

Stakeholder Event

Trust > Innovate > Deliver

15th May 2024

xserve

2025-2028 Business Plan



Housekeeping

Kate Garratt

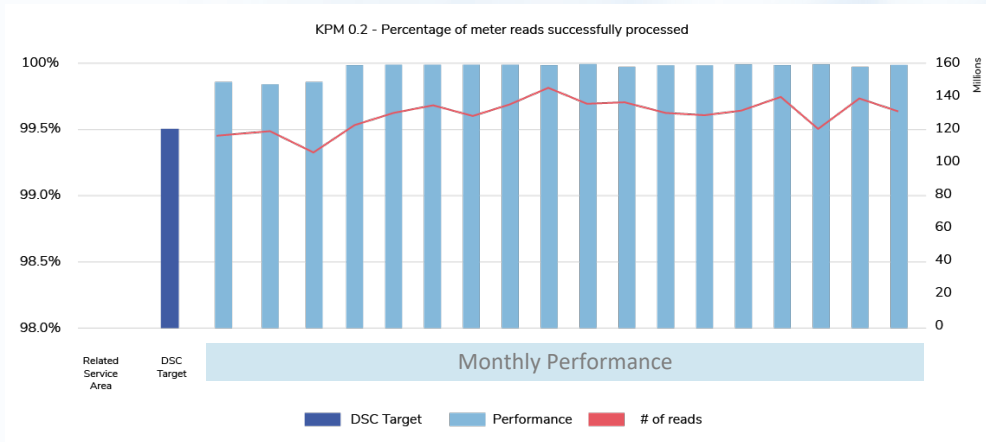
Agenda

Estimated Time	Agenda item	Lead
10:00	Housekeeping	Kate Garratt
10:05	Welcome	Steve Brittan (CEO)
Part 1 – Principles and Approach		
10:15	5 Strategic themes	Clive Nicholas
10:35	Group exercise	In groups
10:50	Group exercise playback	Kate Garratt
Short Break		
Part 2 – Strategic Initiatives		
11:05	Code Management	Steve Brittan
11:25	Audience polling	Kate Garratt
11:30	Project Trident	Dave Turpin
11:50	Group exercise #2	In groups
12:00	Group exercise playback	Kate Garratt
12:10	Closing remarks	Mike Hogg (Chair)
12:15	Lunch / networking opportunity	

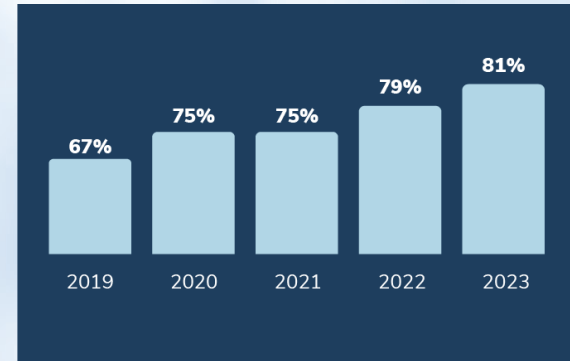
CEO's Welcome

Steve Brittan

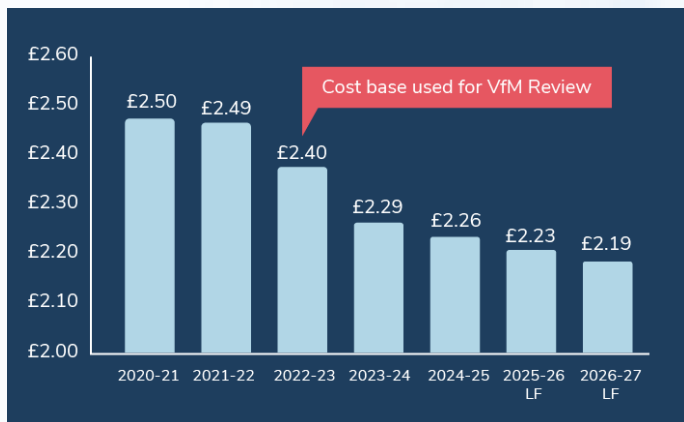
KPM Performance



ICS results



Reducing Costs



Efficiency Review



Area	Assessment	Unit	Xoserve
2. Direct Costs	Direct costs as % of total costs	%	97% ●
2.1 Direct ops.	Cost to serve per message	£/TB	0.02 ●
	Invoicing process cost	£m/£b revenue	0.52 ●
	Credit processing cost	£m/£b revenue	0.3 ●
	Invoicing, balancing & credit costs	£m	6.2-8.8 ●
	Cost per switch	£/switch	1.21 ●
	Service desk as % of IT cost	%	1.2% ●
	Gas vs. electricity enquiry services	£/query	0.06 ●
2.2 Ops. Support	IT "run" spend as % of revenue	%	0.5% ●
	Managed spend per Procurement FTE	£m/HC	20 ●
	Reg. & reporting proportion of total cost	%	4.5% ●
	Assurance as % of total costs	%	2.8% ●
2.3 Change	IT change spend as % of revenue	%	0.6% ●
	Testing costs as % of total costs	%	20-50% ●
	Rate cards: Project Managers	£/day	563 ●
	Rate cards: Business Analyst	£/day	392 ●
	Rate cards: Architects	£/day	629 ●

What you told me



CEO engagement

Embed behavioural change

Focus on value not cost

Look ahead and innovate

Enhance Xoserve capabilities and capacity

Maintain CDSP performance





James Spicer

Director of Finance and Shared Services

- 
- Shared Services
 - Governance
 - Value for Money



Clive Nicholas

Director of Strategy and Development

- Enterprise Architecture
- Stakeholder Engagement
- Industry Projects



Dave Turpin

Director of Programmes and Service Delivery

- Service Delivery
- Change Delivery
- Customer Service

Strategic outlook



The landscape is beginning to clarify...

...which informs our future planning...

- Future Energy Scenarios to become Pathways
- Ofgem Multi Year Strategy, Forward Work Plan (and inaugural Strategic Direction Statement)
- Code reform & open data best practice
- SAP support

- Decarbonisation
- UK Link upgrade
- Code consolidation & management

Part 1 – Principles and Approach

Clive Nicholas

BP25-28 development timeline



What's the same?

- Engagement
- Timetable
- Documents
- Webinars
- Portal
- Board oversight

What's new?

- Earlier start
- Business Plan Rules
- Third Party Assurance
- Plan built on strategy
- Even greater engagement
- Better business cases

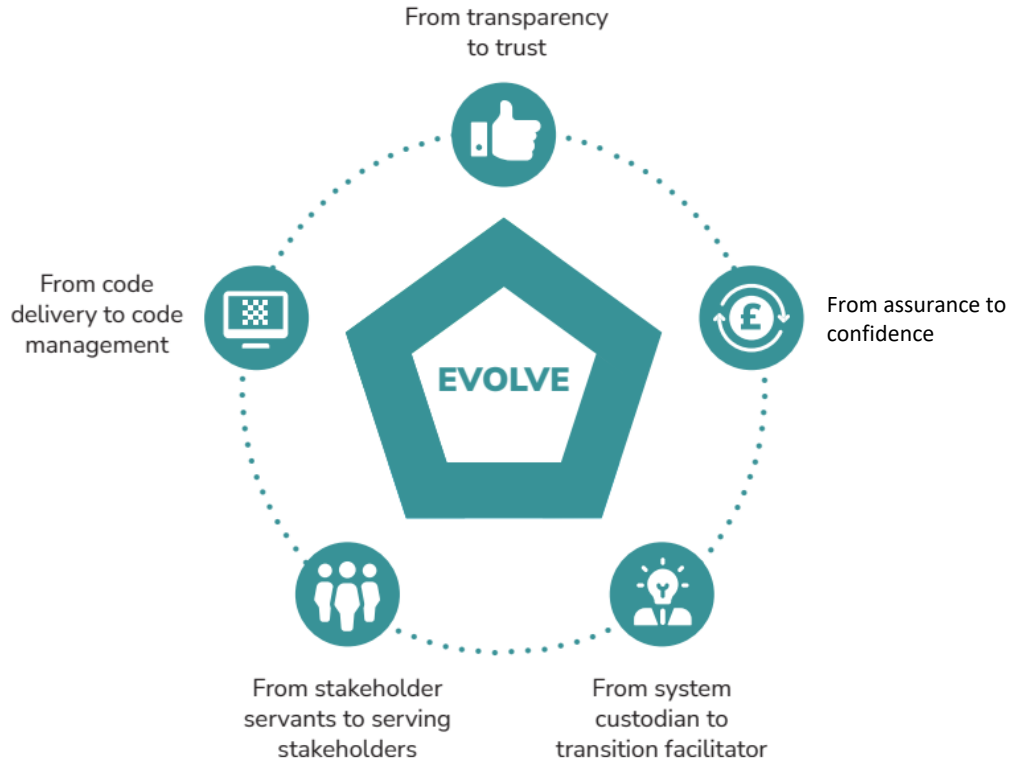
Value framework – 5 Es

- We express value via a framework that articulates the degree to which our costs are **Economic**, that our services are delivered in an **Efficient** and consistently **Effective** way, and that costs are shared in an **Equitable** manner.
- But the scale of the challenge ahead requires us to go further. To deliver maximum value, we must also now Evolve



Strategic themes - Trust > Innovation > Delivery

- From all your engagement and feedback we have identified **5 strategic themes** which our plan needs to address
- **We will seek your input shortly to understand** which of the 5 strategic themes you think we have the furthest to travel towards and why?



Theme 1 – Transparency to Trust

Transparency

- Xoserve satisfies requests for more **information**
- Stakeholders feel **engaged** and are satisfied with level of detail / quality of communications, and recognise priorities are being addressed

to

Trust

- Xoserve identifies opportunities / satisfies requests for **assistance**
- Stakeholders know that compliance with current and future code/licence obligations is assured, and that their expectations will be met /exceeded as standard

How

- Strategic direction engagement
- Clarity in business planning & 3rd Party Assurance
- Utilisation of new Xoserve structure to enhance customer experience
- Development of customer experience tools

Theme 2 – Assurance to Confidence

Assurance

- Xoserve expertly oversees existing services
- Stakeholders receive reliable, secure, value for money services, that are evidentially assured

to

Confidence

Xoserve is consistently looking to deliver additional value for its stakeholders who are actively engaged in the process

- Xoserve and stakeholders proactively identify opportunities to leverage CDSP model as 'Informed Buyer', taking on additional or new services the market requires / would value

How

- Clear strategic direction aligned with industry (e.g. FWP)
- Work with customers and stakeholders to identify opportunities across the full 3-year Business Plan period that facilitates execution of strategy and drives industry / consumer value
- Xoserve value-add is clear and measured

Theme 3 – System custodian to Transition facilitator

System custodian

- Xoserve delivers / assures consistent, secure, reliable and value adding services via central systems
- Customers are confident that central systems and processes satisfy code and licence obligations and value access to data

to



Transition facilitator

- Xoserve facilitates innovation to help shape a fit-for-purpose future energy system and deliver industry and net zero priorities
- Stakeholders are engaged in the development of strategic future IT solutions which deliver valuable outputs

How

- 2025-28 Investment plan
- UK Link upgrade & optimisation
- Decarb, Digital and Data focus

Theme 4 – Stakeholder servants to Serving stakeholders

Stakeholder servants

- Xoserve uses existing, deep gas industry expertise / skills and resources to deliver and assure CDSP services, and collaborate in the development of code change
- Stakeholders value Xoserve as an impartial partner, recognising industry / code knowledge and expertise, and a commitment to value add (consumer, customers, stakeholder)

to



Serving stakeholders

- Xoserve enhances expertise / skills and resources to deliver expanded CDSP scope
- Stakeholders value Xoserve's central intelligent evaluation, prioritisation, decision making and (where appropriate) leadership

How

- Re-organised business / capability assessment and development plan
- Stakeholder engagement
- Robust business case development
- Understanding costs to consumers

Theme 5 – Code delivery to Code Management

Code delivery

- Xoserve helps to develop and then delivers code obligations into central systems and process, as a not-for-profit partner
- Stakeholders value impartiality and expertise, and the means to fund code obligations efficiently via a mature central cost recover mechanism

to



Code management

- Xoserve leads expert stakeholders to develop a consolidated gas network code and deliver the Forward Work Plan via central systems
- Stakeholders trust Xoserve to execute Code Manager services to identify issues, prioritise code / functional change, makes sound and accountable decisions

How

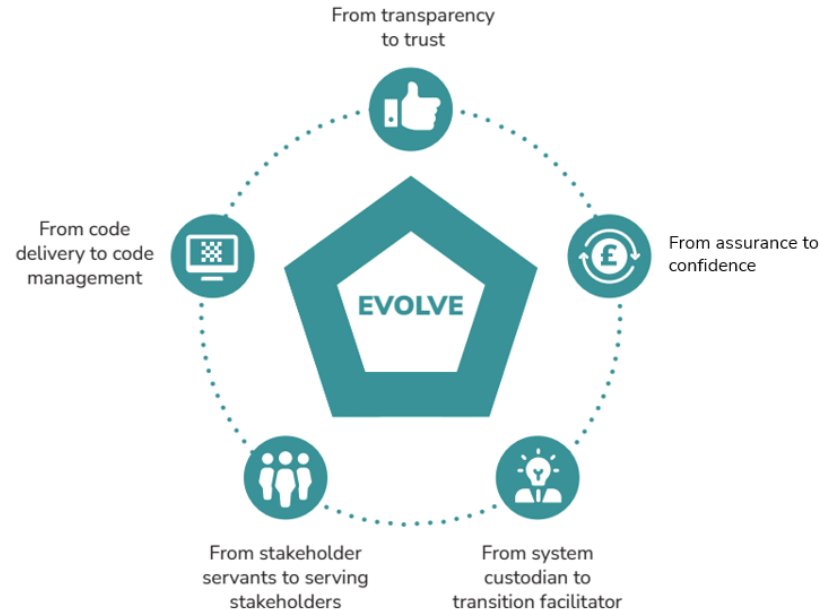
- Xoserve 'Gas Network Code Manager' White Paper
- Role in consolidation of the UNC and IGTUNC
- Digital Code Proof of Concept
- Decarb, Vulnerability and Open Data initiatives

Group exercise #1

Strategic Themes

- In small groups, please discuss the following questions

- Which of the 5 thematic 'destinations' do you think we have the furthest to travel towards and why?
- What action would you like to see Xoserve take now that would speed up our evolution?

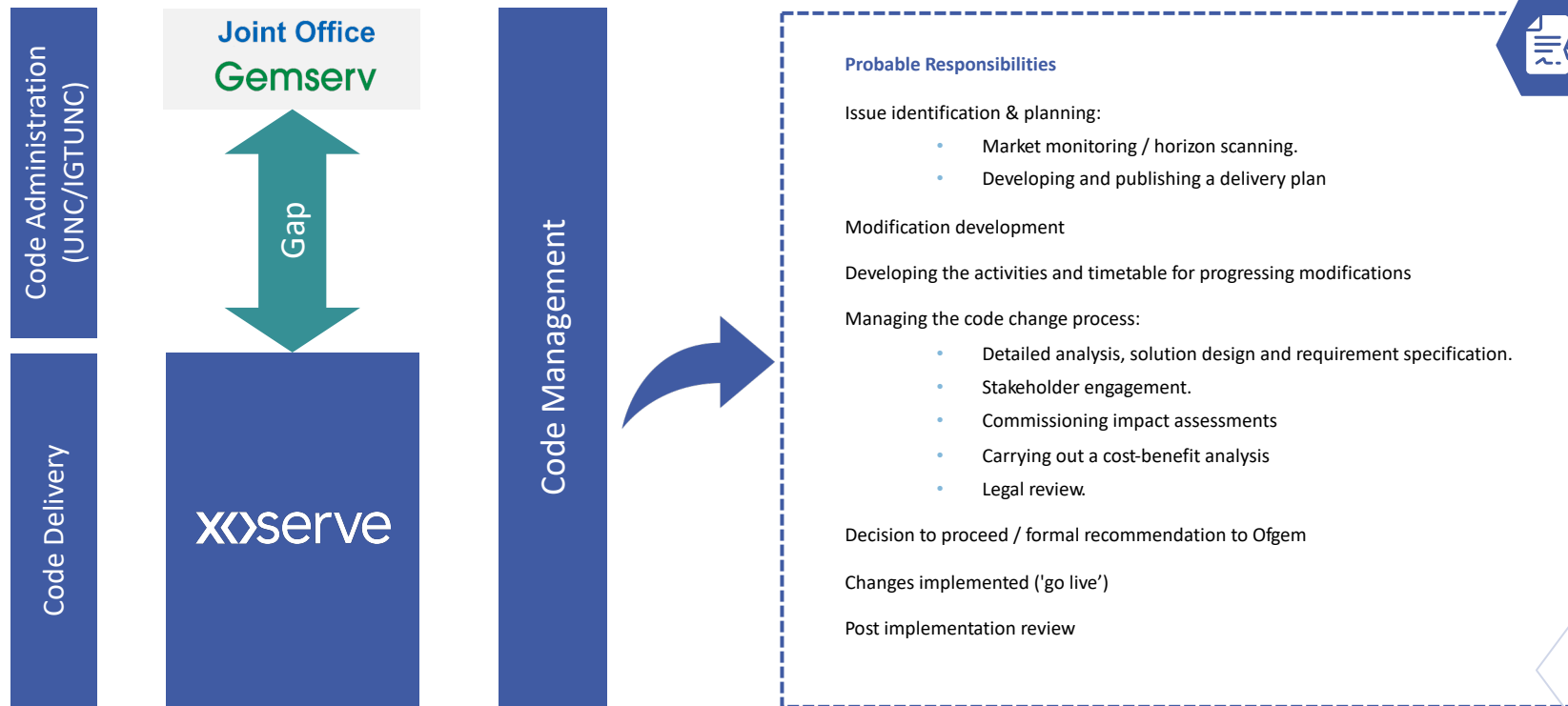


The background features a dark blue color palette with various shades. On the left, there are large, overlapping geometric shapes, primarily triangles and quadrilaterals, in lighter shades of blue. On the right side, there are several white-outlined hexagonal shapes of varying sizes, some of which are partially cut off by the edge of the frame. The overall aesthetic is modern and corporate.

Break

Part 2 – Strategic Initiatives

Preparing for Code Management – Capability Gap



Code Manager Selection & Governance Criteria



Xoserve has a strong case to be the industry's preferred choice

- Can expand its capability to fill the gap
- Prevents the cost of an additional central body
- Increases accountability and efficiency for code changes
- Consolidates gas sector expertise
- Coherence between code and digital systems development

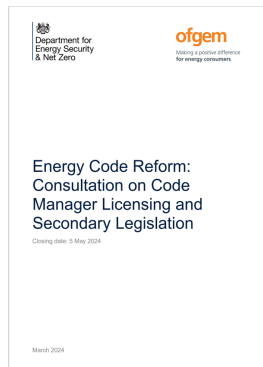


Xoserve has a proven but adaptable model

- Not For Profit
- Established Charging Methodology
- Proven financial record
- Independent Board Members
- No conflicts of interest
- Established customer representation groups
- Evolution of Funding, Governance and Ownership

Priorities now

Code Management and Delivery



What would a Code Manager be involved in now?

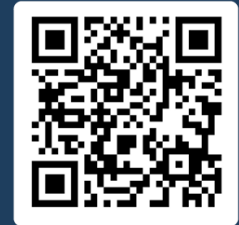
- Merging Uniform Network Codes
- Decarbonising the gas network
- Delivering a vulnerability agenda
- Working on making data more open
- Collaborating with other Central Bodies
- Implementing government policies

Audience Feedback

Slido Questions

Xoserve will be developing a **white paper** this summer, in which we will set out the **business case for Xoserve to assume the role of code manager** for the consolidated Gas Network Code.

Join at
slido.com
#5527 743



Slido Questions

1. Currently, how strong is the case for Xoserve to assume the Code Manager role for gas (strong, developing, weak, undecided)?
2. To what degree would you be in favour of BP25 containing investment to fund preparatory work (very much in favour / somewhat in favour / not currently in favour)?

Join at
slido.com
#5527 743



Project Trident

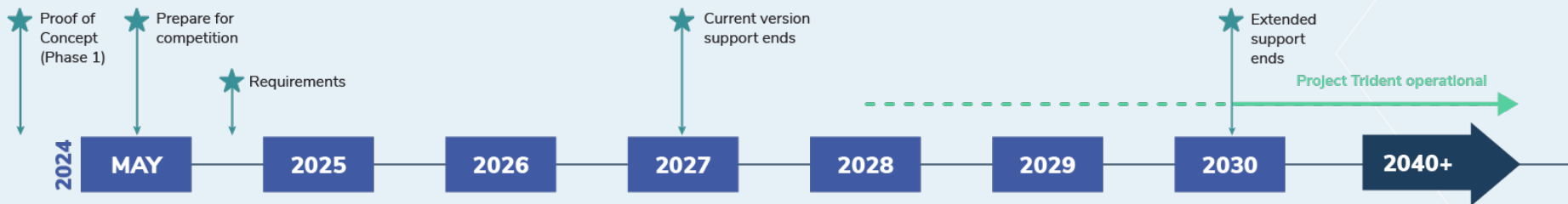


Project Trident



- Standard support for the current version of the SAP platform that supports UK Link ends in 2027, with **extended support available until 2030**
- **Decisions** over when and **how to transition** to a new version are required.
- We have undertaken an initial proof of concept exercise that looked at the feasibility of re-platforming to SAP4Hana.
- Work is underway to establish new options for re-building and / or re-platforming 'Core' UK Link, its 'customer edge' and 'validation/orchestration and conversion' elements.
- This will be an **Xoserve-led process**

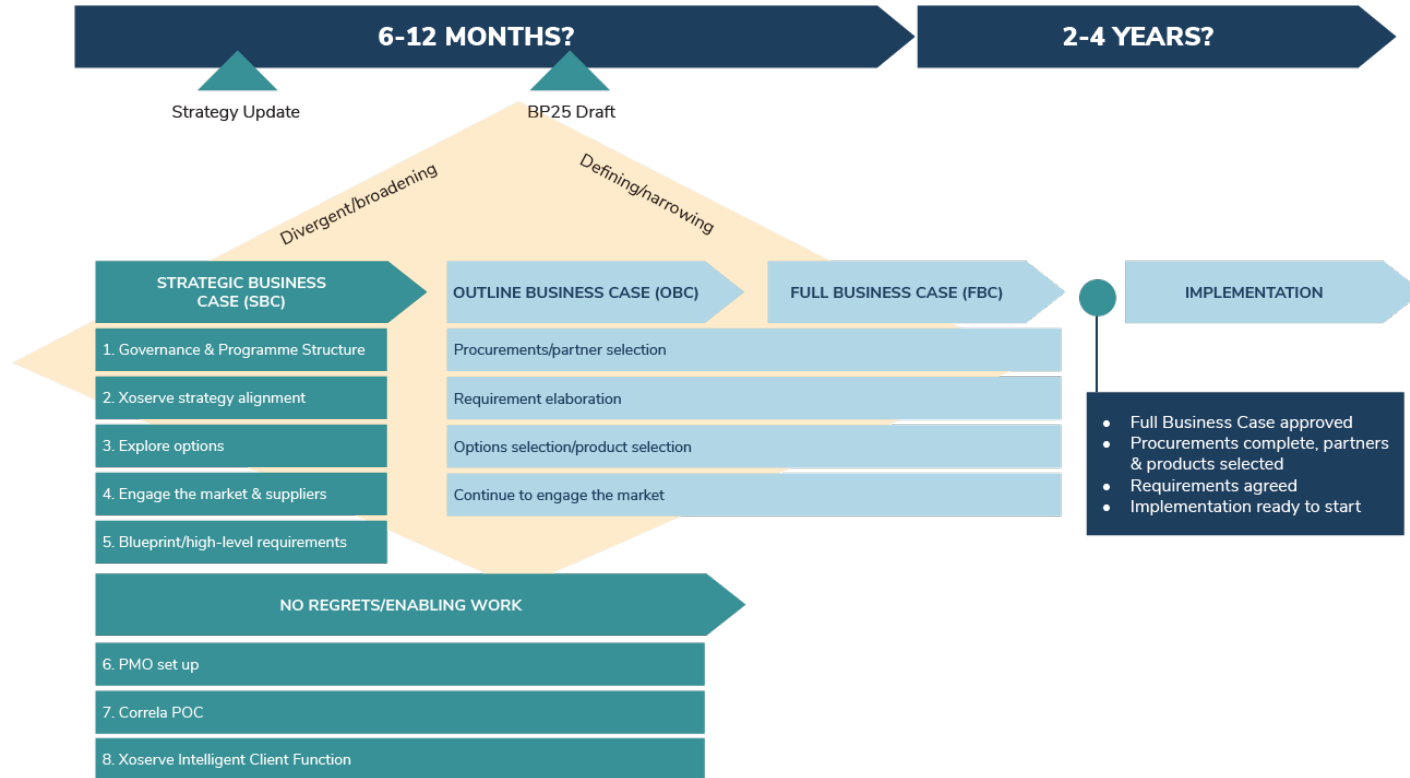
KNOWN >



UNKNOWN >

- ★ Hydrogen for heat policy decision?
- ★ Blending & Settlement?
- ★ Code / Functional Change?
- ★ CDSP for CO2 & heat?
- ★ strategic network options

Trident – plan outline



Group exercise #2

Group exercise – Project Trident

In groups, discuss Project Trident in terms of potential:

- **Approach** (risk v investment appetite)
- **Benefits** (customers, the wider industry, and the consumer)
- **Challenges** (policy, market conditions) and how they could be overcome



Continue the discussion online

- We want to keep the discussion flowing after today's event
- You will be able to do this online via our BP25 portal

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Home Business Plan 2024 Engagement Resources

The BP25 process starts soon

We're looking forward to collaborating with our customers on our Business Plan for FY 2025-26

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Home Business Plan 2024 Engagement Resources

Resources

All key documents relevant to the BP24 process can be accessed here. If you're unable to find what you are seeking for please contact us at customerexperience@xoserve.com

Please note that some of these documents are available exclusively to Xoserve customers and will be password protected. If you are unable to access the document you need, please contact your Xoserve account manager or email us in the usual way.

Principles & Approach	Business Plan	Engagement outputs	Other
Principles & Approach	Business Plan BP24 Final	PIA roundtable	Annual Charging Statement
Principles & Approach draft	Business Plan BP24 Final spreads	Non-confidential Q&A register	Fast Access Plan
	Business Plan BP24 Final Draft	BP24 First Draft - Centrica response	Q&A Register
	Business Plan BP24 spreads	BP24 First Draft - Northern Gas Networks response	CDSP Annual Review 2022-23
	Business Plan BP24 V2	BP24 First Draft - Wales & West Utilities response	CDSP Service document
	Business Plan BP24 V2 spreads	BP24 Second Draft - Wales & West Utilities Response	Cost Allocation Methodology
	BP24 Business cases	BP24 Second Draft - Centrica response	Efficiency Review Sept 2023
	BP24 Business cases spreads	BP24 Second Draft - CDSP response to Centrica	Change Delivery plan
	Business Plan BP23		

Feedback from table 1

Placeholder text block

Add your feedback

Full name

Title

Company

Company

Your thoughts

I agree that my responses may be used in the consultation of the 2025 business plan

If provided above, I agree to consent to use my name alongside the responses. I have opted and find my name will be stored and used in accordance with the website privacy policy

Submit response

Final thoughts

Mike Hogg (Chair)