving		-	-	-
Total Expenditure		6,080	3,434	-

BP24 Proposed (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
Gemini Sustain	Infrastructure	6,080	3,434	-	-
Projects Total		6,080	3,434	-	-
Service & Operate - Reclassify, Increase & Saving		-	-	-	-
Total Expenditure		6,080	3,434	-	-

Variance BP23 vs BP24 (+ = increase) (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
Gemini Sustain	Infrastructure	-	-	-	N/A
Projects Total		-	-	-	N/A
Service & Operate - Reclassify, Increase & Saving		-	-	-	N/A
Total Expenditure		-	-	-	N/A

Gemini Sustain Plus Timeline

2023				2024			
Q1 Jan-Mar	**Q2** Apr-Jun	**Q3** Jul-Sep	**Q4** Oct-Dec	**Q1** Jan-Mar	**Q2** Apr-Jun	**Q3** Jul-Sep	**Q4** Oct-Dec

- Training and Planning
- Training Solution development
- BCM review
- System demo sessions
- Market Trials and Onboarding
- Issue Change pack
- Gemini Change Freeze May-Sep 2024
- Training delivery
- Focus Group sessions
- Business Readiness Planning and Delivery
- Dress rehersal and Cutover / GO LIVE

Change

The budgets associated with the following investments are, in effect, placeholders. The size and shape of each has been based on informed assumptions, historic trends and the need to have accessible funds in place so that we can respond to customer changes as quickly and efficiently as possible.

Our DSC committees provide within-year oversight of all change investments, with requests to 'drawdown' on the budgets sought incrementally via standing DSC governance. So, while detailed scope is not typically known when we present our budget for consultation and approval, there are robust controls in place to ensure that as soon as the details are known, they are scrutinised by customers.

> We will ensure that incremental requests for within-year drawdown funding adhere to the published Principles and Approach for BP24, with specific attention given to the articulation of VfM and the golden thread of transparency.

General Change - £3.5m – Fixed (incrementally) - Required to keep options open / delivers benefits now

The general change budget funds the development and delivery of incrementally scoped change projects, as overseen by the DSC Change Management Committee (ChMC). The largest cost element is DSC Change at £2.7m.

This part of the General Change budget is typically utilised to deliver functional changes following approval of UNC modifications, customer requested changes to CDSP services, or requests for new reporting from the Performance Assurance Committee (PAC) to help them to manage gas settlement risk. The associated cost is calculated using average historical costs for the delivery of major releases (x 3 per annum).

As was the case in BP23, we have included a £0.35m budget to incrementally fund the development of change stemming from the REC.

Additionally, this year we have included £0.38m costs associated with changes to the Data Discovery Platform (DDP). The 'Opening Up Our Data' programme has held its own investment line in previous Business Plans, but to increase end-to-end visibility of the periodic DDP releases (6 per year), we will consult ChMC on the scope of each release. Bringing DDP development into General Change allows for this to happen seamlessly. The DDP change team will continue to work in an agile way to deliver releases of new dashboards and customer data insights, as has been so successful to date.

View the business case to find out more

Project	Project Funding Split			
	NTS	GDN	IGT	Shipper
DSC Change Budget	2.1%	34.8%	5.4%	57.7%
REC Change Budget	0.0%	35.5%	5.5%	59.0%
Data Discovery Platform	0.0%	41.7%	8.3%	50.0%
Non Standard Items for Data Reporting	7.2%	46.4%	1.5%	44.9%
Core Platform Migration	7.2%	46.4%	1.5%	44.9%

BP23 Approved (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26
DSC Change Budget	Change	3,050	3,050	3,050
REC Change Budget	Change	350	350	350
Data Discovery Platform	Change	715	608	608
Non Standard Items for Data Reporting	Change	110	110	110
Unallocated Project Pot	Change	-	9,150	13,000
Projects Total		4,225	13,268	17,118
Service & Operate - Reclassify, Increase & Saving		-	-	-
Total Expenditure		4,225	13,268	17,118

BP24 Proposed (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
DSC Change Budget	Change	3,050	2,650	2,650	2,650
REC Change Budget	Change	350	350	350	350
Data Discovery Platform	Change	715	383	383	383
Non Standard Items for Data Reporting	Change	110	110	110	110
Unallocated Project Pot	Change	-	-	4,600	1,900
Projects Total		4,225	3,493	8,093	5,393
Service & Operate - Reclassify, Increase & Saving		-	-	-	-
Total Expenditure		4,225	3,493	8,093	5,393

Variance BP23 vs BP24 (+ = increase) (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
DSC Change Budget	Change	-	-400	-400	N/A
REC Change Budget	Change	-	-	-	N/A
Data Discovery Platform	Change	-	-225	-225	N/A
Non Standard Items for Data Reporting	Change	-	-	-	N/A
Unallocated Project Pot	Change	-	-9,150	-8,400	N/A
Projects Total		-	-9,775	-9,025	N/A
Service & Operate - Reclassify, Increase & Saving		-	-	-	N/A
Total Expenditure		-	-9,775	-9,025	N/A

Decarbonisation - £0.7m (with £1.1m reclassified as S&O) - Fixed incrementally - Required to keep options open/Delivers benefits now

The main difference between this year's decarbonisation budget and previous ones is that we intend to reclassify £1.1m (of the total £1.8m) as S&O. This will lead to a saving of £0.15m as we become less reliant on contract staff, instead nurturing and retaining a team of decarbonisation experts in-house, to help shape the future of a net zero energy system.

The team will continue to lead and manage cross-industry engagement, and to support key projects such as Hydrogen trials and managing variable calorific value; making use of a drawdown change budget to deliver scope when required and approved.

View the business case to find out more

		Project Funding Split		
Project	NTS	GDN	IGT	Shipper
Decarbonisation	11.65%	88.35%	0.0%	0.0%

BP23 Approved (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26
Decarbonisation	Change	1,800	1,800	1,800
Projects Total		1,800	1,800	1,800
Service & Operate - Reclassify, Increase & Saving		-	-	-
Total Expenditure		1,800	1,800	1,800

BP24 Proposed (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
Decarbonisation	Change	1,800	678	678	678
Projects Total		1,800	678	678	678
Service & Operate - Reclassify, Increase & Saving		-	1,123	1,123	1,123
Total Expenditure		1,800	1,800	1,800	1,800

Variance BP23 vs BP24 (+ = increase) (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
Decarbonisation	Change	-	-1,123	-1,123	N/A
Projects Total		-	-1,123	-1,123	N/A
Service & Operate - Reclassify, Increase & Saving		-	1,123	1,123	N/A
Total Expenditure		-	0	0	N/A

UK Link Optimise - £1.5m - Fixed (incrementally) - Required to keep options open

During the BP23 period, customers funded an exercise that supported us to better understand the options we have for modernisation and optimisation of the UK Link platform, as we transition towards a mandated upgrade from our current SAP version to S/4HAHA between 2027-2030.

This activity is currently underway and is expected to be completed in Q2 2024, When this happens, further clarity over the options available will be presented to customers via our DCS committees (ChMC and CoMC).

By following an incremental approach of retaining a 'drawdown' budget that can be accessed within-year, following due governance in ChMC/CoMC, we aim to limit the risk of 'regret' spending due to technology advancements and future policy decisions. We believe that this 'real-time' approach will be more transparent and lead to comprehensive and timely oversight of a key future investment.

View the business case to find out more

BP23 Approved (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26
UK Link Optimisation	N/A	-	-	-
Projects Total		-	-	-
Service & Operate - Reclassify, Increase & Saving		-	-	-
Total Expenditure		-	-	-

BP24 Proposed (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
UK Link Optimisation	Change	-	1,500	1,500	1,500
Projects Total		-	1,500	1,500	1,500
Service & Operate - Reclassify, Increase & Saving		-	-	-	-
Total Expenditure		-	1,500	1,500	1,500

Variance BP23 vs BP24 (+ = increase) (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
UK Link Optimisation	Change	-	1,500	1,500	N/A
Projects Total		0	1,500	1,500	N/A
Service & Operate - Reclassify, Increase & Saving		-	-	-	N/A
Total Expenditure		-	1,500	1,500	N/A

Gemini Regulatory Change £2.4m - Fixed incrementally - Required to keep options open

As in previous business plans, we propose to retain a budget that National Gas can access to incrementally scope Gemini releases, and to make system or process changes when regulatory changes necessitate it.

View the business case to find out more

		Project Funding Split			
Project	NTS	GDN	IGT	Shipper
Gemini Regulatory Change	100.0%	0.0%	0.0%	0.0%

BP23 Approved (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26
Gemini Regulatory Change	Change	2,970	2,420	1,940
Projects Total		2,970	2,420	1,940
Service & Operate - Reclassify, Increase & Saving		-	-	-
Total Expenditure		2,970	2,420	1,940

BP24 Proposed (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
Gemini Regulatory Change	Change	2,970	2,420	1,940	1,940
Projects Total		2,970	2,420	1,940	1,940
Service & Operate - Reclassify, Increase & Saving		-	-	-	-
Total Expenditure		2,970	2,420	1,940	1,940

Variance BP23 vs BP24 (+ = increase) (£'000)	Chg Stmt Classification	2023-24	2024-25	2025-26	2026-27
Gemini Regulatory Change	Change	-	0	0	N/A
Projects Total		-	0	0	N/A
Service & Operate - Reclassify, Increase & Saving		-	0	0	N/A
Total Expenditure		-	0	0	N/A

About Xoserve

As CDSP for the gas industry, Xoserve is responsible for managing and maintaining the gas industry's central data systems. These underpin critical processes including metering, billing and settlement.

Xoserve is proud to have delivered centralised services to the gas industry for 2 decades. We will continue to evolve as required by our customers.

Eve Bradley, *Company Secretary a*

Who uses our services?

Xoserve facilitates the accurate and efficient flow of information between our customers and other market participants.

Gas Shippers - Shippers buy gas from producers and pay for it to be transported through the network.

National Gas Transmission - National Gas Transmission owns and operates the national high-pressure network connecting Gas Transporters (distribution networks), Shippers and connection customers.

Gas Transporters - Distribution networks own and operate the local network of pipes that transport the gas from National Gas' National Transmission System (NTS) to homes and businesses.

IGTs - Independent Gas Transporters (IGTs) build, own and operate local networks, connecting new business and consumer properties to the NTS via distribution networks.

Other Parties - Our services are also critical to other industry customers that don't have a direct contractual relationship with us, including Suppliers, Meter Asset Managers (MAMs), Meter Asset Providers (MAPs), industrial and commercial (major energy users), housing associations, meter reading agencies and automatic systems providers. Domestic consumers also use the 'Find My Supplier' service.

Headline statistics

4,482,683 (4.5 million) customer Switches processed
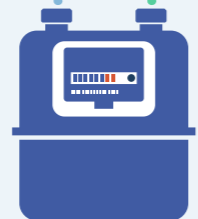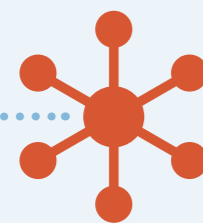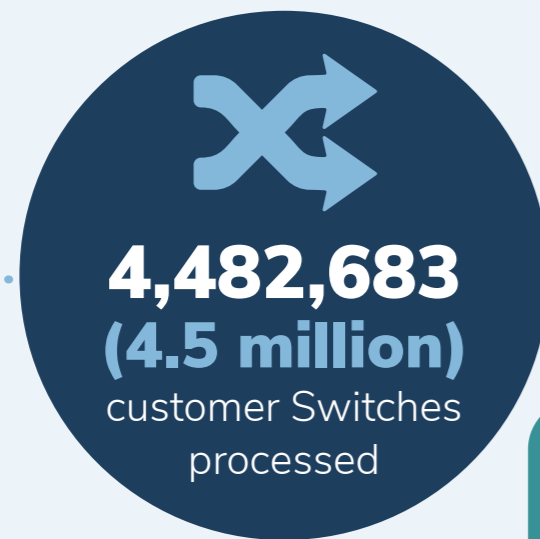
1,541,524,214 (1.5 billion) meter reads processed

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

Vol of invoices issued: **33,575**
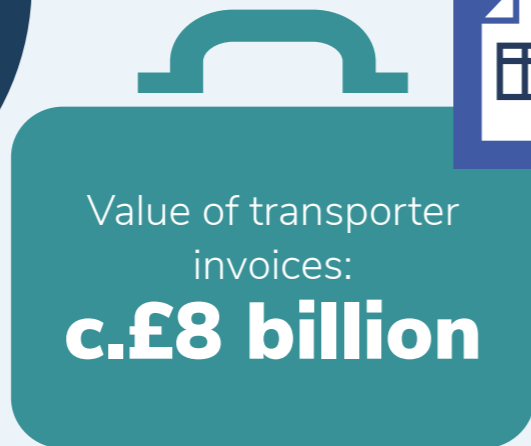
Vol of files processed: **c.251,520,000**

Vol of meter details changes: **3,671,754 (3.7 million)**
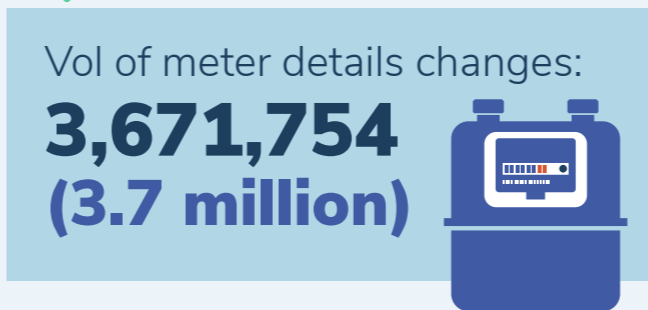
171,440,27 (171 million) Rolling AQ calculations

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

1,720 EBI invoices produced

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

Net value of capacity charges issued (including NTS capacity invoices): **c.£5.5 billion**
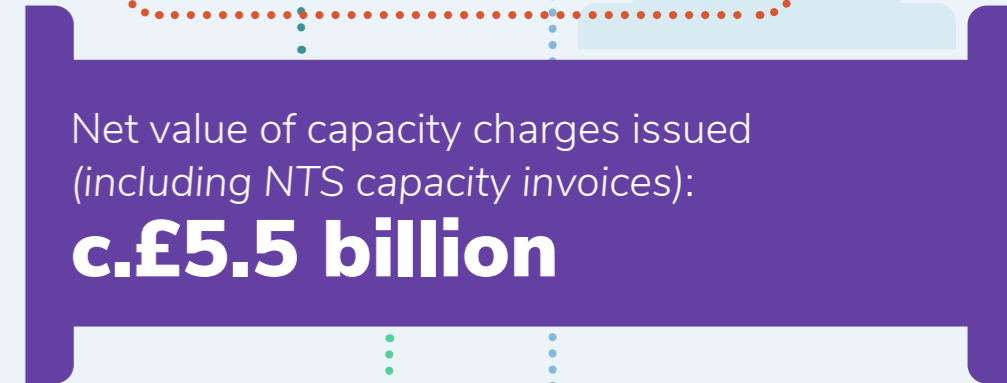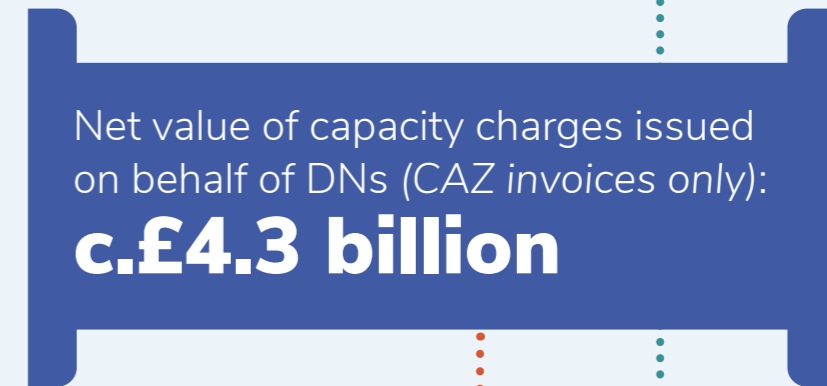
The benefits of Xoserve's centralised service

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*

The Xoserve Board is chaired by **Mike Hogg**.

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, Steve Brittan and his Senior Leadership Team (SLT).

Steve Brittan
Chief Executive Officer

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 Gas 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

Annexe 1 - Finance and Value

Shipper focus

The graph and chart show the evolution of Shipper costs from the actual 2023-24 budget, our BP23 forecast for 2024-25 and the BP24 budget, split into S&O (baseline + scope increase) and investments.

BP24 vs BP23 Shipper Charges (at 2023/24 prices)
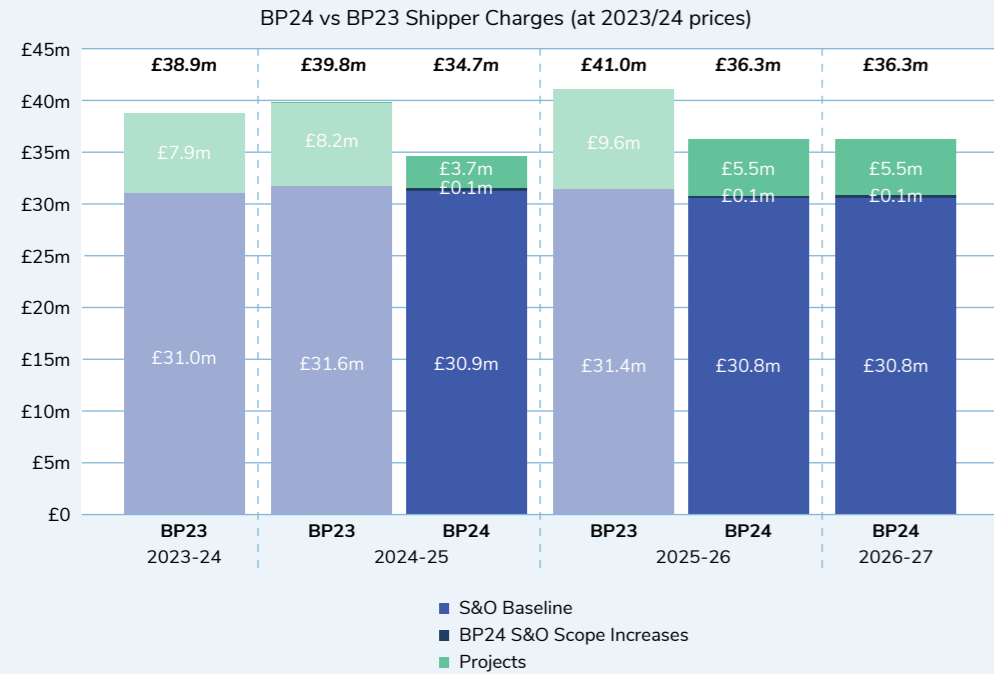
£m (2023-24 Prices)	2023-24	2024-25		2025-26		2026-27
	BP23	BP23	BP24	BP23	BP24	BP24
Projects	£7.9m	£8.2m	£3.7m	£9.6m	£5.5m	£5.5m
BP24 S&O Scope Increases	-	-	£0.1m	-	£0.1m	£0.1m
S&O Baseline	£31.0m	£31.6m	£30.9m	£31.4m	£30.8m	£30.8m
Subtotal Service & Operate	**£31.0m**	**£31.6m**	**£31.0m**	**£31.4m**	**£30.8m**	**£30.8m**
Total	**£38.9m**	**£39.8m**	**£34.7m**	**£41.0m**	**£36.3m**	**£36.3m**

District Network (DN) focus

The graph and chart show the evolution of DN costs from the actual 2023-24 budget, our BP23 forecast for 2024-25 and the BP24 budget, split at S&O (baseline + scope increase) and Investments.

BP24 vs BP23 GDN Charges (at 2023/24 prices)
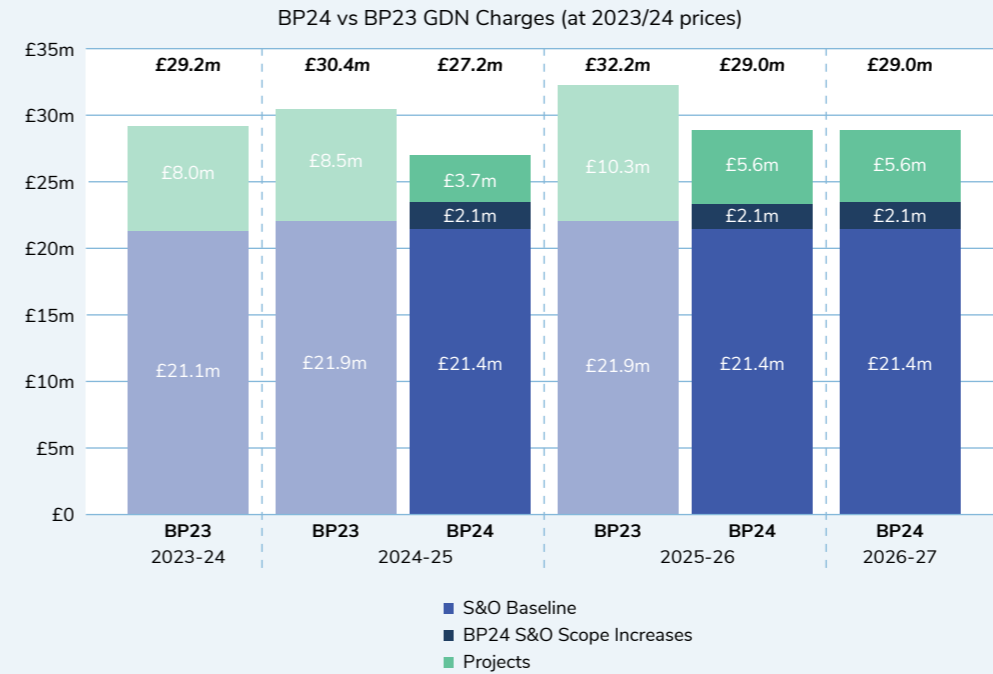
£m (2023-24 Prices)	2023-24	2024-25		2025-26		2026-27
	BP23	BP23	BP24	BP23	BP24	BP24
Projects	£8.0m	£8.5m	£3.7m	£10.3m	£5.6m	£5.6m
BP24 S&O Scope Increases	-	-	£2.1m	-	£2.1m	£2.1m
S&O Baseline	£21.1m	£21.9m	£21.4m	£21.9m	£21.4m	£21.4m
Subtotal Service & Operate	**£21.1m**	**£21.9m**	**£23.5m**	**£21.9m**	**£23.4m**	**£23.4m**
Total	**£29.2m**	**£30.4m**	**£27.2m**	**£32.2m**	**£29.0m**	**£29.0m**

Independent Gas Transporters (IGT) Focus

The graph and chart show the evolution of IGT costs from the actual 2023-24 budget, our BP23 forecast for 2024-25 and the BP24 budget, split at S&O (baseline + scope increase) and Investments.

BP24 vs BP23 IGTCharges (at 2023/24 prices)

Legend:
- ■ S&O Baseline
- ■ BP24 S&O Scope Increases
- ■ Projects
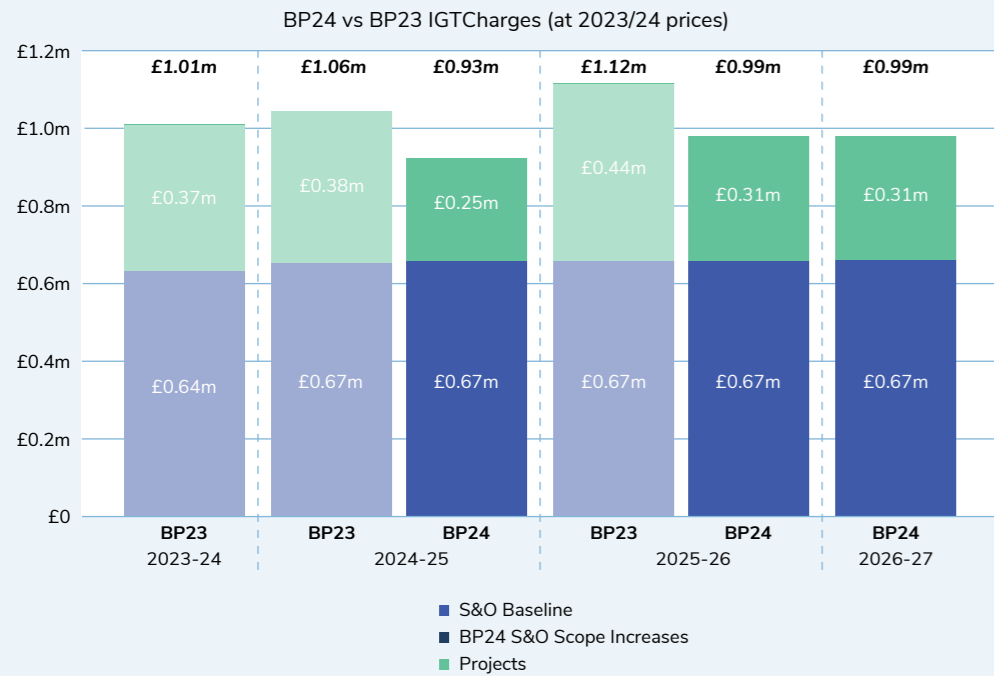
£m (2023-24 Prices)	2023-24	2024-25		2025-26		2026-27
	BP23	BP23	BP24	BP23	BP24	BP24
Projects	£0.37m	£0.38m	£0.25m	£0.44m	£0.31m	£0.31m
BP24 S&O Scope Increases	-	-	-	-	-	-
S&O Baseline	£0.64m	£0.67m	£0.67m	£0.67m	£0.67m	£0.67m
Subtotal Service & Operate	£0.64m	£0.67m	£0.67m	£0.67m	£0.67m	£0.67m
Total	£1.01m	£1.06m	£0.93m	£1.12m	£0.99m	£0.99m

National Gas Transmission (NGT) focus

The graph and chart show the evolution of NGT costs from the actual 2023-24 budget, our BP23 forecast for 2024-25 and the BP24 budget, split at S&O (baseline + scope increase) and Investments.

BP24 vs BP23 National Gas Charges (at 2023/24 prices)

Legend:
- ■ S&O Baseline
- ■ BP24 S&O Scope Increases
- ■ Projects
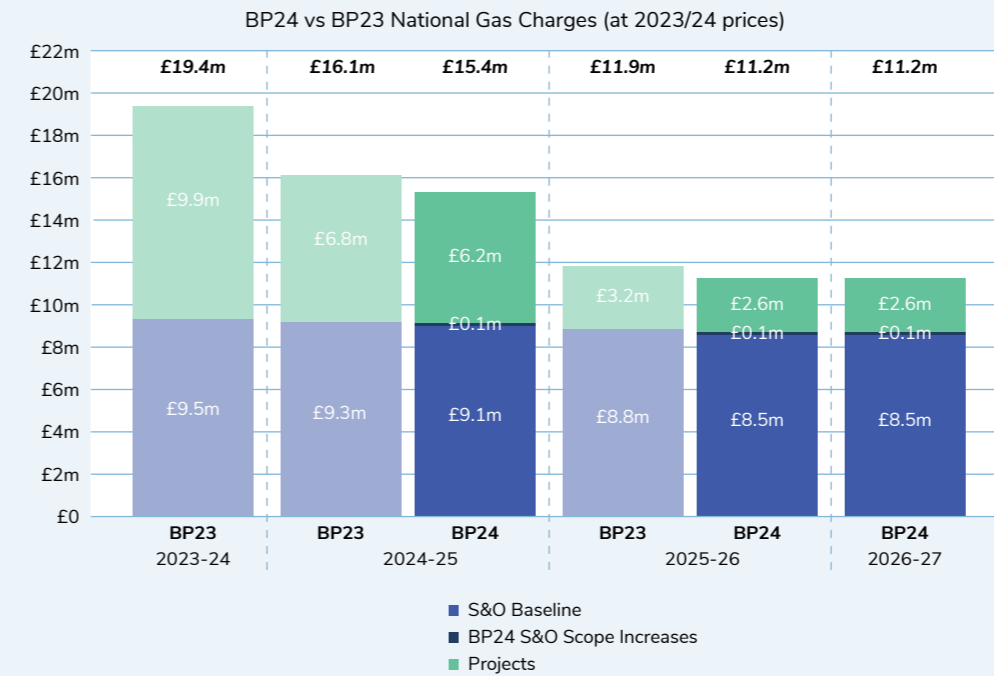
£m (2023-24 Prices)	2023-24	2024-25		2025-26		2026-27
	BP23	BP23	BP24	BP23	BP24	BP24
Projects	£9.9m	£6.8m	£6.2m	£3.2m	£2.6m	£2.6m
BP24 S&O Scope Increases	-	-	£0.1m	-	£0.1m	£0.1m
S&O Baseline	£9.5m	£9.3m	£9.1m	£8.8m	£8.5m	£8.5m
Subtotal Service & Operate	£9.5m	£9.3m	£9.1m	£8.8m	£8.6m	£8.6m
Total	£19.4m	£16.1m	£15.4m	£11.9m	£11.2m	£11.2m

Annexe 2 - Contract management and assurance

This section provides further information about some of the contract management and assurance activities we will carry out during 2024-25.

DSC KPM/PI performance v. work volumes forecast

We will monitor performance against DSC metrics and monitor work volumes, or 'process events', to ensure that systems are appropriately sized in terms of processing capacity and storage. This information will be presented to the DSC Contract Management Committee each month. The graphs in this section show a work volume forecast for each relevant (quantitative, material) KPM/PI. The forecasts use historical data to calculate future volumes. We will also monitor within-year industry events to ensure our estimates are inclusive of any changes to the way customers use key processes that could impact system performance.

Shipper Transfers (linked with KPM.01 - Percentage of shipper transfers processed)
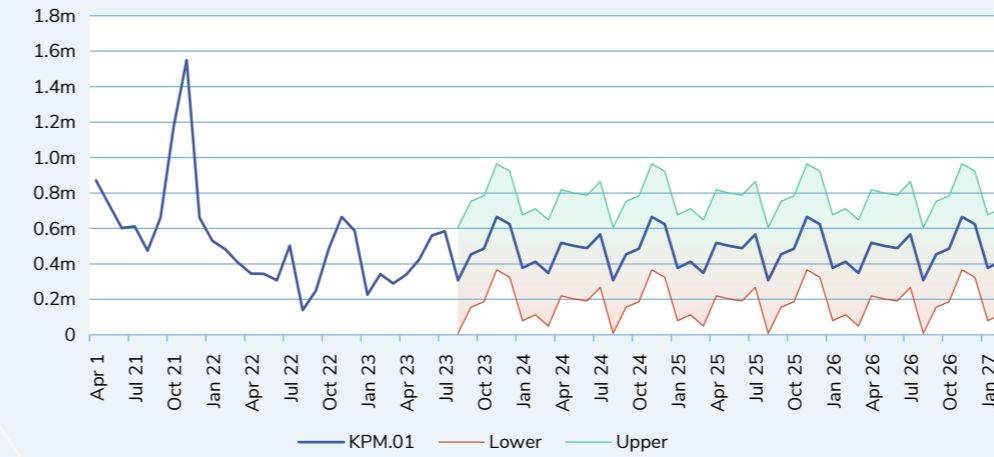
Asset Updates (linked with KPM.03 - % of asset updates successfully processed)
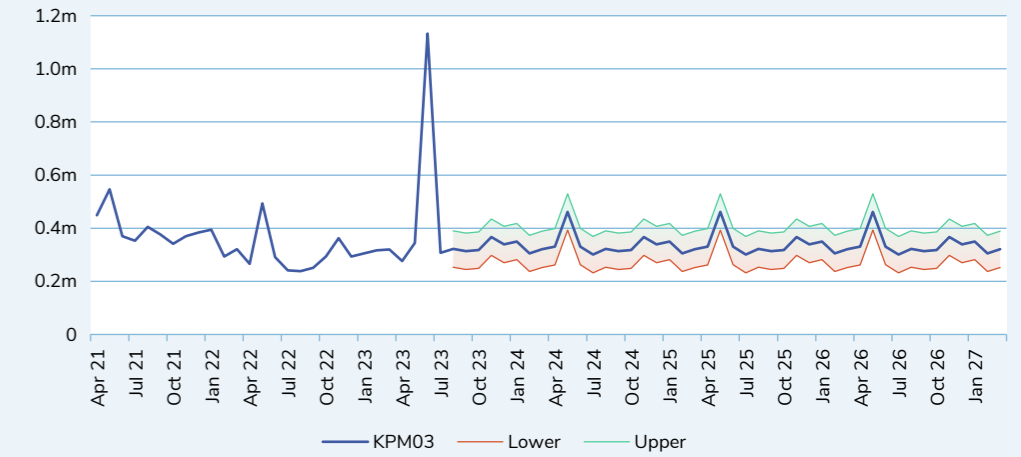
Meter Reads (linked with KPM.02 - Percentage of meter reads successfully processed)
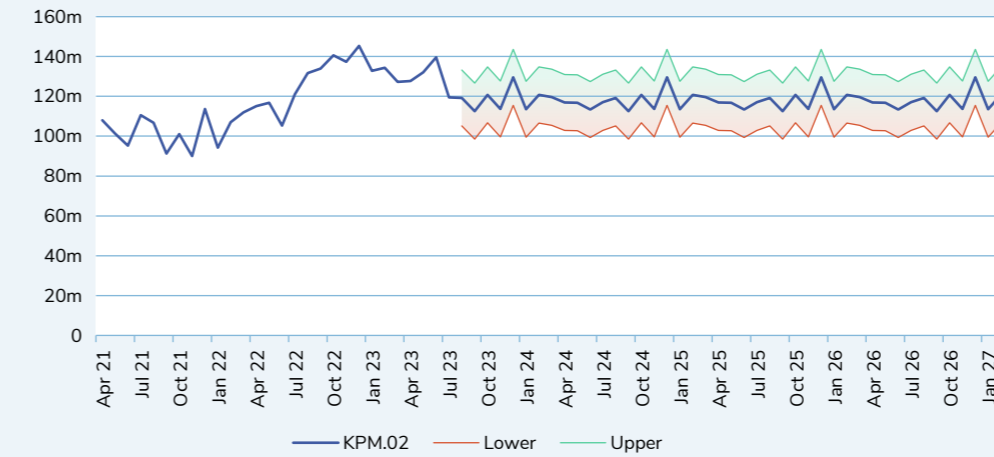
AQ calculations (linked with KPM.04 - % of AQs processed successfully)
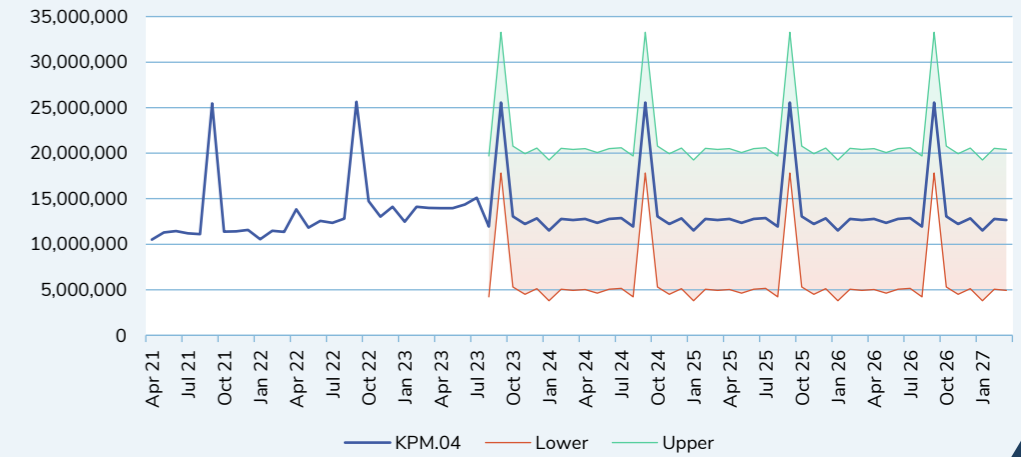
Invoices (linked with KPM.09 - % of invoices not requiring adjustment post original invoice dispatch)
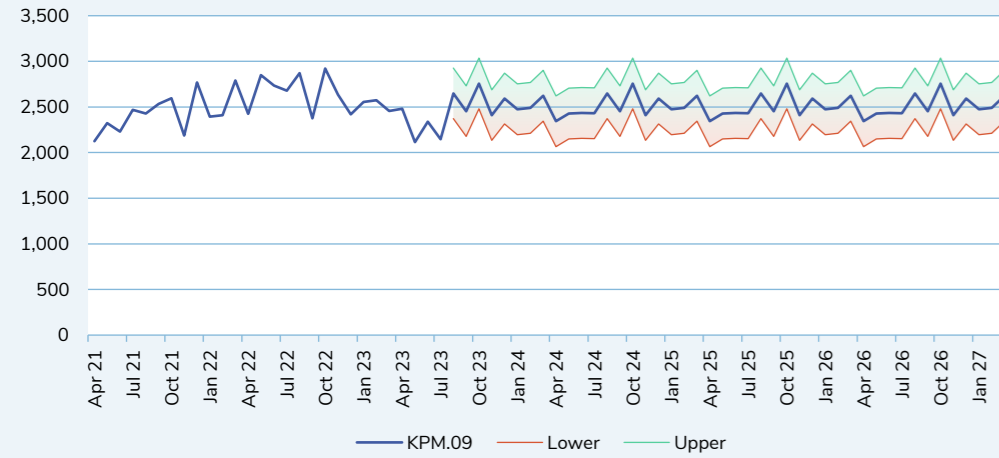
Queries (linked with PI.01 - % CMS Contacts processed within SLA)
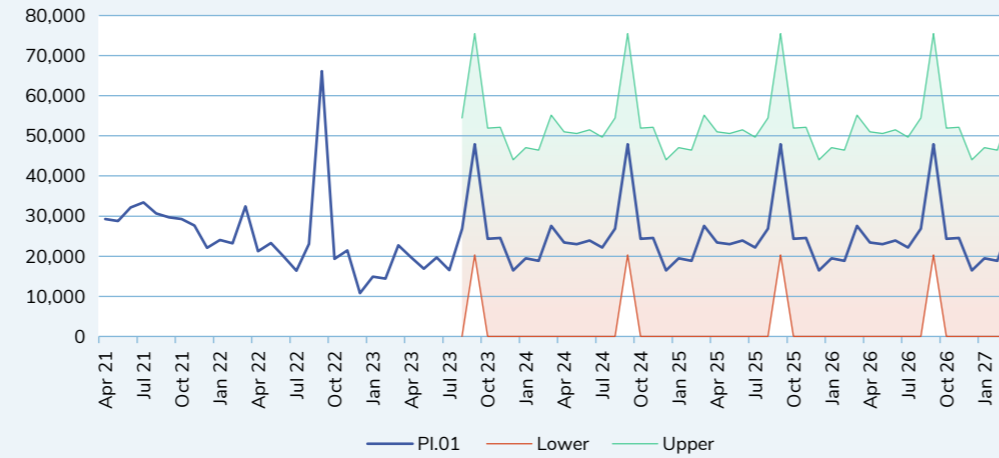
Tickets (linked with KPM.18 - % of customer tickets (Incidents & Requests) responded to within SLA)
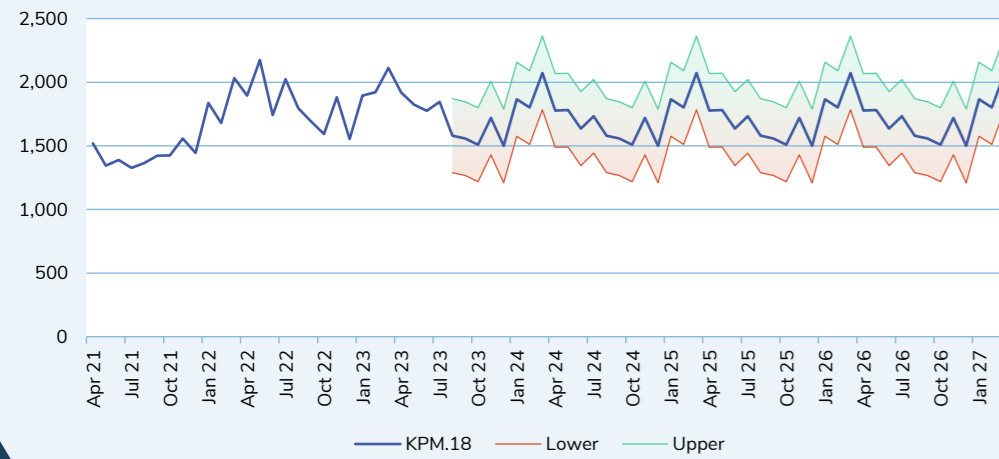
Calls (linked with PI.09 - % of Telephone Enquiry Service calls answered within SLA)
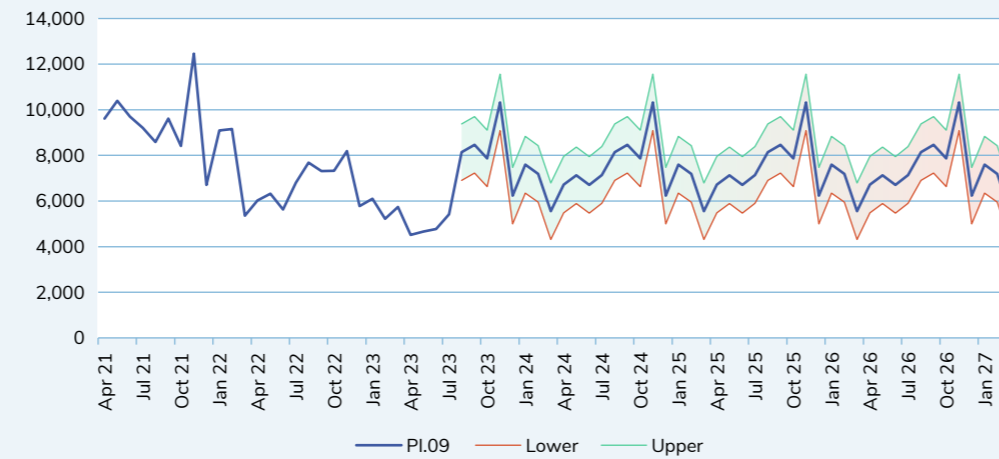
Suite of KPM/PIs

The table shows the series of 49 KPM/PIs that we use to track how effective we are in the delivery of operational and change related DSC activities. We will continue to report performance to the DSC CoMC.

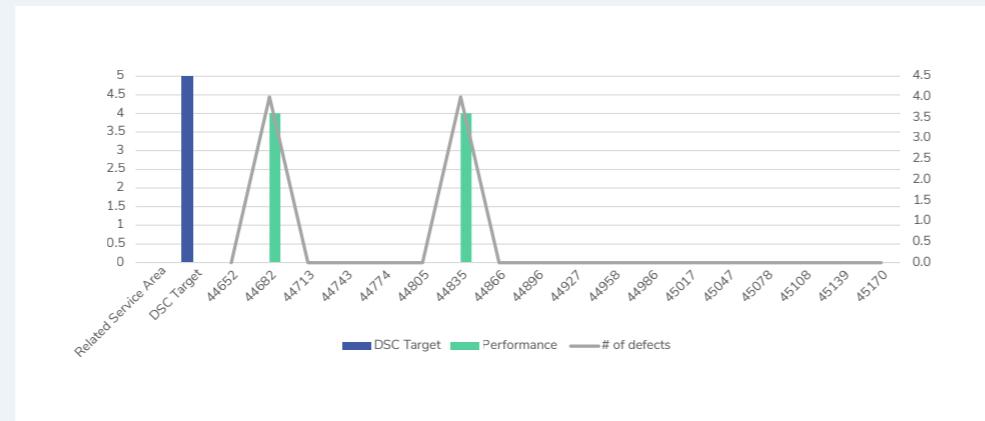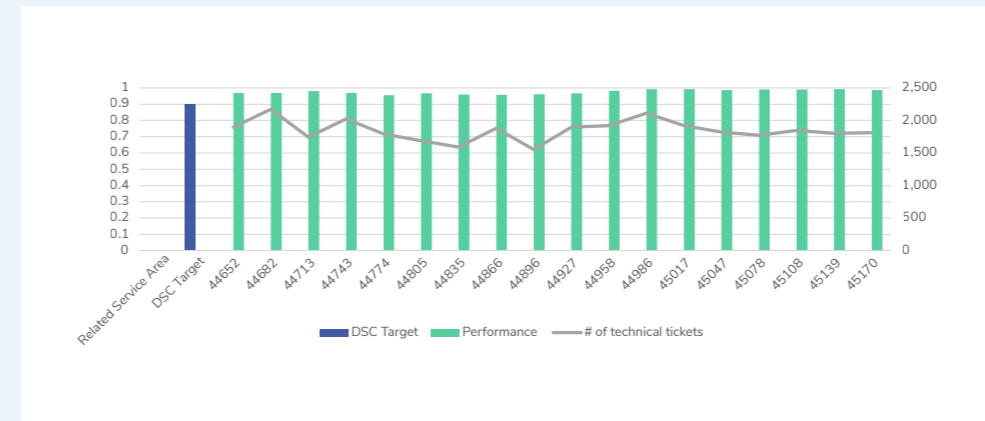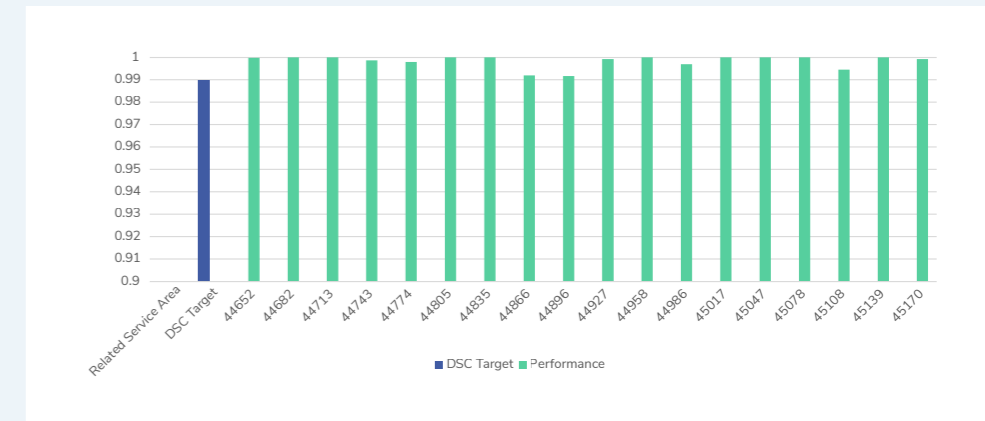| DSC Unique Identifier	Measure Detail
KPM.01	Percentage of shipper transfers processed
KPM.02	Percentage of meter reads successfully processed
KPM.03	% of asset updates successfully processed
KPM.04	% of AQs processed successfully
KPM.05	Percentage of total LDZ AQ energy at risk of being impacted
KPM.06	Percentage processed within the Completion Time Service Level in DSC
KPM.07	Percentage of requests processed within the Completion Time Service Level in DSC
KPM.08	% Notifications sent by due date
KPM.09	% of invoices not requiring adjustment post original invoice dispatch
KPM.10	% of DSC customers that have been invoiced without issues/ exceptions (exc. AMS)
KPM.11	% customers DSC with less than 1% of MPRNs which have an AMS Invoice exception
KPM.12	% of invoices sent on due date
KPM.13	% of exceptions resolved within 2 invoice cycles of creation date
KPM.14	Number of valid P1 and P2 defects raised within the PIS period relating to relevant change (excluding programmes)
KPM.15	Number of valid P3 defects raised within PIS period relating to relevant change (excluding programmes)

DSC Unique Identifier	Measure Detail
KPM.16	Number of valid P4 defects raised within PIS period relating to relevant change (excluding programmes)
KPM.17	% of tickets not re-opened within period
KPM.18	% of customer tickets (Incidents & Requests) responded to within SLA
KPM.19	UK Link Core Service Availability
KPM.20	Gemini Core Service Availability
PI.01	% CMS Contacts processed within SLA (95% in D+10)
PI.02	% CMS Contacts processed within SLA (80% in D+4)
PI.03	% CMS Contacts processed within SLA (98% in D+20)
PI.04	% customer queries responded to within SLA/OLA
PI.05	Percentage of queries resolved RFT
PI.06	% of reports dispatched on due date against total reports expected
PI.07	% of RFT against all reports dispatched
PI.08	% of valid CMS challenges received (PSCs)
PI.09	% of Telephone Enquiry Service calls answered within SLA
PI.10	Confidence in DE Team to deliver DESC obligations (via Survey of DESC Members)
PI.11	DESC / CDSP DE obligations delivered on time
PI.12	KPM relationship management survey
PI.13	Plan accepted by customers & upheld (Key Milestones Met as agreed by customers)

DSC Unique Identifier	Measure Detail
PI.14	Provision of relevant issue updates to customers accepted at CoMC and no negativity on how the issue is managed
PI.15	Survey results delivered to CoMC in Month +1
PI.16	% closure/termination notices issued in line with Service Lines (leave) Shipper
PI.17	% key milestones met on readiness plan (join) Non Shipper
PI.18	% key milestones met on readiness plan (join) Shipper
PI.19	% of closure notices issued within 1 business day following last exit obligation being met (leave) Non Shipper
PI.20	% of exit criteria approved and account deactivated within D+1 of cessation notice being issued (leave) Shippers
PI.21	% of exit criteria approved and account deactivated within D+1 of cessation notice being issued. (leave) Non-Shippers
PI.22	% of readiness criteria approved by customer (join) Non Shippers
PI.23	% of readiness criteria approved by customer (join) Shippers
PI.24	% of revenue collected by due date
PI.25	% of revenue collected by due date (+2 days)
PI. 26	Energy Balancing Credit Rules adhered to, to ensure adequate security in place
PI.27	% level 1 milestones met
PI.28	DDP Core Service Availability (0900-1700 normal business hours)
PI.29	Number of valid DDP defects raised per release (Post PIS)

We constantly monitor and report performance against KPMs and PIs.

During the first two quarters of 2023-24 (Y-1), we exceeded our DSC target in 91% of instances.

In most instances where we did not exceed the relevant target, we were typically 0.01% - 0.04% away from doing so (e.g KPMs 7 and 13). The IT sustaining activities funded by the UK Link and Gemini investments enable us to continue to exceed certain KPMs and PIs (e.g KPMs 19 and 20).

We are also using the outputs from the recent Efficiency (VfM) Review to identify whether we can make the delivery of selected services related to KPM/PIs more economic and/or efficient.

KPM 0.1 - Percentage of Shipper Transfers processed

KPM 0.2 - Percentage 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
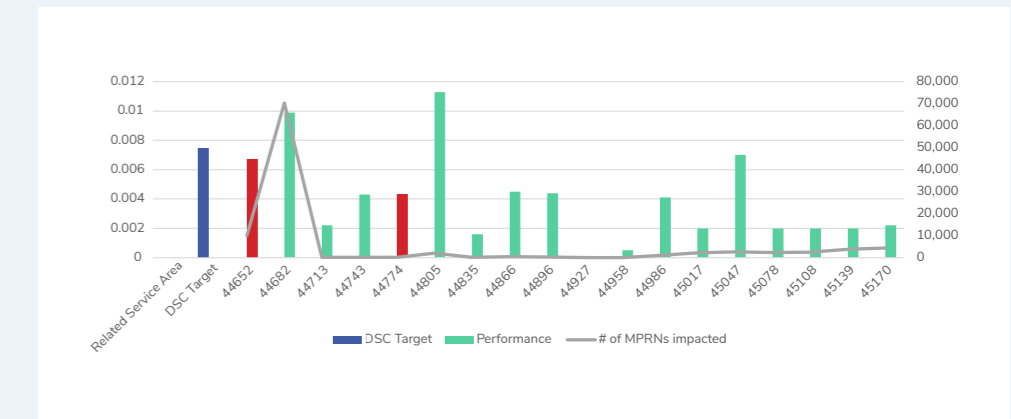
KPM 0.6 - Percentage (shipper transfers) processed within the Completion Time Service Level in DSC

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

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

KPM 0.12 - % of invoices sent on due date

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

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

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

KPM 0.13 - % of exceptions 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 relevant change (excluding programmes)

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

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

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

KPM 0.18 - % of customer tickets (Incidents & Requests) responded to within SLA

KPM 0.19 - UK Link Core Service Availability
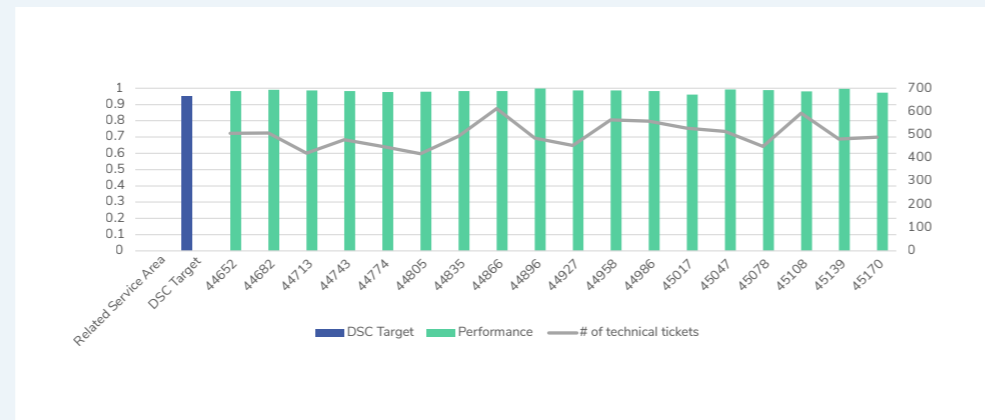
KPM 0.20 - Gemini Core Service Availability
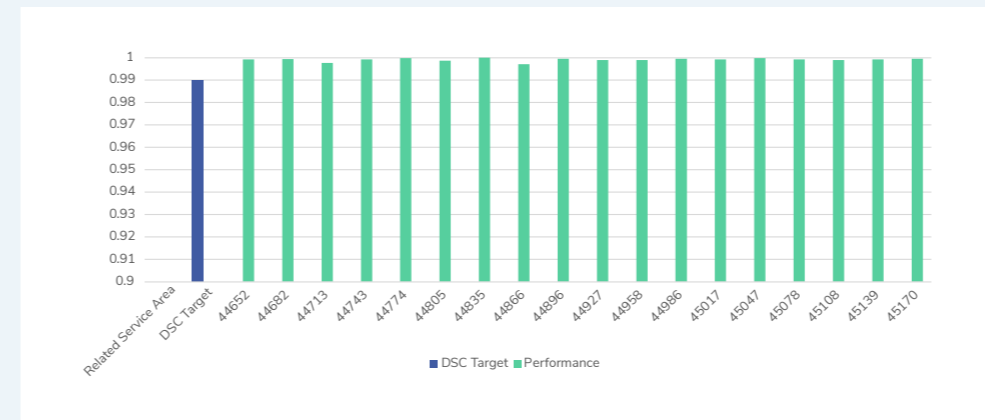
PI 0.01 - % CMS Contacts processed within SLA (95% in D+10)
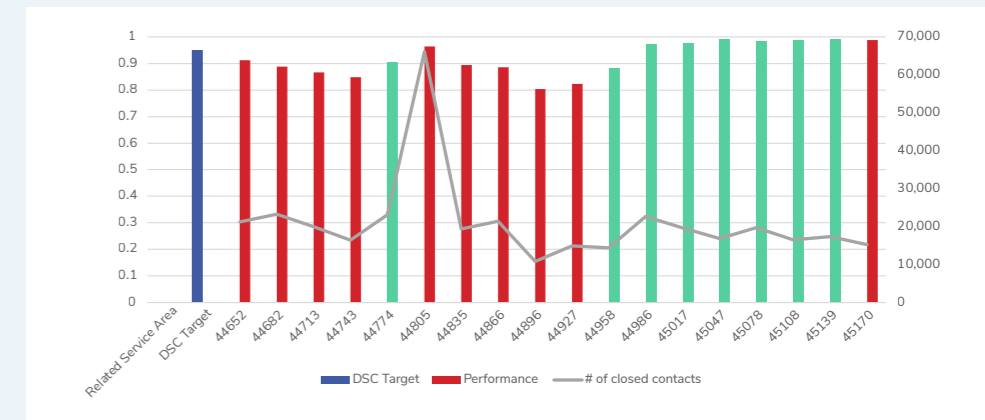
PI 0.02 - % CMS Contacts processed within SLA (80% in D+4)

PI 0.04 - % customer queries responded to within SLA/OLA
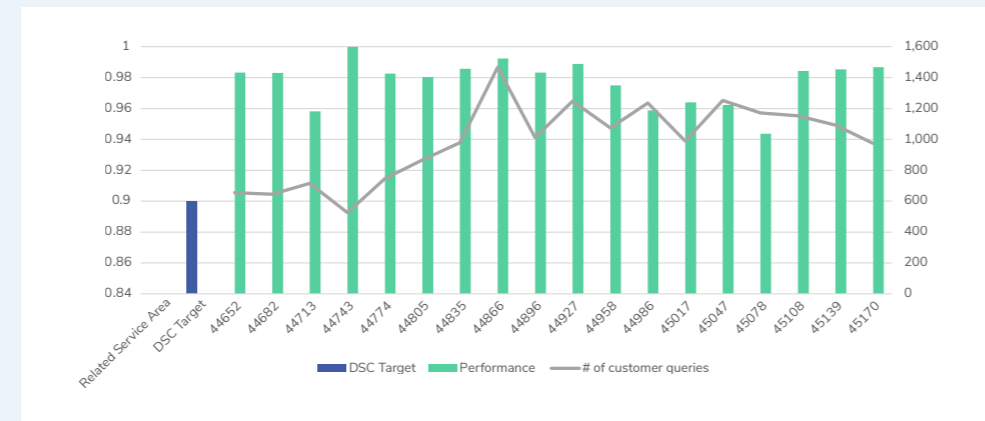
PI 0.06 - % of reports dispatched on due date against total reports expected)
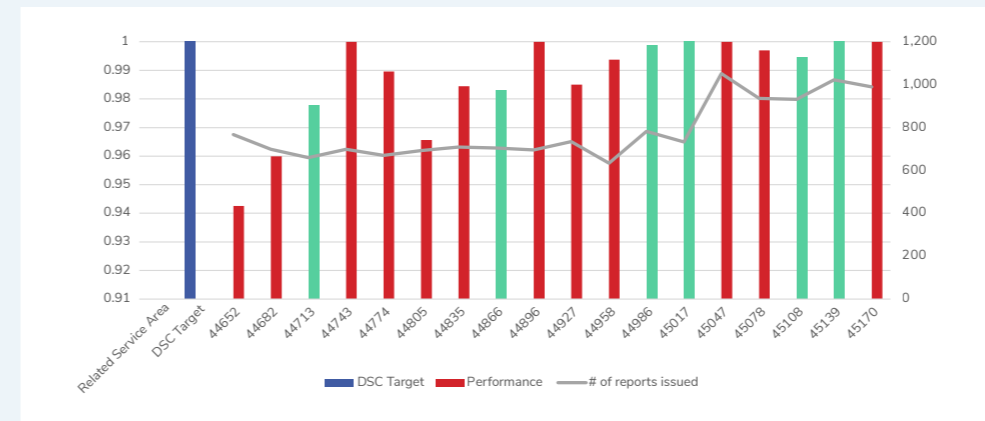
PI 0.08- % of valid CMS challenges received (PSCs) (less than 1%)
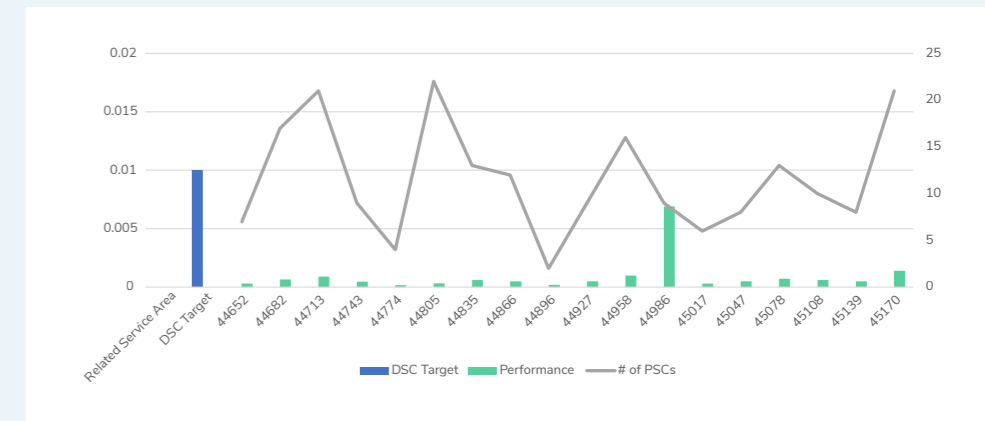
PI 0.03 - % CMS Contacts processed within SLA (98% in D+20)

PI 0.05 - Percentage of queries resolved RFT

PI 0.07 - % of RFT against all reports dispatched
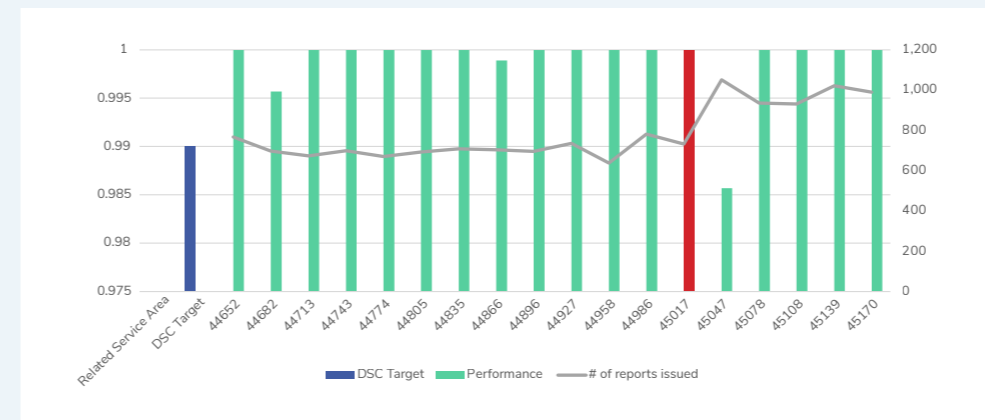
PI 0.09 - % of Telephone Enquiry Service calls answered within SLA (30 secs)
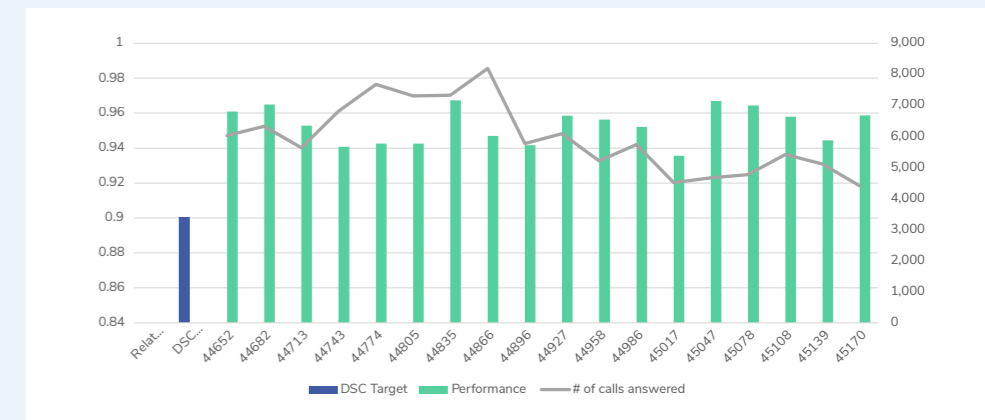
PI 0.010 - Confidence in DE Team to deliver DESC obligations (via Survey of DESC Members)
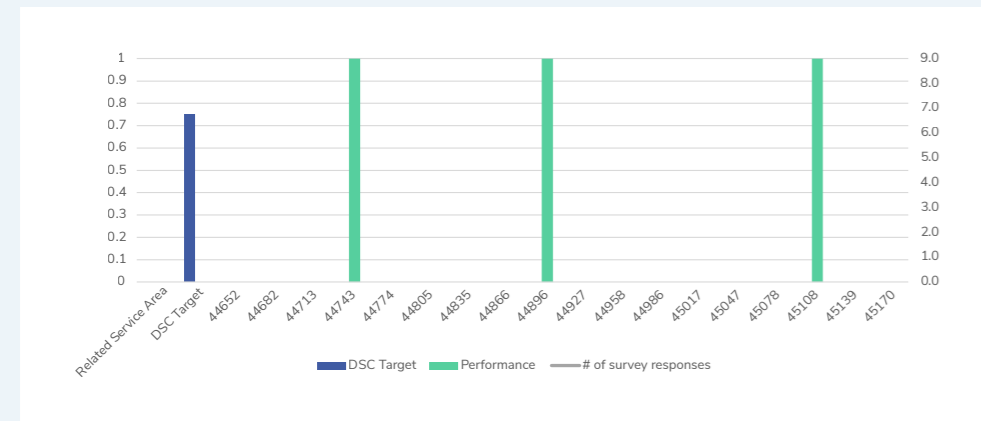
PI 0.12 - KPM relationship management survey
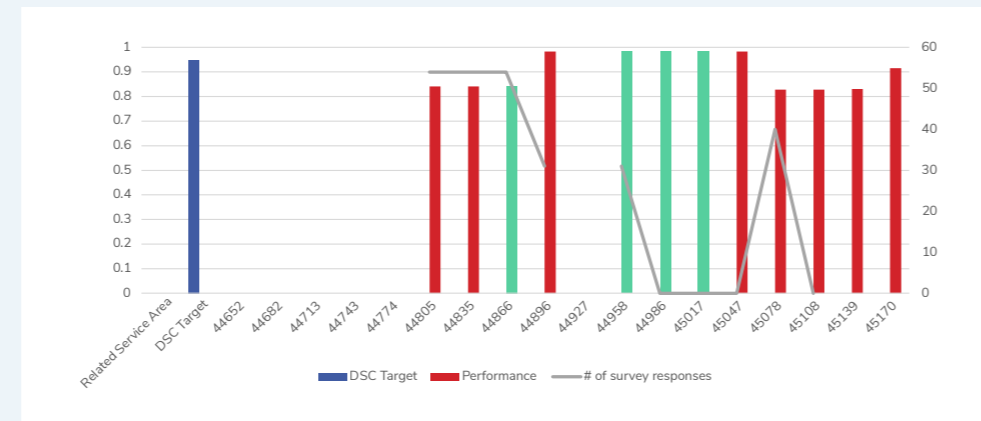
PI 0.14 - Provision of relevant issue updates to customers accepted at CoMC and no negativity on how the issue is managed

PI 0.16 - % closure/termination notices issued in line with Service Lines (leave) Shipper
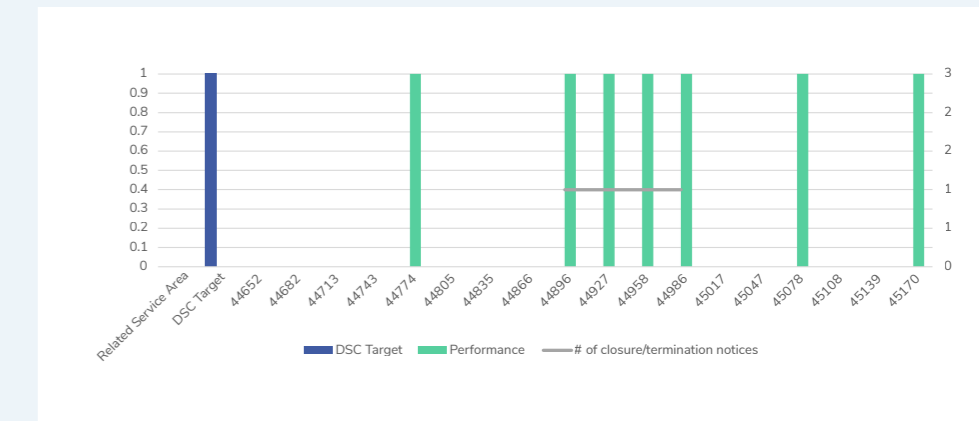
PI 0.11 - DESC / CDSP DE obligations delivered on time)
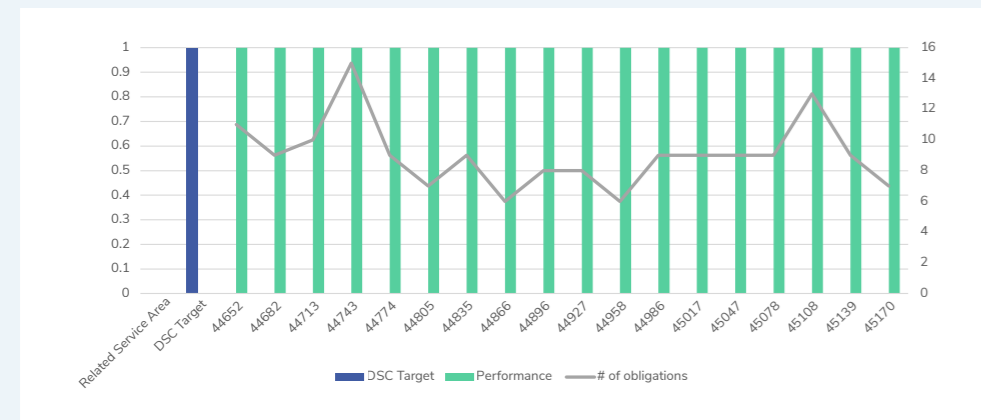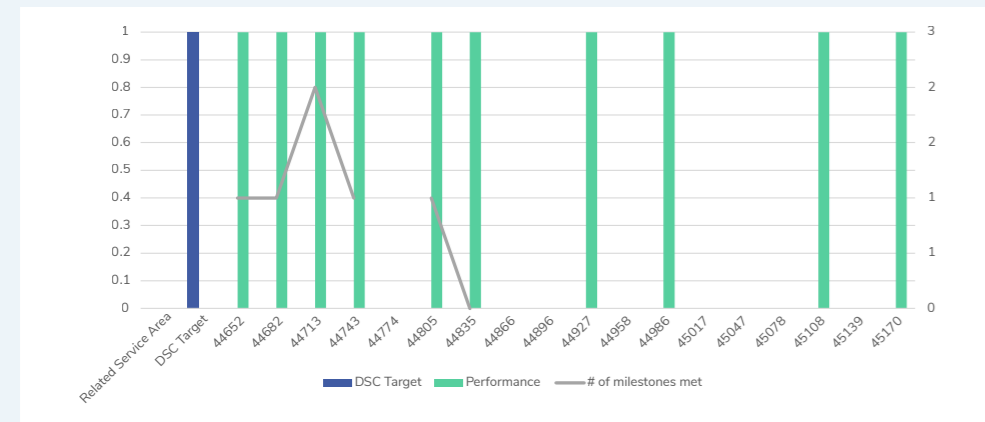

PI 0.13- Plan accepted by customers & upheld (Key Milestones Met as agreed by customers)

PI 0.15 - Survey results delivered to CoMC in Month +1
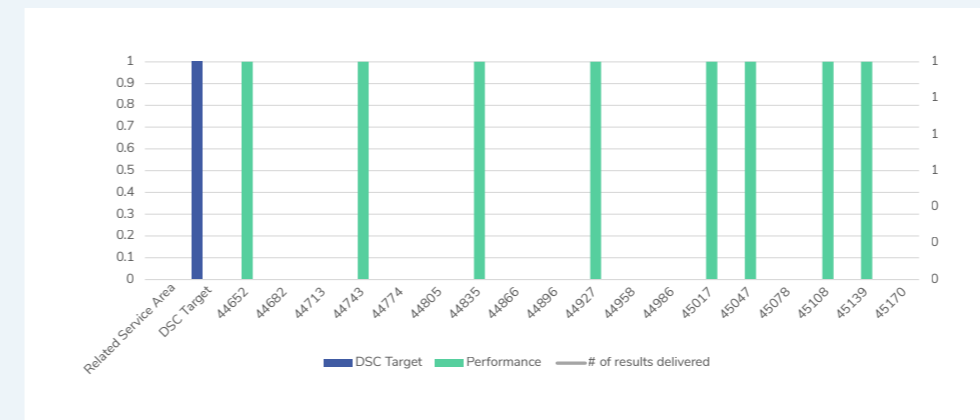
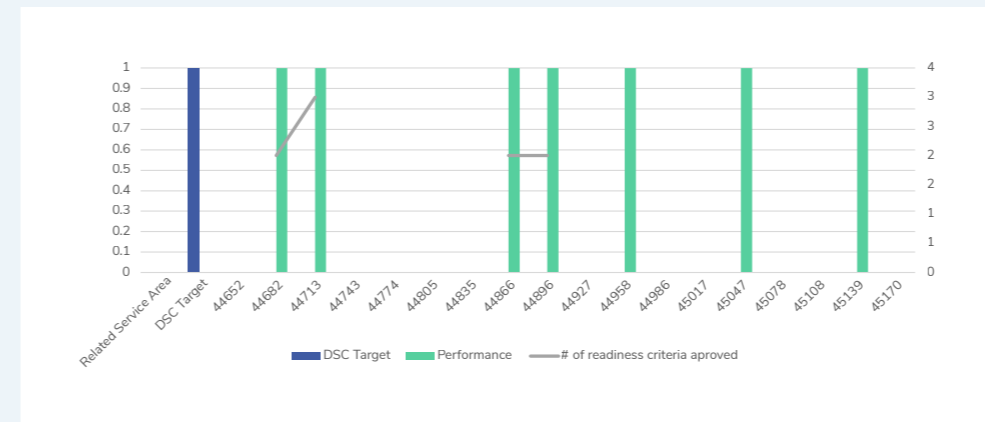PI 0.17 - % key milestones met on readiness plan (join) Non Shipper

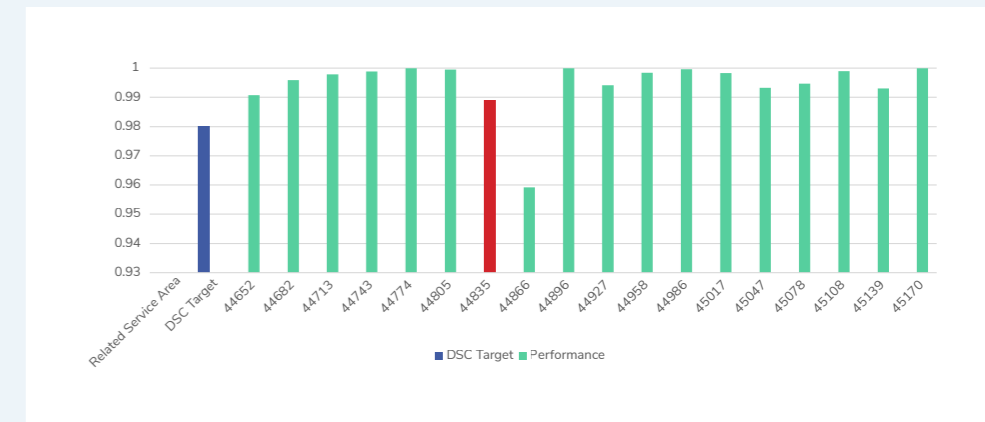## PI 0.18 - % key milestones met on readiness plan (join) Shipper

PI 0.19 - % 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 cessation notice being issued (leave) Shippers

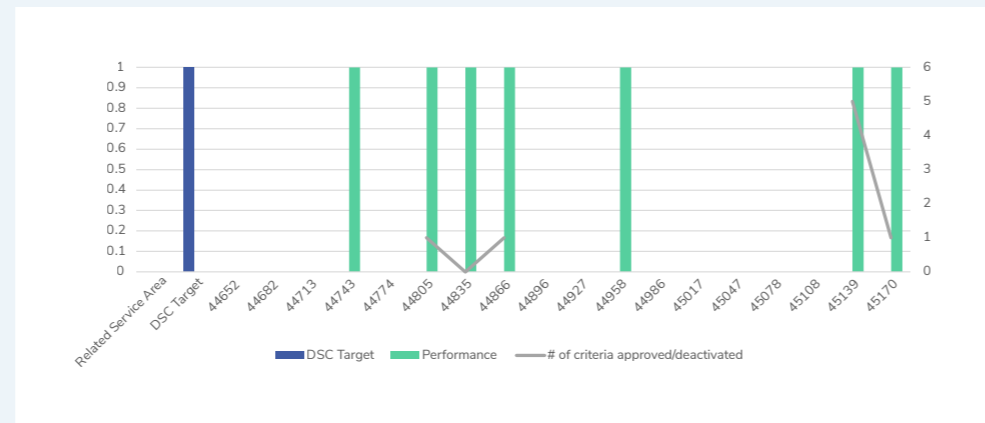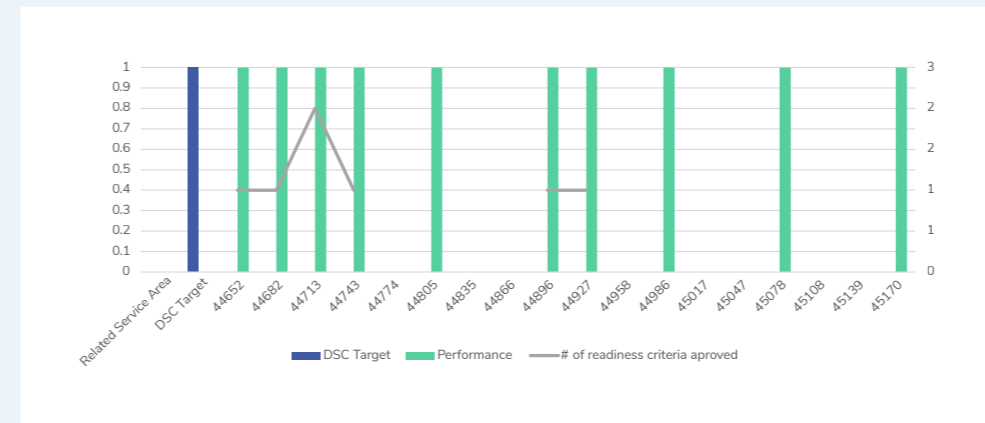## PI 0.21 - % of readiness criteria approved by customer (join) Non Shippers

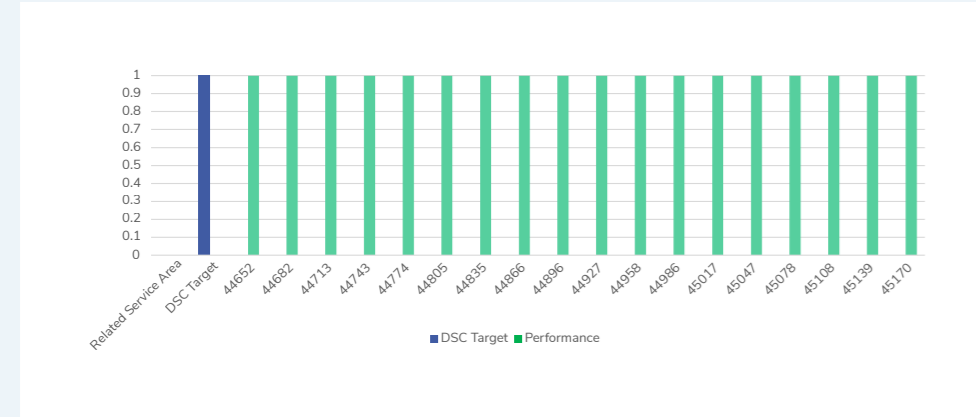## PI 0.22 - % of readiness criteria approved by customer (join) Non Shippers

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

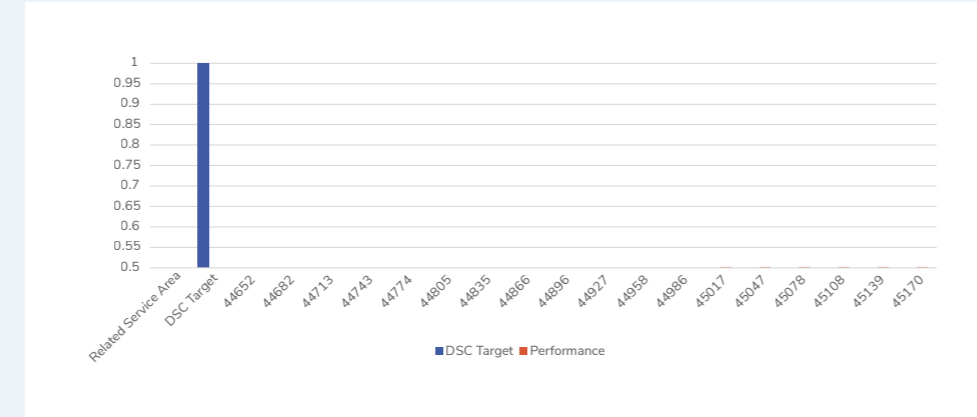## PI 0.24 - % of revenue collected by due date

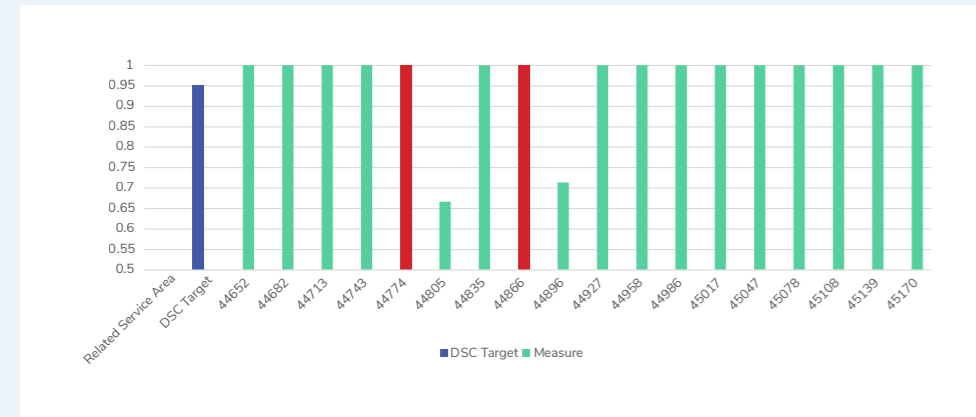## PI 0.25 - % of revenue collected by due date (+2 days)

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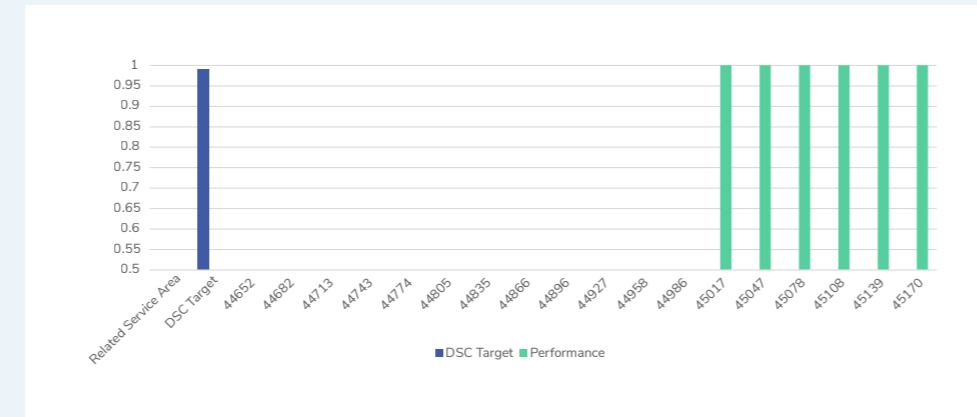

PI 0.27 - # of valid DDP defects raised per release (Post PIS)

PI 0.27 - % level 1 milestones met

PI 0.28 - DDP Core Service Availability (0900-1700 normal business hours)

Indicative audit plan

Pending approval from our Audit and Risk Committee (ARC) in early 2024, we plan to undertake a series of internal and external audits during 2024-25. The table below provides an indicative view of when each audit will take place.

Process	Audit Resource	Reporting Period	Overview	Related risk or other trigger
Key Financial Controls	Xoserve	Q1 (Apr – Jun 24)	Review of key financial controls framework including delegations of authority and segregation of duties.	Financial Performance / Management
Financial Planning / Forecasting	Xoserve	Q1 (Apr – Jun 24)	Review of processes in place for financial planning and forecasting to inform decision making.	Financial Performance / Management
Balanced Scorecard	Xoserve	Q1 (Apr – Jun 24)	Review of setting, management, delivery against and reporting of Balanced Scorecard targets.	Corporate Governance
Manage Shipper Transfers	Correla	Q1 (Apr – Jun 24)	Review of compliance with service lines included in CDSP Service Description Table.	DSC Service Area
Payroll	Xoserve	Q2 (Jul – Sep 24)	Review of payroll processes and control framework within Xoserve.	Human Resources
Business Continuity	Xoserve	Q2 (Jul – Sep 24)	Review of Business Continuity control framework within Xoserve & Correla against the best practice principles of ISO22301.	Business Continuity
Annual Quantity	Correla	Q2 (Jul – Sep 24)	Review of annual quantity processes to ensure compliance with the requirements of CDSP Service Description Table.	DSC Service Area
Health & Safety	Correla	Q2 (Jul – Sep 24)	Review of the adequacy and effectiveness of internal controls, processes and procedures in line with H&S legislation.	LTSA provision
GDPR	Xoserve	Q3 (Oct – Dec 24)	Review of the control framework for GDPR compliance within Xoserve including LTSA service interfaces.	Data Privacy
Change Governance	Xoserve	Q3 (Oct – Dec 24)	Review of governance processes in place around customer change delivery including DSC Change Management Committee.	DSC Service Delivery & DSC+ Service Assurance - Change
Customer invoicing:	Correla	Q3 (Oct – Dec 24)	Review of customer invoicing processes to ensure compliance with the requirements of CDSP Service Description Table.	DSC Service Area

Process	Audit Resource	Reporting Period	Overview	Related risk or other trigger
Facilities & Property Services	Correla	Q3 (Oct – Dec 24)	Review of the provision of office space and facilities management as per LTSA.	LTSA provision
ISO9001 Surveillance Audit	BSI	Q3 (Oct 2024)	External audit against ISO9001 requirements. Scope dependent on recertification audit in October 2023.	DSC requirement
ISO27001 Surveillance & Transition Assessment	BSI	Q3 (Dec 2024)	External audit against ISO27001 requirements. Scope dependent on certificate renewal audit in December 2023.	DSC requirement
Operational DSC Service Management	Xoserve	Q4 (Jan – Mar 25)	Review of processes in place to ensure effective management of operational DSC services whether delivered by Xoserve or Correla.	DSC Service Delivery & DSC+ Service Assurance – Run
Business Planning	Xoserve	Q4 (Jan – Mar 25)	Review of processes in place for strategic business planning, alignment with business objectives and industry consultation.	Business Plan
Gemini System Services	Correla	Q4 (Jan – Mar 25)	Review of compliance with service lines included in CDSP Service Description Table.	DSC Service Area
NIST maturity	NCC	Q4 (Jan – Mar 25)	External NCC review of Information Security framework against requirements.	LTSA provision
ISAE3402 - Core Invoices (transportation and distribution)	KPMG	May 2025 (Testing Oct 2024 & Feb 2025)	ISAE3402 Assurance report on internal controls in respect of the gas transportation billing services provided to customers of Xoserve.	DN requirement

Indicative procurement plan

The table shows the known or potential procurement activities in our current plan.

Completing	Ref	Service / Description	Procurement Route	Customer Governance	Status
2023/24	2023.011.01	EXISTING: Performance Assurance Framework Administrator 2024	Regulated procurement	SEP / PAC	In progress
2023/24	2023.001.00	EXISTING : Climate Change Methodology (CCM)	Standard procurement	DESC	In progress
2023/24	MOD 0844	NEW: NGT Class 1 Ad Hoc Within Day Reporting	Contract variation	TBC	In progress
2024/25	MOD 0831V	CHANGE: Removal of AUGE role	Regulated procurement	SEP	MOD in review
2024/25	MOD 0841	NEW : Annual Business Plan Assurance Audit 2024	Standard procurement - TBC	TBC	MOD in review
2024/25	MOD 0843	NEW : Independant Shrinkage Expert	Regulated procurement	TBC	MOD in review
2024/25	MOD 0850	NEW: Residual Upstream Contributor (AUGE)	Regulated procurement	TBC	MOD in review
2024/25	TBC	POTENTIAL: Annual Efficiency (VfM) Review 2024/5	Standard procurement - TBC	SEP	Bubbling under

Cyber Security

As part of the BP24 cycle, we will be engaging with the Chief Information Security Officers (CISOs) of customer organisations to share our approach to managing the threat of cyber-crime, and to provide an opportunity to bring confidential updates to the DSC CoMC. Please contact us at customerexperience@xoserve.com for more details.

Annexe 3 – Customer and Industry Engagement

Schedule of surveys and advocacy events

As the chart below demonstrates, we aim to encourage customer feedback in many different ways. This includes formal settings such as committee meetings, as well as more casual conversations directly with customer groups or individual customers. Another important way we receive feedback is through periodic surveys, either issued by Xoserve, or by external bodies such as the Institute of Customer Service (ICS). View our last best-ever ICS survey results here. We also regularly engage with individual organisations in operational meetings.

Survey	Purpose	Audience
ICS Survey	Benchmark Customer Experience Measures - CSAT, NPS, CE, RFT	DSC customers who have frequently interacted with us within the last 3 months.
KPM Relationship Management	Measures customer satisfaction with Xoserve services	Contract Managers and key operational contacts.
Change KVI	Measure change delivery & engagement in line with customers' expectations	Change Managers.
Customer training surveys (e-learning and events)	Measure knowledge increase and capture feedback on events and e-learning.	Customers who have subscribed to a specific training event or who have read a specific e-learning guide.
Xoserve.com / email signature survey	Generic – opportunity to provide feedback on people and services	All customers who receive an email from customer facing employees. Also hosted on Xoserve.com.
Service Now	Resolution feedback on individual cases.	Customers who have raised a query/ticket.
Website /digital pop up survey	Anonymous survey hosted on Xoserve.com, capturing feedback on site helpfulness.	Anyone interacting with the Xoserve website.
Demand Estimation Survey	Feedback from the Demand Estimation Sub Committee on their confidence of the Demand Estimation team delivering our UNC obligations.	Attendees of the Demand Estimation Sub Committee.

Schedule of planned DSC engagements

Each month we provide an update to elected representatives from each DSC constituency in the DSC Contract Committee (CoMC) and the DSC Change Management Committee (ChMC). These meetings are administered by the Joint Office of Gas Transporters, with all material provided and presented by Xoserve. The committees provide oversight of matters pertaining to the delivery of DSC commitments and the management of incremental change delivery. We expect to support 24 DSC committees during 2024-25, providing:

- monthly Key Performance Metrics and Performance Indicator statistics (KPMs/PIs)
- monthly updates on outstanding issues where they arise
- quarterly financial updates
- quarterly audit updates
- monthly investment updates

Where required, we will provide the information that enables our elected representatives to approve:

- access to data via the amendment of the Data Permissions Matrix
- changes to DSC service areas/descriptions
- funding to allow change or infrastructure projects to proceed through to completion

Schedule of planned UNC and IGT UNC engagements

It's often the case that changes to gas industry codes result in changes to central systems or processes, and we therefore play an important role in the development of regulatory change. Before regulatory changes are delivered, we provide expertise regarding central systems and processes from the point of a modification's conception, all the way through its development in a workgroup and authority or panel approval.

Using previous years as a guide, we expect to support many different meetings in 2024-25. The tables below provide an estimation (based on 2022/23 activities), of the UNC and IGT UNC regulatory work expected to take place.

- **Table 1** is an estimate of the UNC and IGT UNC meetings we will attend and support.
- **Table 2** is an estimate of the number of UNC and IGT UNC regulatory changes we will need to support. This is not intended to be a total count of Modifications raised but those the CDSP provides support on.
- **Table 3** shows an estimate of the early engagement regulatory changes we provide support on which might not ever become an official regulatory change.

Please note, these figures are estimates only and should not be interpreted as exact figures. The exact figures will be influenced by the topics and issues that take focus over the coming financial year.

Table 1

| Estimated meetings 24/25	Estimated no. 24/25	Expected duration	Comments
UNC Panel / UNCC	16	All day	1 meeting a month and 4 extraordinary
DWG	16	All day	1 meeting a month and 4 extraordinary
PAC / PAFA	15	All day	1 meeting a month and 3 additional PAFA / PAC meetings
Transmission WG	6	Typically half day	Correla attend on our behalf but we typically attend circa 6 a year
Governance WG	12	All day	1 meeting a month
Individual WGs	25	All day	Based on 5 individual WGs over the year and 6 meetings each
IGT Workstream	12	Typically half day	1 meeting a month
Ad Hoc	4	All day	Accounting for ad hoc meetings in the year
Total	**106**	*circa 97 days*	*Typically attended by 2 Xoserve regulation staff*

Table 2

Estimated official changes	Estimated no.
UNC Modifications supported by Xoserve regs team	35
UNC Modifications supported by Correla	8
IGT Modifications	5
Ad hoc regs changes	2
Total	**50**

Table 3

Estimated early engagement changes	Estimated no.
UNC early engagement	5

Schedule of planned REC engagements

Over the last 12 months we have seen a steady increase in the number of REC Changes raised that require assessment by CDSP due to the potential impact on the DSC. As the REC evolves it is expected that this trajectory will continue, however due to the lack of historic REC change data this is difficult to forecast.

Count of Changes
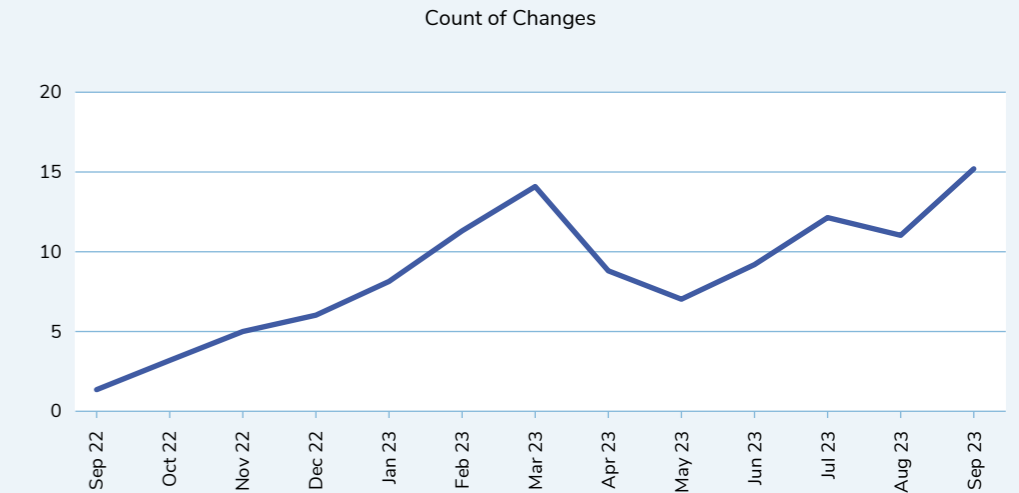
Annexe 4 - Business Cases

Business Cases

Business Case documents provide a comprehensive overview of an identified need for investment. Business Cases should contain an informed view of the challenges, opportunities or risk mitigation that investments seek to address, as well as the solution options, costs and benefits associated with the investment.

We include here the Business Cases for the BP24 period:

- **General Change**
- **UK Link Roadmap**
- **Gemini Roadmap**
- **Decarbonisation**

Glossary

Glossary of terms

Term	Meaning
BP24	The CDSP Business Plan for 2024-25
CDSP	As the gas industry's Central Data Service Provider (CDSP), we provide a suite of vital services for gas Suppliers, Shippers and Transporters
ChMC	The DCS Change Management Committee is the elected body of customer representatives that meet once per month to oversee the delivery of DSC change activity. www.gasgovernance.co.uk/DSC-Change
CoMC	The DCS Contract Management Committee is the elected body of customer representatives that meet once per month to oversee the day-to-day operation of DSC activity. www.gasgovernance.co.uk/DSC-Contract
DSC	The Data Service Contract is the contract which is constituted by the DSC Agreement, the DSC Terms and Conditions and each of the CDSP Service Documents
Efficiency Review	In BP23 we received funding to faciliate a 3rd Party review to assess the extent to which we were delivering vlaue for money CDSP services. This work conlcuded in September 2023.
IGT UNC	Independent Gas Transporter Uniform Network Code www.igt-unc.co.uk
InfoSec	Information Security is the activity that we undertake to keep critical CDSP Infortaion Technology and related processes secure from cyber attack
Investment	This term covers funding to deliver transformation activity, and further splits into sub categories that are aligned with terminology in the Budget and Charging Methodology: 'Infrastrarture' (typically technology-sustaining programmes) and 'Change' (incrementally scoped budgets for customer usage throughout the business plan period)
KPM	Performance versus a suite of Key Performance Metrics that show how effective we are at delivering CDSP servies are monitored and reported each month to the DSC CoMC
P&A	The 'Principles and Approach' (P&A) is the document that the CDSP publishes at the start of each business planning cycle, setting out the key principles that will drive the current business plan and the CDSPs approach to ensureing the principles are adhered to

Term	Meaning
PI	Performance versus a suite of Performance Indicators that show how effective we are at delivering CDSP servies are monitored and reported each month to the DSC CoMC
RECCo	Retail Energy Code Company www.retailenergycode.co.uk
S&O	Service and Operate costs fund the day-to-day operational activity that is either performed directly by Xoserve, or via one of our outsourcing agreements. S&O is an umbrella term that covers all of the CDSP General Service Areas
S&O Baseline	The Service and Operate costs associated with activities that span business plan years. We use this to measure and report the extent to which like-for-like activity is being economically undertaken across a multi-year period. To do this we apply the same indexation to all historic costs to evaluate whether services are being delivered more or less economically across the period in question
The 4Es	We have adopted a framework through which Value for Monday can be commonlyunderstood addressed. The 4Es and their relative descriptions are thus: 'Economy' - are costs reasonable, 'Efficiency' - are costs being fully utilised, 'Effectiveness' - are services being delivered effectively versus stated aims (e.g. Key Performance Metrics); and 'Equity' - are costs being fairly shared.
Unallocated Projects	The term 'Unallocated projects' relate to the potential costs of investment that may be required beyond the first year of any given 3-year business plan period. The related funds are in effect a balancing figure that we apply to our investment forecast to attain a flatter investment profile across the 2nd and 3rd year of any given business plan period. This apprach has been taken to investment forecating for multipe years following customer request. The balancing figure applied in the previous business plan forecast is removed from the 1st year of the new business plan so that investment costs for Y1 are as accurate as possible.
UNC	Uniform Network Code www.gasgovernance.co.uk/UNC
VfM	Value for Money

Board Assurance Statement

Board Assurance Statement

As with previous Business Plans, the Board has been engaged throughout the process of developing this Business Plan (BP24), regularly reviewing relevant information and artefacts presented (whether in summary or in full form) by Xoserve's Senior Leadership Team (SLT), including:

- Iterative drafts of BP24 and supporting material
- Progress reporting at key milestone intervals
- Customer feedback / correspondence and the Xoserve response
- A report assessing the VfM of CDSP service provision produced by an independent third-party, commissioned by a special panel of the DSC Contract Management Committee

The Board is satisfied that the Budget has been developed in accordance with the objectives described in the Gas Transporters License (Standard Special Condition A15 Paragraph 6) and the process of setting the annual CDSP Budget as described in the Budget and Charging Methodology (paragraph 4.7.1 to 4.7.4).

The Board has also assessed how closely BP24 has adhered to the principles set out in the Principles and Approach (P&A) document, published in July 2023. The P&A set out 5 principles that would underpin the development of BP24:

- Engagement
- Accessibility
- Value for Money
- Transparency
- Uncertainty

Engagement & Accessibility

The Board has engaged directly with customers in multiple dedicated, well-attended roundtable events that preceded or followed the publication of three iterative drafts of BP24. The Board has also reviewed the feedback comments received during the Business Planning process. In doing so, it has assured itself that customer feedback, often relating to a desire for a greater degree of transparency and an articulation of Value for Money in the business plan, has been taken on board, and effectively delivered throughout the BP24 lifecycle.

We note that the Xoserve team has participated in parallel business plan-related industry discussion in the Uniform Network Code modification space, adding value to and benefitting from regular discourse that has further helped to ensure that BP24 has been built on effective engagement.

Reporting to the Board, the Xoserve SLC (supported by a dedicated Business Plan Manager) has overseen all stages of the BP24 process, in terms of both content and the engagement approach with DSC customers. All relevant BP24 resources have been uploaded to a dedicated BP24 microsite. The BP24 Hub is a repository for all business plan related documentation, including a register of non-confidential customer feedback and Xoserve's response, and the video recordings of all group customer engagements.

Value for Money (VfM)

During the summer of 2023, with the support of our largest service delivery provider, Correla Ltd, Xoserve commissioned an independent third-party assessment of VfM. The 'Efficiency (VfM) Review' was carried out following a procurement and scoping exercise that was endorsed by a Stakeholder Evaluation Panel made up of customers from each DSC constituency, following discussion in the DSC Contract Management Committee.

The Board takes significant reassurance from the statements by the Independent Reviewer, that:

"The openness and transparency of access to information from Xoserve and Correla has been very good throughout the assessment period, and been better than would be expected of a third-party supplier in these type of assessments."

In addition to the Board receiving the Efficiency review report and detailed presentation from the Lead Reviewer, the same information and presentations have been made available to all DSC Contract Managers in September 2023.

The report concluded that the large majority of our services benchmark favourably compared with similar organisations to Xoserve. It also identified a series of recommendations that could lead to future VfM improvement opportunities. Many of these recommendations are now being further explored via a dedicated programme of work that is sponsored by the Xoserve SLT and will be supported by a Customer Advisory Board, comprised of a broad range of Customer representatives.

A real-terms reduction of 9% compared to the 2022-23 Service and Operate core cost base by March 2027 is being targeted. This target is in line with the 2% - 8% range of potential VfM opportunity as recommended in the final VfM report. The Board notes that the Company has already delivered ongoing real-terms reductions in core service and operate costs since 2020, and the efficiency review has confirmed that the pace of these savings is broadly in line with the recommendations from the efficiency review, noting that the review considered costs in FY2022-23.

The Board is therefore satisfied that the budget in BP24 is appropriate and supported by the findings of the Efficiency Review recommendations. The Board also considers that the future savings targets for FY2025/26 and FY2026/27 are also appropriate.

Transparency & Uncertainty

The Board is satisfied that an appropriate level of transparency has been provided in BP24 and its supplementary documentation. Newly provided information includes (but is not limited to):

- A breakdown of 'direct' and outsourced costs
- Xoserve headcount and related cost forecast
- Workload forecast
- 'Y-1' and 'Y-2' rebate forecast
- Within-year Key Performance Metric and Indicator performance statistics
- The output from the Efficiency (VfM) Review

Furthermore, the Board is satisfied that the business plan acknowledges the significant level of future political, regulatory and market uncertainties that could impact CDSP services and systems into the medium term, and is satisfied that appropriate and proportionate measures designed to mitigate against those uncertainties are being considered and where possible acted upon.

As an example, a considered approach is being applied to the enhancement of the UK Link suite of systems ahead of a mandatory upgrade later this decade, with a greater proportion of the UK Link investment being placed into the incrementally scoped Change budget. This will mean a greater degree of customer oversight and less chance of regret spend as the political and market landscape becomes less unknown.

Conclusion

As a result of the engagement and validation described, we have assured ourselves that Xoserve's 2024 Business Plan (BP24):

- Has been built on significant levels of customer engagement, following extensive and effective collaboration
- Has been communicated in an accessible way, via well-presented documentation that has been circulated to all stakeholders, numerous roundtable events and 1-2-1 drop-in sessions, and the introduction of a dedicated BP24 microsite (BP24 Hub)
- Describes CDSP scope and costs to an appropriate level of transparency and detail
- Articulates VfM and a plan to drive further VfM opportunities (with a target reduction of 9% from the 2022/23 Service and Operate position by March 2027), noting that the independent VfM review recommended that savings of up to 8% might be achievable over the period considered, in comparison to the 2022-23 baseline considered in the review
- Is sufficient to fund the resources needed to provide new, customer-approved CDSP services via an increase to the total S&O profile
- Reflects investments that the Xoserve SLC regard as critical to the continued delivery of CDSP services through the maintenance and / or improvement of systems and services via the UK Link Sustain and Gemini Sustain infrastructure programmes

- Makes provision for incrementally approved (regulatory / customer driven) Change delivery, via the General Change (UNC/REC), Decarbonisation, UK Link Optimise and Gemini Regulatory Change investments
- Is fit for purpose for Xoserve to fulfil its obligations to provide the CDSP Services

We are confident, therefore, that the plan is a true and accurate reflection of our view of what is required to deliver the CDSP services and meet customer requirements in the period 2024-27, including industry developments and the obligations in the Data Services Contract.

Our assurances in this statement are based upon our understanding of the current requirements and obligations of Xoserve as CDSP and therefore we reserve the right to make such adjustments, if any, that we consider appropriate should any relevant and material changes be made to such requirements and obligations.

XOserve

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