Xoserve

2021 Business Plan

Draft Version 2

(October 30th 2020)

Contents (click/tap to navigate to page)

Glossary of Terms:

Right First Time (RFT)
Customer Effort (CE)
Cost to Serve (C2S)
On Time Delivery (OTD)

Executive Summary

Our Business Plan 2021 (BP21) aims to recognise the challenging environment we now all find ourselves in. Through our early engagement it is evident that due to the impact of COVID-19 and the subsequent economic and market constraints, we need to deliver a plan which provides stability and builds on the existing foundations we have established through Business Plan 2020 (BP20).

In BP20 we forecast an increase to Maintain the Business (MTB) costs, rising to £51.7m, (£52.7m at 2020/21 prices) by March 2021, to be followed by a reduction in the following years. You will be pleased to know that we are keeping our promise and MTB costs for the first year remain unchanged between BP20 and BP21, holding flat at £52.7m.

Following the first consultation phase, some adjustments to the budget have been requested by customers, resulting in a year one total expenditure (TOTEX) reduction of £150k, followed by a net £450k reduction in years two and three respectively. These are further explained in the following business plan.

Since our first Business Plan following Project Nexus go-live, we have been modernising and transforming our business. This last year has seen the continuation of the transformation journey, building solid foundations in technology, customer engagement and communications. It has been a period of consolidation, where the team has embedded the benefits from previous years and stepped up the pace on new transformation activity. This will ensure Xoserve delivers a consistent and increasingly exceptional service to our customers. We have extended training well beyond the website and have evolved an initial trial investment into an annual training budget, that provides a service that is well consumed and well regarded by new entrants and experienced customers alike. Furthermore, we have enhanced our capabilities to deliver our digital and industry insight services. These are no longer investments that have an end date but are the annual cost of running and maintaining these services and as such they should be part of our MTB cost base, rather than investments. Therefore, we propose to move these lines from investment to MTB as part of BP21. This has no impact on TOTEX and is instead a financial classification change only which does not impact our promise to reduce MTB over future years.

We propose to apply the same reclassification treatment to the UK Link Minor Release budget, which has been a flat annual recurring budget for many years and is a necessary overhead of running a platform like UK Link. Without this small allocation of development capacity, we would not be able to help our customers with urgent small changes. This is really an operating expense and should be classified as such going forward. Again, this has no impact on TOTEX.

By 2023, Ofgem's new Central Switching Service (CSS) is forecast to be live. We have been provided with a set of Key Performance Indicators (KPIs) we need to meet, including system performance, ticket volumes, test and environment provision and support, as well as access to expertise. We will be walking customers through the CSS design assumptions and volumetric drivers as part of our BP21 consultation, but the expectations of the service are high. Whilst we have a mature and established service management process, our analysis of the KPIs and the new volumetric projections supplied by the Data Communications Company (DCC) this year, has identified a need for Xoserve to substantially uplift our existing capabilities in order to meet these requirements. Additionally, the requirement to achieve these KPIs has introduced new software and infrastructure components, over and above the existing UK Link design. This will ensure we are able to deliver the real-time exchanges of data with the CSS Provider (CSSP), real-time reporting within Data Enquiry Service (DES) and improved disaster recovery times. This also means increasing our support functions to include a level of ongoing development capacity to meet DCC's defect fix and defect support requirements for these new technologies. Our current forecast for this service will refine as the CSS programme progresses. Xoserve are actively reviewing the requirements and will refine this forecast as the supporting data and volumetrics become clearer. Based on today's requirements, the cost of supporting CSS once live, will be £3.3m annually.
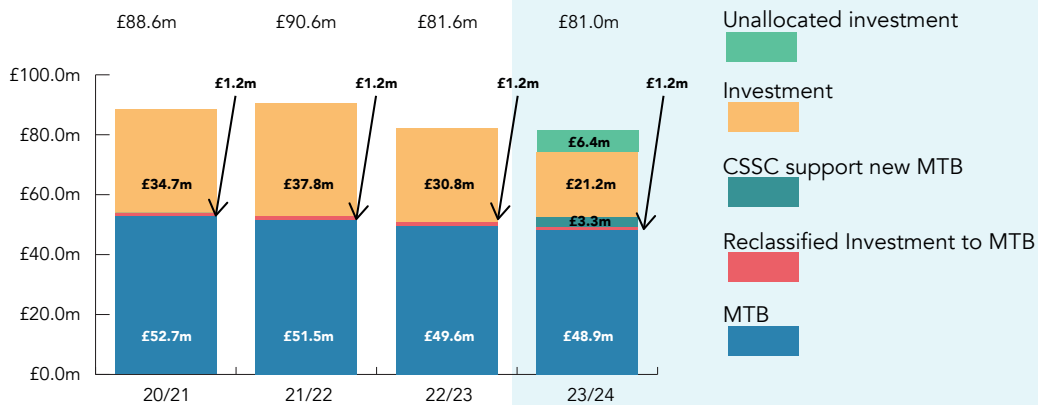
Introduction
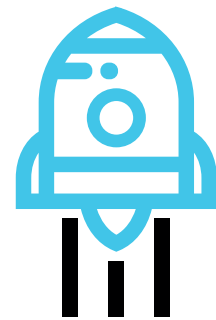
In July 2020 we published our BP21 Principles and Approach, which marked the formal start of our annual process to engage with our customers on the strategic direction of Xoserve, and specifically to seek feedback on the initiatives we believe will deliver the greatest value during the period April 2021 to March 2024.

The publication of the first draft of our BP21 marked the next step in this process, consolidating the customer feedback we had received and outlining in detail our financial forecasting, investment focus areas, customer engagement approach, and constituency-specific information for consideration.

This second draft continues to be built with our customers in mind, with changes reflective of the feedback received during the recent customer consultation period.

In line with our Principles and Approach document we have categorised our investment proposals within five core focus areas that represent our priorities for the upcoming business plan period:

- Exceptional Customer Experience
- Opening-Up Our Data
- Gemini Roadmap (Optimising the Gemini Platform)
- UK Link Roadmap
- Protecting Against Cyber Crime

In addition, we have two focus areas which capture work driven by Ofgem, the Uniform Network Code (UNC) and the Retail Energy Code (REC) including Faster Switching:

- General Annual UNC Change
- General Annual REC Change

As previously outlined, by focussing on this reduced list, we are proposing a much simpler business planning methodology which has greater longevity. We expect these fewer themes to be repeated from one year to the next. Our customers have told us during our consultation that they are supportive of the simplification of investment proposals into a smaller number of themes.

Our BP21 Plan provides a detailed rationale and plan for our activities in each of our focus areas along with a breakdown of investment activities, as per BP20 customer feedback. Additionally, this year each focus area will be underpinned by a detailed roadmap and business case. We have presented financial information in line with our BP21 Principles and Approach. This ensures our information differentiates the purposes of our funding, provides transparency about the funding of historic initiatives and provides a breakdown by customer constituent for their contribution to the plan.

This document and the supporting information we are providing represents a further step change in our BP21 customer engagement activities. This provides more granular information to customers earlier in our planning process, alongside detailed roadmaps to better set the context for our investment areas. We welcome your views on the information we have set out. You can find a full breakdown of our engagement timeline and opportunities to feedback your views later in this document.

Customer Feedback

We invited customers to respond to four questions that were set out within the BP21 Draft Version 1 and asked for feedback on the investment and change initiatives that we included in the draft plan.

The questions that we asked within the draft plan were:

1. Do you agree with our view on the change initiatives being proposed, are these initiatives necessary to deliver the improved levels of service that customers have asked for?

2. What knock-on impact would the proposed initiatives create within your organisation, would your organisation be able to support the level of change being proposed? If you have capacity constraints, which initiatives would you prioritise and why?

3. Have the deep dive overviews of the key focus areas provided you with the additional level of detail required to better understand the investments (and their percentage funding split) being proposed?

4. We have built a business plan around items deemed as essential only to maintain our existing systems, release savings and ensure cost avoidance where possible. Do you believe we have gone far enough to avoid non-essential investment proposals?

We spoke to a wide range of customers to discuss the impact of our Business Plan on their organisations. A consultation response has been published to highlight the feedback that we received; this document can be downloaded from our website or viewed by clicking **here**.
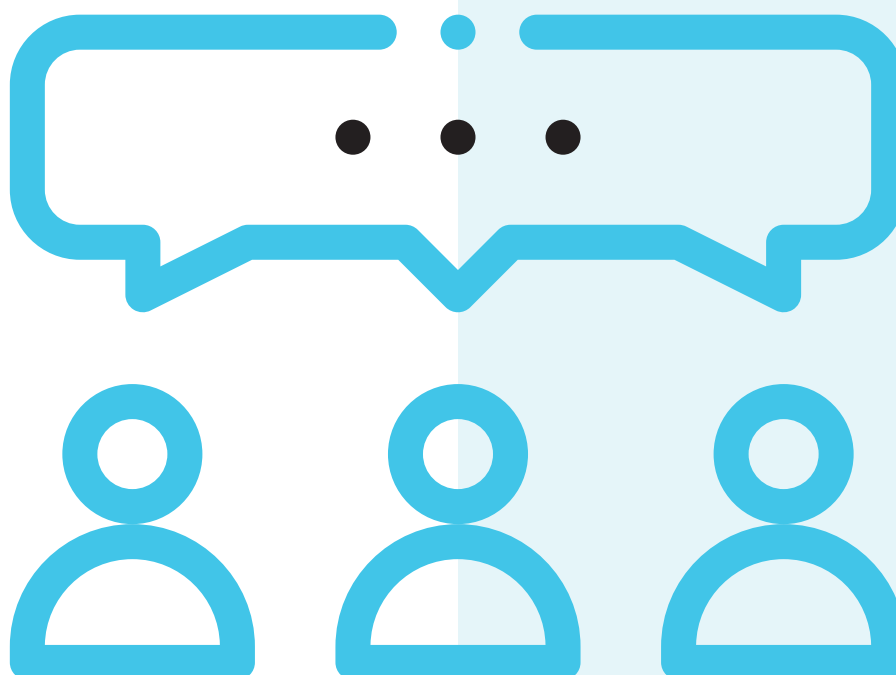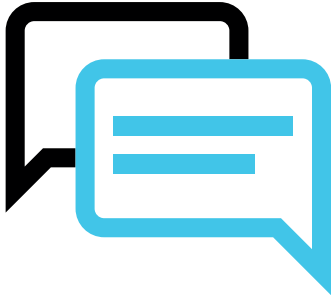
We have engaged with

98

individuals...

... across

23

meetings...

... and with

21

different customer organisations!

Provision
of Financial Information

In this section we describe the basis of our financial forecasts and how we are presenting financial information to our customers. Wherever possible we have retained the format and structure of our financial information in line with last year's plan to help customers see what's new and what has changed.

The financial information in our BP20 document was stated in 2019/20 prices. To allow a direct comparison with the values in this BP21 document we have stated all values, including BP20 values, in 2020/21 prices, inclusive of the 'Consumer Prices Index including owner occupiers' housing costs' (CPIH) uplift of 2.0%. CPIH indexation will be used again to convert the plan into final Charging Statements in January 2021.

In BP20 we categorised investments as either Baseline or Recommended. This year, in line with our Principles and Approach we are only including essential investments and therefore this categorisation has been removed, to avoid confusion and better reflect our priorities for the upcoming Business Plan period. Furthermore, in BP20 MTB costs were split between people and non-people which caused unnecessary constraint. This year we will be showing MTB costs as a whole.
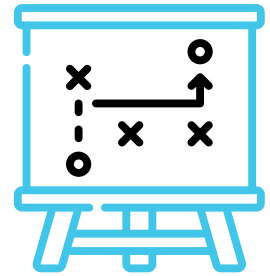
Presentation
of Financial Information

As part of our continued focus on transparency and addressing our customer's feedback, we have produced financial information that is accurate and relevant to each of our customer constituents.

We've presented information in line with the focus areas outlined in our Principles and Approach. This fulfils three purposes:

1. It differentiates between funding that:

    a. Maintains the Business, retaining the high-quality assets necessary to deliver our services. This year MTB costs will be shown in totality

    b. Defines the investments that will help deliver change to meet customer expectation. Our investments have been split by:

        b.i. Focus areas as specified within the Principles and Approach document with only essential investments being proposed

        b.ii. An unallocated investment for year three of the Plan. This reflects the customer view, that a flat level of investment across the plan period represents a more realistic view of future investment levels

2. It is transparent about the funding of initiatives that deliver our previously stated strategic goals and builds upon BP20 to continue investments in critical systems and solutions

3. It provides a breakdown by customer constituent of their contribution to the plan, maintaining the breakdown of constituency costs for each investment and previously approved Business Plan figures (BP20).
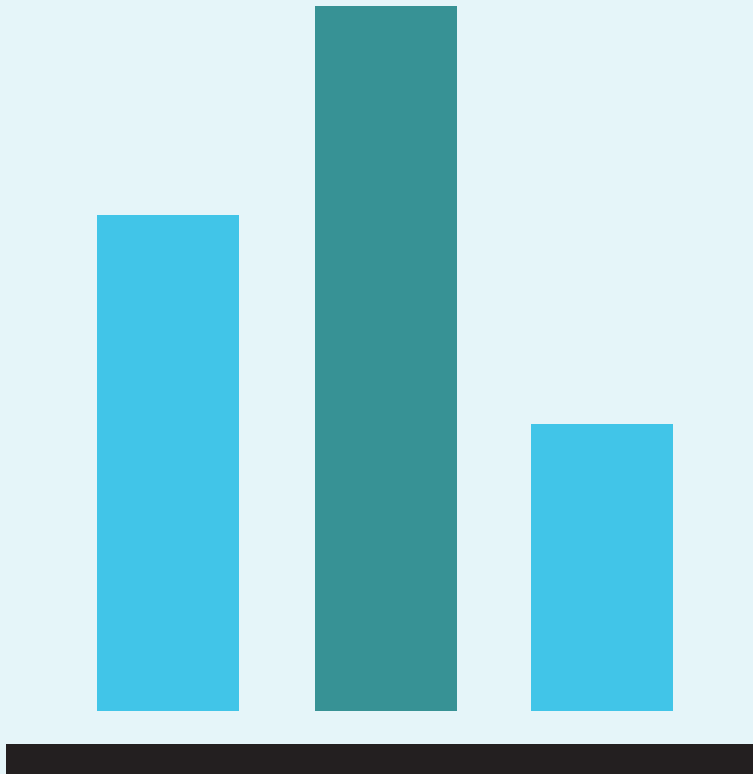
Financial Forecasts

Total Expenditure

This chart illustrates BP21 Total Expenditure. Total Expenditure is made up of costs required to MTB and Investments considered essential, in order for Xoserve and our connected customers to support the future direction of energy market strategy.

The main reasons for the increase to the investment profile value for 2021/22 between BP20 and BP21 are:

- The inclusion of three new investments totalling £2.5m - Governance of Data, Website Improvements and Decarbonisation

- A re-phasing of spend on the UK Link roadmap, bringing an additional £1.7m into 2021/22 from outer plan years. The overall programme costs do not exceed the values in BP20.

- The increases were partially offset by reductions and phasing changes in other investment areas.

Our MTB expenditure represents the cost of providing central data services. We promised in BP20 that, following an intense period of corporate transformation and investment in internal process improvement, we would reduce our MTB costs year-on-year. We are keeping this promise in BP21, matching our BP20 profile and continuing the underlying cost reductions into 2023/24.

Following this period of corporate transformation, a small number of activities introduced on a trial basis have become mainstream and operational in nature. The costs for these new services and new ways of working will remain largely flat and continue to reoccur annually unless the service is stopped. These new services are:

- Annual support costs for new xoserve.com as the central place where our customers raise queries and access information

- Annual customer training

- Minor release delivery, which provides a fixed annual capacity

- Industry performance reports (for the Performance Assurance Committee).
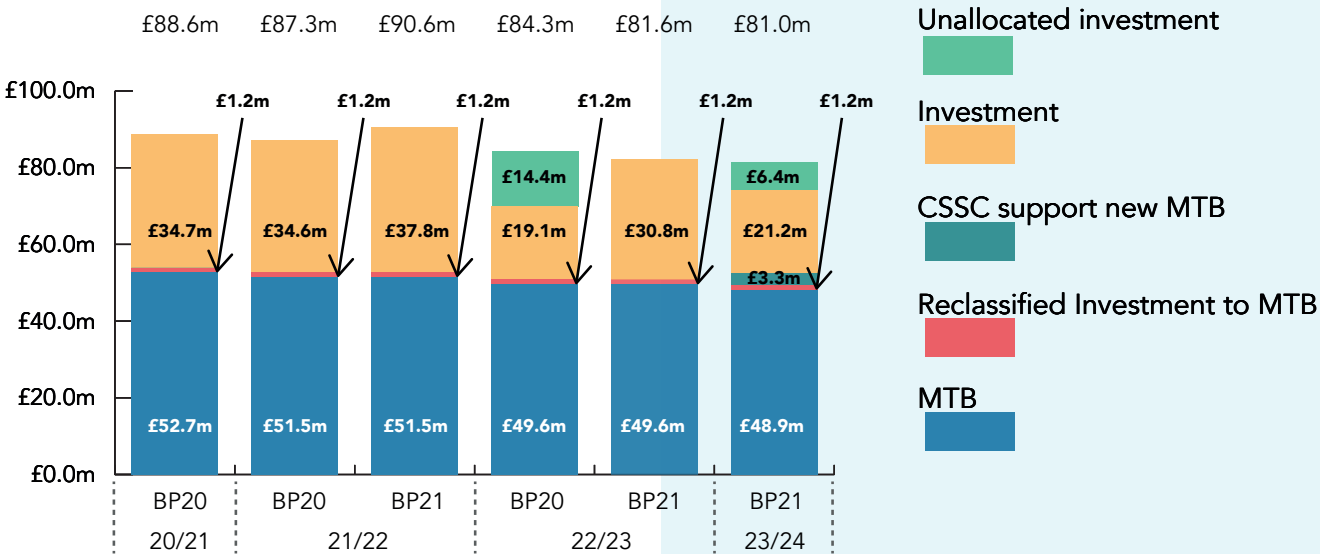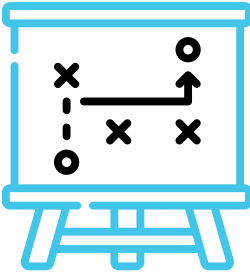
Given the fixed and consistent nature of these new services, we will recognise them as MTB costs going forward, as the driver of these costs are annual support, not investment in new services. This has no impact on TOTEX and is simply a reclassification.

In 2023/24, the additional savings are delivered as a result of our investment in the UK Link roadmap delivering infrastructure cost savings. At the same time, new support costs are incurred to connect to Retail Energy Code (REC) systems and suppliers, following the launch of the new CSS.

This is our MTB expenditure. The chart shows the year-on-year movements in costs from April 2021 through to March 2024 and identifies the drivers for each movement.

- Exceptional Customer Experience (previously shown in BP20 under Realising Operational Excellence). We continue to invest (+£0.8m) to ensure our employees deliver high levels of customer service

- Maintaining and improving our services (-£2.0m) cost reductions primarily resulting from ongoing programmes moving infrastructure away from existing data centre hosting (Gemini, IX, EFT, shared components)

- UK Link savings (-£0.7m) this represents the annual benefits from core platform migration

- Introduction of CSS Support Costs (+£3.3m) as mentioned in the Executive Summary, on page 4.

We've included the impact of these factors on individual constituencies at the end of this document.
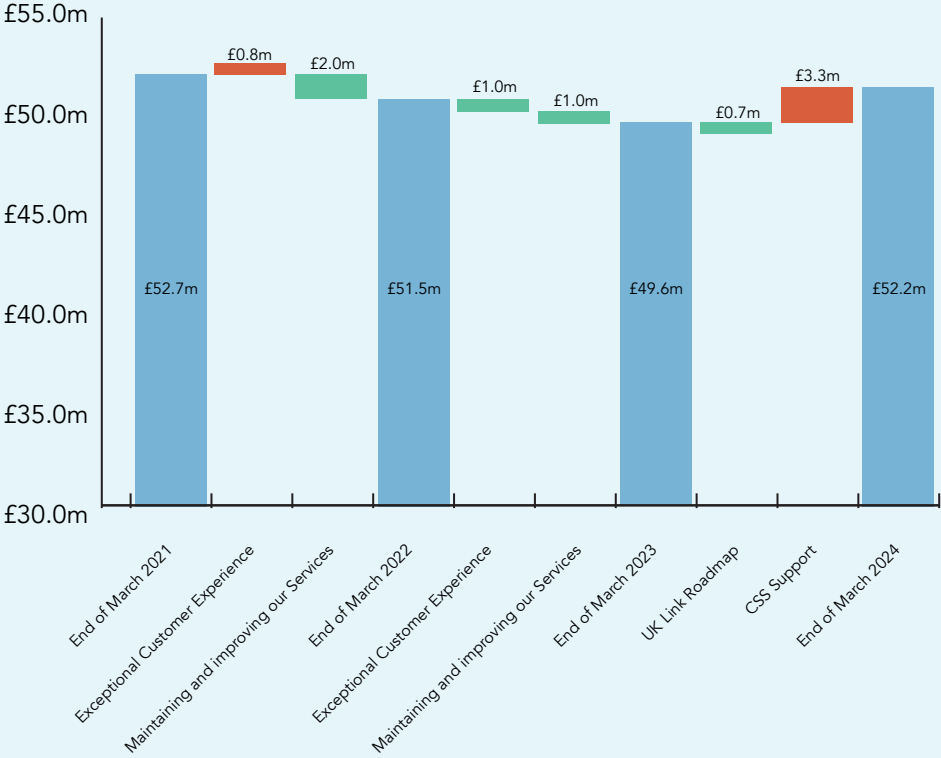
Investment
Area Focus

In line with our Principles and Approach document we have categorised our investment proposals into focus areas that represent our priorities for the upcoming Business Plan period.

1. Exceptional Customer Experience

Customer Centricity is at the very heart of our strategy, with our focus being to understand our customers and provide a personalised experience. Xoserve's 2019/2020 Institute of Customer Service (ICS) annual survey results provided a clear indication that our customers satisfaction in the service we provide is still not meeting the expected standard.

Over the last couple of years, we have been listening carefully to customer feedback through various means such as ICS, Key Value Indicator (KVI) surveys and other types of customer engagement. This has identified several pain points which have led us to invest in improving our customer experience. This includes completion of the design, proof of concept and first phase development of a Customer Relationship Manager (CRM tool). During the latter part of this financial year through the customer transformation programme, our customer facing teams will have adopted CRM as their main communication tool. The expected benefits will be felt by our customers including consistency in engagement, communication and overall management of customers' information resulting in a significant improvement in the customer experience. Furthermore, we have completed the identification and mapping of key customer journeys leading to agreed Key Product Management (KPM) measures; increased training initiatives offering channels to both employees and customers; and the investment in customer analysis and sentiment tracking have allowed us to develop customer sentiment analysis and create new customer engagement approaches.

Much of this work has been to establish a strong foundation on which to now build a great customer experience. To accelerate this, we have drawn all these elements together in a Customer Experience Transformation Programme in order to ensure that all the initiatives are complimentary, aligned and ultimately ensure that our goal of exceptional customer experience is achieved. Building on the promises set out in BP20, FY2020/21 is the first year of a three-year programme of work transforming how Xoserve interacts and conducts business with our customers. We are focusing on improving query management and complaint reduction this year, with a view that interacting with Xoserve will feel very different by the end of 2020. This is with the introduction of new query management tools and processes, a direct result of the customer journey reviews funded in BP19.

The three-year transformation programme will deliver value to customers achieving alignment to UKCSI Utility benchmark averages by the end of year two of the transformation programme through significant improvements in Right First Time (RFT) and Customer Effort (CE) measures, with a 6% year-on-year improvement for On-time Delivery (OTD). Hard targets are built into this year's investment proposal and our progress will be measurable and transparent, with monthly results and trends published in the Key Performance Measures (KPMs) report which is reviewed by the Data Services Contract (DSC) Contract Committee. We will keep all our customers engaged and updated as we progress with the Programme to ensure that our initiatives meet your expectations.

In response to clear feedback from our first draft consultation and building on BP20 Contact Management System (CMS) investment, we have restructured our future approach to deliver a CMS re-build including the automation of time-consuming operational processes. We will lead a more detailed discussion relating to a CMS rebuild during our second consultation phase.

To achieve the required step change in our customer experience, we need to invest in the following four areas:

1. Further CRM and Digital Enhancements: Grow self service capability for all our customers through our investment in Customer Relationship Management (CRM) and Digital: £470k in 2021/22 and £1.27m over three years

2. CMS: Re-build CMS including automation of clunky and time-consuming operational processes, while minimising the need for customers to contact Xoserve for queries, issues and complaints: £700k in 2021/22 and £150k in 2022/23

3. CMS: IGT specific initiatives: £300k in 2021/22 (transferred from the UNC Change Budget)

4. Provide the Xoserve workforce with the skills to deliver an exceptional customer experience: funded via existing training budget.

These will provide a simpler and faster experience for our customers delivering the benefits of self-service through xoserve.com by:

- RFT and OTD query resolution

- Single sign-on to improve identity protection and remove password fatigue

- Faster responses through leaner processes

- Significant error reduction through automation

- The reduction in customer back-office processes to interpret data files issued by Xoserve.

Investment
Area Focus

Exceptional Customer Experience					
	BP20	BP21	BP21	BP21	
Description	2021/22	2021/22	2022/23	2023/24	Total BP21
CRM	£100	£100	£100	£100	£300
Digital	-	£370	£315	£290	£975
CMS Rebuild	£300	£300	-	-	£300
Customer Journey Continuous Improvement	£50	£50	£50	-	£100
Improvement in Customer Communications	£150	£150	£100	-	£250
Customer Service Centre	£200	£200	-	-	£200
CMS IGT Driven Changes	-	£300	-	-	£300
TOTAL	£800	£1,470	£565	£390	£2,425

Investment Funding Split %			
NTS	GDN	IGT	Shipper
7.3%	46.9%	1.5%	44.3%
7.3%	46.9%	1.5%	44.3%
0%	10%	0%	90%
7.3%	46.9%	1.5%	44.3%
7.3%	46.9%	1.5%	44.3%
7.3%	46.9%	1.5%	44.3%
0%	0%	100%	0%

Customer Centricity is at the very heart of our strategy, with our focus being to understand our customers and provide a personalised experience

Investment
Area Focus

2. Opening Up Our Data

Opening-up Our Data focusses on two key complimentary components:

1. The introduction of a Data Governance Framework, including a Data Glossary, will underpin a step change in data quality

2. The provision of accurate and timely data with increased flexibility and choice in how customers choose to consume data.

With increasing demand for data, it is vital that we ensure our data processing is consistent and produces quality outputs that customers trust and can rely on. Through an easily accessible Data Glossary, customers will be able to view gas industry file formats and associated standards in a single on-line location. The Data Glossary will hold all business definitions together with linkages to core systems and how these have been used in reporting, dashboards and data extracts that have been generated for our customers. The transparency provided by the Data Glossary will remove the need for many inbound queries. By making the Data Glossary available online, we ensure that customers have a single, easily searchable portal for their data needs. The Data Glossary will have both technical and business descriptions of all data attributes and our staff will be better supported to answer customer queries RFT, without the need to hand-off to technical teams, regardless of the level of complexity.

The benefits of the Data Glossary for customers are numerous, including a reduction in CE and Cost 2 Serve (C2S), and an increase in RFT and OTD. This enables our customers to better manage their data processes and deliver changes to their systems faster. It increases confidence through visibility of the existing report base and ensures we ask the right questions to deliver the right outcomes for customers. The Data Governance Framework is a new investment initiative for BP21, and we propose to invest £630k in 2021/22, £840k over two years.

The provision of access to timely data continues to be a major constraint across the gas industry. We know that real time data is key to supporting real-time processes and decision making. Customers want greater choice in how they access their data and that without an Open Data Framework in place, meeting net zero challenges will likely take longer and cost more. Our focus on providing timely and open data will ensure our customers have the flexibility to choose how they access the data we hold on their behalf, be that through our Data Discovery Platform (DDP), our Application Programming Interfaces (APIs), legacy data extracts and reports (old and new). Our Open Data Framework will increase the volume of data being delivered through a single source data model, driving quality, automation, consistency and timeliness across data being shared across the industry, in a secure and controlled way. To deliver this initiative we propose to invest £1.1m in 2021/22, £2.5m over three years. The table below consolidates both investment and run costs. As part of the initial consultation phase we are proposing options to continue with this approach or move run costs into MTB. The next version of the business plan will be updated to reflect the outcome of these discussions.

The Opening-up Our Data investment aims to deliver tangible customer cost savings of up to £3.8m, some or all of which could be passed onto the end consumer. This has been calculated based on assumptions associated with customer effort in how data is provisioned, managed and processed to generate insight for your organisation. The investment is also intended to align with the key recommendations of the Energy Data Taskforce (Data Visibility, Infrastructure and Asset Visibility, Operational Optimisation, Open Markets, Agile Regulation) who have been commissioned by the Government, Ofgem and Innovate UK to modernise data across the energy industry.

Opening Up Our Data					
	BP20	BP21	BP21	BP21	
Description	2021/22	2021/22	2022/23	2023/24	Total BP21
Timely & Open Data	£1,380	£1,180	£821	£521	£2,522
Governance of Data	-	£630	£210	-	£840
TOTAL	£1,380	£1,810	£1,031	£521	£3,362

Investment Funding Split %			
NTS	GDN	IGT	Shipper
7.3%	46.9%	1.5%	44.3%
7.3%	46.9%	1.5%	44.3%

Investment
Area Focus

3. Gemini Roadmap

The aim of the future of Gemini is to delight our customers by delivering on a set of enhancements which optimise the Gemini platform. This will be achieved by removing current customer pain points, by enhancing the usability of the platform, reducing the time and costs associated with delivering change and the operation of Gemini (£0m in 2021/22, £2.4m over three years). This will deliver a suite of ongoing sustaining activities over a five-year period, along with the delivery of interface, functional and technology enhancements (investment of £1.9m in 2021/22, £13.5m over three years). The enhancements will improve the current user experience of the application, performance, longevity and security components.

We have chosen to optimise Gemini as it offers the most cost-efficient way of delivering the benefits. It delivers on the pain points of National Grid and the wider industry participants, whilst ensuring a sustained and stable platform is maintained.

The benefits of this include an overall reduction in C2S and CE, and improvements in RFT and OTD. This is achieved through a reduction in license costs and automation of manually intensive processes, and the simplification of the application and benefits of integration with other platforms.

In parallel with the optimisation of the Gemini platform, an annual release (Gemini Enhancements) of functional change to meet industry requirements is planned for delivery.

In response to feedback from our first draft consultation we would like to understand further what the appetite is for Shipper investment in the Gemini platform and in what circumstances. We will lead a more detailed discussion relating to this question during our second consultation phase.

> *We have chosen to optimise Gemini as it offers the most cost-efficient way of delivering the benefits*

Gemini Roadmap					
	BP20	BP21	BP21	BP21	
Description	2021/22	2021/22	2022/23	2023/24	Total BP21
Gemini Enhancements	£2,980	£2,980	£2,980	£2,980	£8,940
Future of Gemini	£2,400	£1,957	£7,812	£3,742	£13,511
TOTAL	**£5,380**	**£4,937**	**£10,792**	**£6,722**	**£22,451**

Investment Funding Split %			
NTS	GDN	IGT	Shipper
100%	0%	0%	0%
100%	0%	0%	0%

Investment
Area Focus

4. UK Link Roadmap

The UK Link roadmap is a multiyear programme of work which establishes a controlled approach to maintaining service. It will provide continuity of UK Link services to the market, whilst delivering simplification of the underlying technology components and a shift to a more flexible cloud-based infrastructure, establishing a foundation that enables Xoserve to support the sector's predicted transition to more real-time data exchanges and data processing. Cloud infrastructure adoption will deliver a reduction in the cost of delivering DSC services whilst also increasing performance and flexibility. This avoids running end of life components within the estate, which carry a higher risk of failure and security breach. Whilst tackling end of life components, we are also taking the opportunity to introduce greater platform flexibility, so that we can respond to future customer demand in a faster and lower cost way.

Ofgem's drive to improve outcomes for consumers and the government's focus on Net Zero Carbon Emissions will (as evidenced by the Central Switching programme) result in significant levels of both process and technology-led change across the UK energy sector. Through our Future Enhancements investment, we will simplify the underlying technology components in UK Link, which will in turn reduce the cost of software licences and change delivery, improve flexibility, agility and platform performance. Our approach will also establish a foundation to enable Xoserve to support the sector's transition to more real-time data exchanges and real-time data processing (the visualisation and access to this data is delivered via our investments in Opening Up our Data). Given the scale of our investment in Core Platform Migration and the proximity of the Central Switching Programme go-live, this work will not commence until financial year 2023/24 and we will invest £5.7m in that financial year.

The UK Link roadmap is also anticipated to achieve a reduction in MTB costs from 2023/24.

The UK Link roadmap is made up of four investments:

- Future Enhancements
- Service Essentials
- Capacity for Change
- Core Platform Migration

The Roadmap establishes a controlled approach to maintaining service and support whilst providing greater platform flexibility to respond to future customer needs whilst ensuring continued delivery of the DSC contract commitments at best value. The savings of £1.5m indicated in the first draft of our business plan have reduced to £0.7m (once all roadmap components are complete). The reduction has occurred as software licence costs which were assumed to be built into MTB were in-fact not included. These changes will result in a further one-off £1.8m of avoided project costs and MTB avoidance of £1.9m by avoiding duplication of effort and on-premise infrastructure modifications.

Our Service Essentials investment will support our five-year plan to reduce MTB by delivering improvements in the automation of our core service management processes and improvements in our application monitoring. Investment in Software Asset Management will realise reductions in both commercial and operational risk. We will invest £555k in 2021/22 and £810k in total over three years.

Our Capacity for Change investment will deliver a:

- 25% reduction in project delivery timescales and project costs
- 25% reduction in post implementation defects
- ensure 75% of Xoserve core business process testing scenarios are fully automated, delivering a 25% reduction in customer testing effort per release.

We will invest £2.5m in 2021/22 and £2.6m in total over three years.

Core Platform Migration investment encompasses our migration of UK Link to the cloud, which we outlined in BP20, but recognises that our investment needs to tackle a broader set of requirements than just replacement of on-premise hardware with cloud alternatives. We must also replace end of life and out of support components with optimised and proven cloud-native alternates that deliver year-on-year cost savings. This investment of £7.0m achieves the key drivers for performance improvement, increased security and increased capacity and offers the greatest opportunity to reduce overall cost to serve, for which we have included the first annualised £0.7m benefit in MTB in 2023/24.

Investment
Area Focus

UK Link Roadmap					
	BP20	BP21	BP21	BP21	
Description	2021 /22	2021/ 22	2022/ 23	2023/ 24	Total BP21
UK Link Future Enhancements	-	-	-	£5,712	£5,712
UK Link Service Essentials	£655	£555	£255	-	£810
Capacity for Change	-	£2,517	£50	£61	£2,627
Core Platform Migration	£6,000	£5,244	£1550	£228	£7,022
TOTAL	**£6,655**	**£8,316**	**£1,855**	**£6,001**	**£16,171**

Investment Funding Split %			
NTS	GDN	IGT	Shipper
7.3%	46.9%	1.5%	44.3%
7.3%	46.9%	1.5%	44.3%
0%	34.5%	0%	65.5%
0%	90%	0%	10%
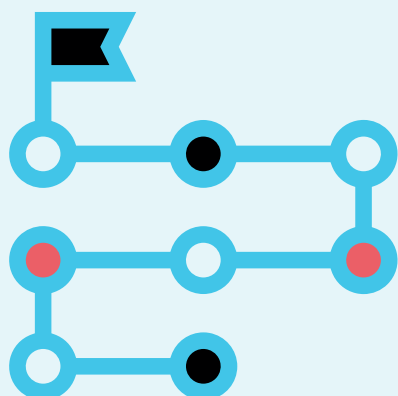
Through our Future Enhancements investment, we will simplify the underlying technology components in UK Link

Investment
Area Focus

5. Protecting Against Cyber Crime

Protecting customer, consumer and industry assets is a key component of our strategy. We have developed an Information Security and Privacy Strategy and a four-year transformation programme, which covers both BP21 and BP22 business plan cycles. This incrementally increases our cyber resilience maturity and decreases the information security and privacy operational risk and financial impact year-on-year, in-line with industry frameworks and DSC commitments. The strategy matures data privacy operations and controls, supporting our customers to fulfil their obligations as Data Controllers and our obligation as a Data Processor, demonstrating Data Privacy Law compliance (EU General Data Protection Regulation - GDPR).

Xoserve is a pivotal link for the UK gas industry customers, Shippers and Transporters, where one serious cyber-attack can potentially impact the entire gas industry data, services and market, making us a cyber attack target. A peer organisation was successfully attacked in 2020, whilst the attack did not reach the core customer platform, it highlighted the need to operate as the strongest link in the chain.

A mature and effective information cyber security capability increases business cyber resilience and reduces the risk likelihood and impact of a cyber-attack or data breach. Cyber threats continuously evolve becoming increasingly sophisticated at an extremely rapid rate, in some cases, more rapidly than the technology, data and people landscape of an organisation and those it is linked to. Therefore, continued focus is required to ensure information cyber security controls are effective, current and future proof.

We are setting out two areas of investment which will enable us to deliver our Information Security and Privacy Strategy with the Information Cyber Security Strategy (£3.2m in 2021/22, £7.9m across three years) and Data Privacy Law Compliance (EU GDPR) (£1.05m in 2021/22, £1.7m across three years).

The benefits of the cyber programme include:

- Reduced impact of a cyber attack
- Reduced likelihood of a customer data breach
- The ability to share enhanced threat intelligence with customers and the industry
- Lower C2S through selection of a hybrid operating model
- Improved OTD of individual rights requests (supporting a 72 hour turn around) for customers
- Full compliance with EU GDPR privacy regulations.

Across all of these investments, these values equate to what was described in BP20.

Protecting Against Cyber Crime					
	BP20	BP21	BP21	BP21	
Description	2021 /22	2021/ 22	2022/ 23	2023/ 24	Total BP21
Information Cyber Security Strategy	£4,500	£3,260	£2,460	£2,260	£7,980
Data Privacy Law Compliance (EU GDPR)	-	£1,050	£525	£160	£1,735
Total	**£4,500**	**£4,310**	**£2,985**	**£2,420**	**£9,715**

Investment Funding Split %			
NTS	GDN	IGT	Shipper
7.3%	46.9%	1.5%	44.3%
7.3%	46.9%	1.5%	44.3%

Investment
Area Focus

6. General Annual Retail Energy Code (REC) Change

The introduction of the Retail Energy Code (REC) brings together the code requirements relating to retail energy activities. It will govern the operation of faster and more reliable arrangements for consumers to switch their energy supply. This will provide a consistent set of arrangements for electricity and gas suppliers and consumers. When it comes to the provision of REC services, this means our central services will be driven by both UNC and REC requirements. Completion of the REC programme will ensure that our customers can continue to use CDSP services uninterrupted. It will introduce faster switching services that interface with existing systems and processes, to allow continued delivery of shipper registration, settlement and transportation invoicing. It will also allow our customers to ensure the obligations introduced under the REC can be met by the market through the effective use of central systems by the required dates.

In our BP20 document, we included an investment section for our Central Switching Service (CSS) programme. The investment we specified was based on the completion of the industry programme by June/July 2021. As a result of COVID-19, market participants were afforded a relief period by Ofgem, however the expectations on existing service providers (ESPs) and CSS Providers, collectively termed Parties under Integration (PUIs), were very different with PUIs expected to continue to progress the planned milestones. Throughout this period, we have sought to minimise the cost impact to our customers through optimising and reducing headcount where possible and seeking more favourable commercial terms with our suppliers. With the delays that have been introduced this year primarily as a result of COVID-19, and with the latest industry plan still to be re-baselined, our plan assumes a delivery by mid-2022, with post

implementation support therefore running through into financial year 2022/23. The investment costs include the run costs for the remainder of 2022/23, with £11.8m 2021/22, £20.3m forecast across two years. Our approach includes development of our CSS Adaptor, SwitchStream, as an alternative delivery route for Shippers and Suppliers, which provides a key mitigation to protect against any further industry delays. They are currently estimated to cost our programme c.£1m for every month of delay.

During the first consultation, we highlighted that due to potential movements to the end date, the investment costs are likely to increase as a result of the introduction of parallel testing and many additional change requests. The programme re-plan has been a collaborative exercise by the Central Switching Programme Team (Service Integrator and DCC) with constituency supplier representatives playing a key role in the engagement sessions. We will lead a more detailed discussion relating to the re-baselined plan and breakdown of the cost profile during the second consultation phase.

CSS introduces new functionality and new data flows that will require maintenance and support on an enduring basis. We currently forecast run costs of the CSSC service of £3.3m per annum from 2023/24 and includes both system and resource costs. We will continue to refine this forecast as we approach the latter stages of the CSSC programme, and we will lead a more detailed discussion relating to the breakdown of these costs during CSSC programme engagement.

General Annual Retail Energy Code (REC) Change					
	BP20	BP21	BP21	BP21	
Description	2021/22	2021/22	2022/23	2023/24	Total BP21
Central Switching Service	£11,800	£11,800	£8,500	-	£20,300
TOTAL	**£11,800**	**£11,800**	**£8,500**	**-**	**£20,300**

Investment Funding Split %			
NTS	GDN	IGT	Shipper
0%	0%	0%	100%

Investment
Area Focus

7. General Annual Uniform Network Code (UNC) Change

The DSC Change Budget is an annual investment made by parties acceded to the DSC to deliver the changes approved for design and implementation by the DSC Change Management Committee (ChMC). Changes that are selected for implementation in any given financial year have been through extensive industry consultation. The DSC annual change budget is based on ChMC's view of known regulatory (e.g. UNC) changes in the pipeline; the appetite for 'value-add' change in each constituency and cross-contingency budget for forecasted costs associated with market trials, changes associated with the Performance Assurance Committee (PAC) and contingency funds associated with each major release.

Following the first consultation phase, some adjustments to the budget have been requested and a new recommendation will be sought at the November DSC Change Management Committee. These adjustments will reduce the value reported in draft one by £450k leaving the DSC Change Budget at £3.59m. This still represents an overall increase of £0.6m from the previous financial year however BP21 has introduced a new approach in creating the DSC budget through a 'bottom-up' approach in consultation with each DSC constituency, taking account of known requirements and appetite for change delivery during the relevant period.

In the third year of the plan (2023/24) a placeholder of £6.4m for Unallocated Investment has been included to reflect a flat profile of investment spend for all constituencies across the plan period.

Decarbonisation is an increasing priority across the energy sector as highlighted recently by Ofgem's RIIO-2 Draft Determination. We know that customers are looking to further map out the journey to Net Zero over the coming years, which will in turn have implications for future investment decisions. Projects and pilots supporting the decarbonisation agenda often fall outside DSC requirements, but will become part of the DSC contract as they turn from trial into business as usual activities. There is an industry requirement to separate decarbonisation projects from standard DSC change, which means that a new governance line will need to be reviewed, assessed and created alongside or incorporated into existing DSC Governance. In conjunction with Distribution Network Innovation leads, we propose to include a new (and separate to the DSC Change Budget) Investment line in BP21 for Decarbonisation of £1.5m, £4.5m across three years.

General Annual Uniform Network Code (UNC) Change					
	BP20	BP21	BP21	BP21	
Description	2021/22	2021/22	2022/23	2023/24	Total BP21
DSC Change Budget	£3,000	£3,590	£3,590	£3,590	£10,770
Non-Standard Data Items for Reporting	£110	£110	-	-	£110
Unallocated Investment Pot	-	-	-	£6,400	£6,400
Decarbonisation	-	£1,500	£1,500	£1,500	£4,500
TOTAL	£3,110	£5,200	£5,090	£11,490	£21,780

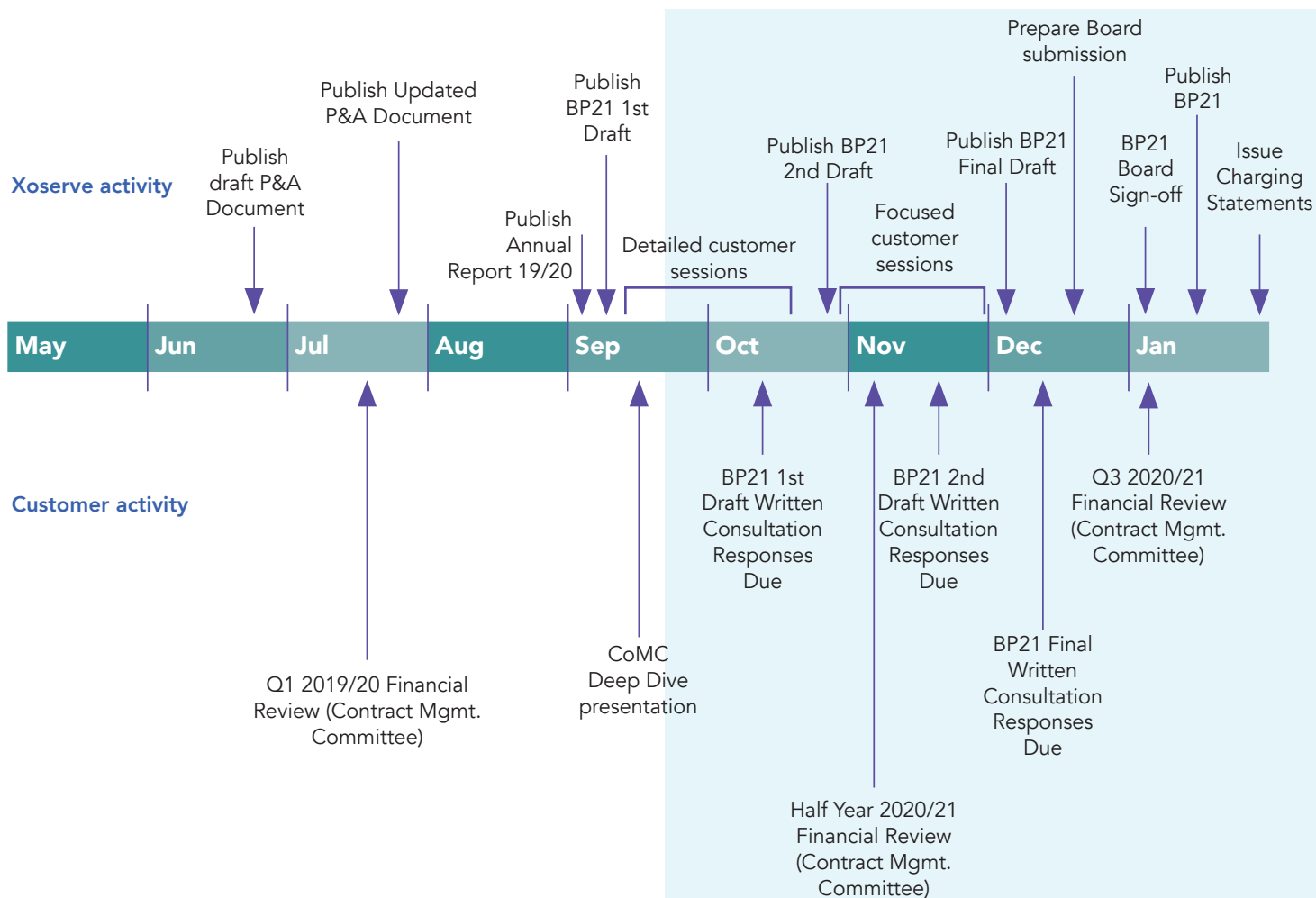| Investment Funding Split %			
NTS	GDN	IGT	Shipper
2.1%	34.8%	5.4%	57.7%
7.3%	46.9%	1.5%	44.3%
7.2%	46.7%	1%	45.1%
0%	100%	0%	0%

Customer Engagement

We are keen to offer as many opportunities as possible for all our customers to provide us with their feedback on this Draft Plan. To enable this, we have extended our Consultation Engagement approach significantly for BP21 and will be making use of the following engagement channels:

- Publishing written consultation documents and inviting customers to respond in writing

- Meetings with customer organisations to conduct in-depth reviews of the draft plan content and associated funding requirements to help customers understand what the draft plan means for their organisations

- Provision of updates to customers and receipt of feedback via DSC Contract Management Committee and Change Management Committee Meetings

- Presentation of focus area deep dives at the September Contract Management Committee

- Provision of investment business cases (upon request following deep dives)

- Engagement through Customer Advocate led sessions

- Bespoke security deep dives, engaging customer Chief Information Security Officer (CISO)/Head of Security (or equivalent)

We have set out below a summary of the engagement phases, their timings, and the different forms of engagement that we will use.

Engagement Phase	Start	End	Duration	Status
Principles and Approach	19th June	03rd July	2 weeks	Completed
Draft first plan	11th September	16th October	5 weeks	Completed
Updated second draft plan	30th October	20th November	3 weeks	Open
Final draft plan	04th December	11th December	1 week	Not yet started

Customer Engagement

Xoserve activity

Publish draft P&A Document

Publish Updated P&A Document

Publish Annual Report 19/20

Publish BP21 1st Draft

Detailed customer sessions

Publish BP21 2nd Draft

Focused customer sessions

Publish BP21 Final Draft

Prepare Board submission

BP21 Board Sign-off

Publish BP21

Issue Charging Statements

May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan

Customer activity

Q1 2019/20 Financial Review (Contract Mgmt. Committee)

CoMC Deep Dive presentation

BP21 1st Draft Written Consultation Responses Due

BP21 2nd Draft Written Consultation Responses Due

Half Year 2020/21 Financial Review (Contract Mgmt. Committee)

BP21 Final Written Consultation Responses Due

Q3 2020/21 Financial Review (Contract Mgmt. Committee)

Consultation Timelines for 2020

| Step	Date	Action	Provider	Receiver	Deliverable
1	11th September	Consultation 1: Issue draft Business Plan for consultation (one)	Xoserve	All Customers	Draft Business Plan
2	19th September	Consultation 1: Deep dive presentations at the Contract Management Committee (CoMC) meeting	Xoserve	All Customers	Teams Presentation
3	19th September	Consultation 1: Provide feedback at the Contract Management Committee (CoMC) meeting	CoMC	Xoserve	Feedback notes and actions
4	16th October	Consultation 1: Provide written feedback	All Customers	Xoserve	Written feedback
5	23rd October	Board update	Xoserve	Board	Feedback report
6	30th October	Consultation 2: Issue updated draft Business Plan for consultation (two)	Xoserve	All Customers	Updated draft Business Plan
7	20th November	Consultation 2: Provide written feedback	All Customers	Xoserve	Written feedback
8	27th November	Board update	Xoserve	Board	Feedback report
9	4th December	Consultation 3: Issue updated final draft Business Plan for consultation (three)	Board	Xoserve	Updated draft Business Plan
10	11th December	Consultation period ends			

Questions
And Participation

We welcome your views on the information that we have set out and on anything that you think we may have missed. We will thoroughly review all the responses that we receive and will issue a consultation response document alongside the Business Plan Final Draft by Friday 4th December 2020.

Please provide any comments via email by Friday 20th November to **CustomerExperience@xoserve.com**.
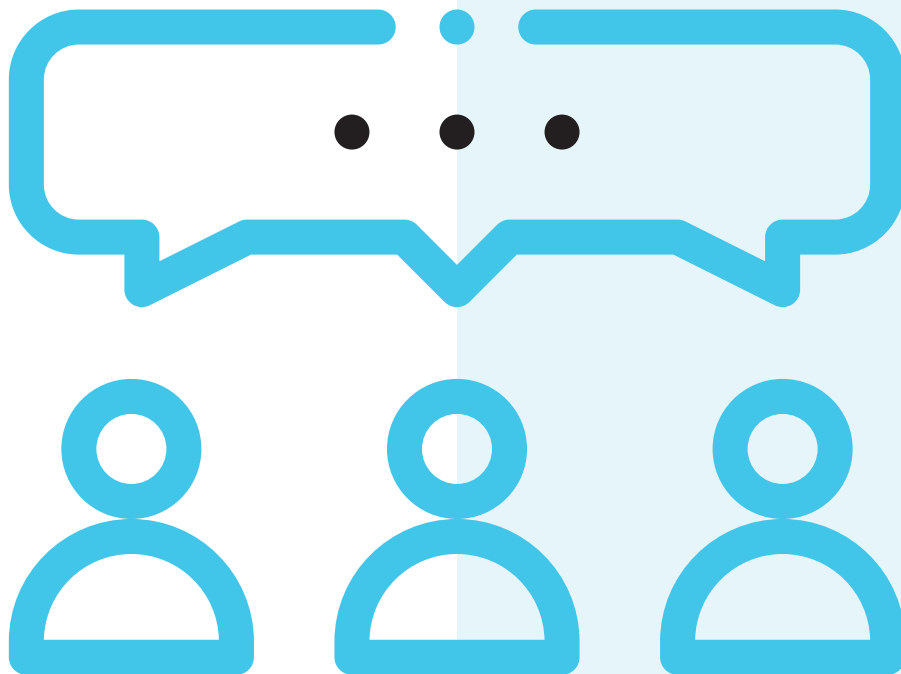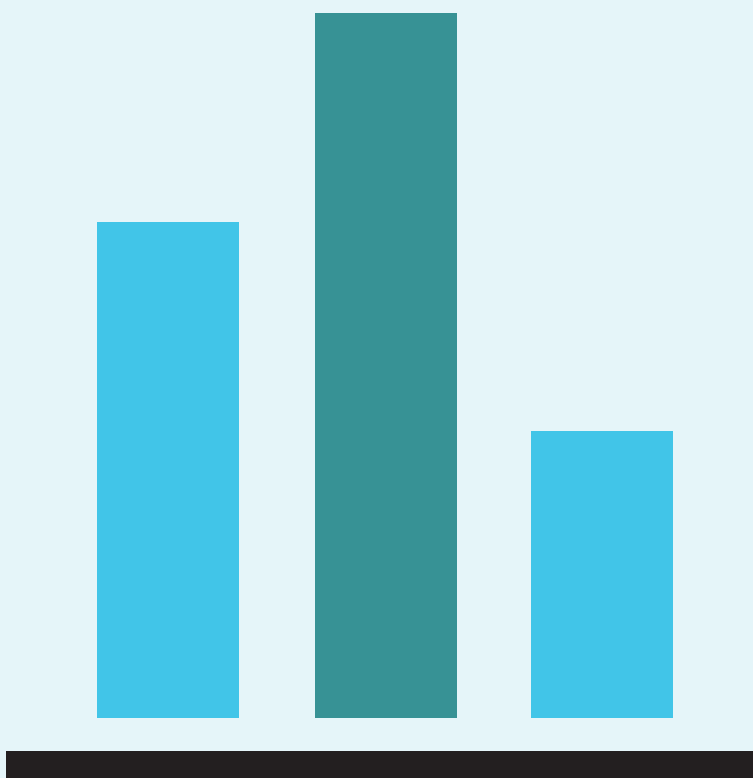
Customer
Constituency Funding
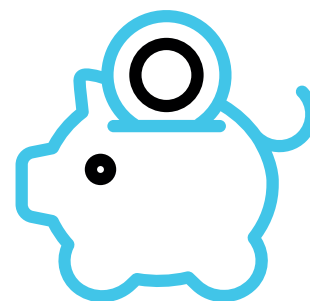
The schedules of Customer Constituency Funding reflect the application of our updated Cost Allocation and Charging Methodology, which was approved at the August 2020 Contract Management Committee (CoMC).

The need to update the methodology was driven by our review of how we measure performance under the DSC. We have developed a set of 13 Process Journeys which provide a clear and transparent view of our services along with associated performance measures for RFT, OT and at what the C2S is.

The 13 journeys (and three additional areas including Gemini Activities) are now used as the basis for allocating costs and charges to customers (moving from using 22 Service Areas previously). We have also taken the opportunity to refresh resource allocations and update how IS application costs are built up.

For each constituency we have provided graphs showing:

- A view of current year funding plus three-year forecast
- The BP20 three-year forecast inflated by CPIH (2%) to show 2020/21 prices. Charges are shown for both the previous and the updated methodologies.
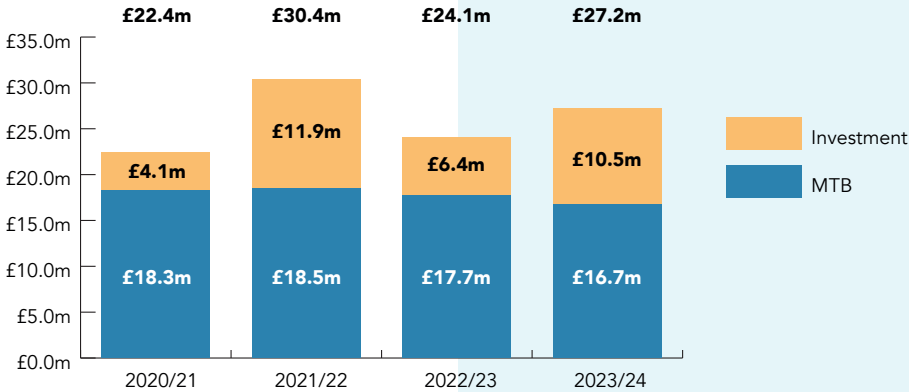
Customer
Constituency Funding

Gas Distribution Networks

For our Gas Distribution Network (GDN) customers, the projected MTB expenditure for 2021/22 is forecast to increase by £0.2m from the restated 2020/21 position (using the updated Charging Methodology). The additional costs for Exceptional Customer Experience are attributed to all customer groups. GDNs will also attract a share of the £1.2m of costs classified as investment in BP20, which have now been moved to MTB. The savings associated with Maintaining and Improving our Services include a significant hosting saving for the Gemini system (c£0.8m), the costs (and therefore savings) of which are attributed to National Grid.

The investment profile for GDNs shows an investment forecast of £11.9m for 2021/22 compared to the £4.1m spent in 2020/21. This is an increase from the BP20 forecast of £9.4m for 2021/22. Inclusion of funds for Decarbonisation project (£1.5m) and a greater share of an increased Change Budget pot are the main drivers for this increase.
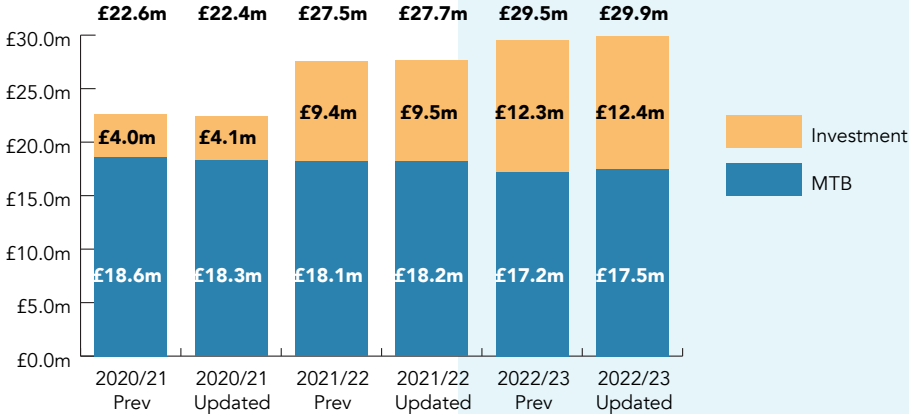
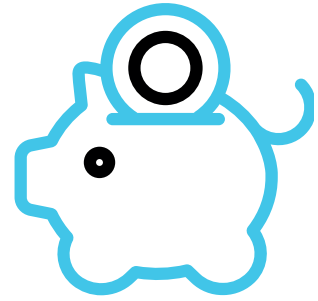For GDNs changes to charges between drafts one and two are immaterial.

GDN Funding

Year	Total	Investment	MTB
2020/21	£22.4m	£4.1m	£18.3m
2021/22	£30.4m	£11.9m	£18.5m
2022/23	£24.1m	£6.4m	£17.7m
2023/24	£27.2m	£10.5m	£16.7m

BP20 Funding at 20/21 Prices
(using Previous and Updated methodologies)

| Year	Total	Investment	MTB
2020/21 Prev	£22.6m	£4.0m	£18.6m
2020/21 Updated	£22.4m	£4.1m	£18.3m
2021/22 Prev	£27.5m	£9.4m	£18.1m
2021/22 Updated	£27.7m	£9.5m	£18.2m
2022/23 Prev	£29.5m	£12.3m	£17.2m
2022/23 Updated	£29.9m	£12.4m	£17.5m

Customer
Constituency Funding

Independent Gas Transporters

For our Independent Gas Transporter (IGT) customers, the projected MTB expenditure for 2021/22 is forecast to increase by £0.04m from the restated 2020/21 position (using the updated Charging Methodology). The main factor contributing to this is the increased market share for IGTs, which has risen from c.10% to c.10.5%. The additional costs for Exceptional Customer Experience are attributed to all customer groups. IGTs will also attract a share of the £1.2m of costs classified as investment in BP20, which have now been moved to MTB. The savings associated with Maintaining and Improving our Services include a significant hosting saving for the Gemini system (c£0.8m), the costs (and therefore savings) of which are attributed to National Grid.

The investment profile for IGTs has increased significantly from the values forecast in BP20 for 2021/22 (£0.7m). This is due to the higher proportion of Change Budget spend requested by IGT Change Managers.
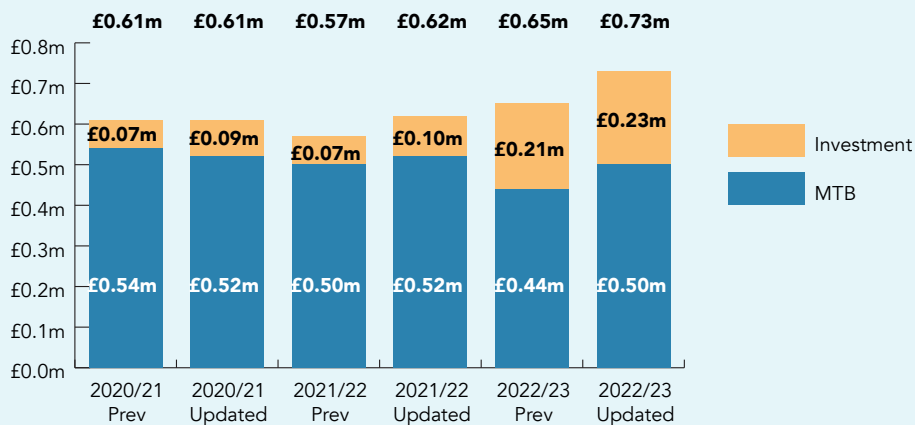
For IGTs, as a result of the changes to the UNC Change Budget, there are charges reductions of £176k in 2021/22, £477k in 2022/23 and £445k in 2023/24.

IGT Funding
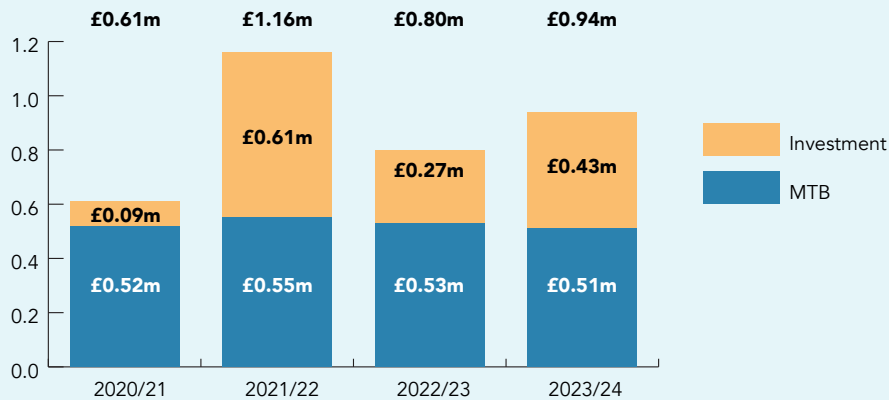
BP20 Funding at 20/21 Prices
(using Previous and Updated methodologies)

Customer
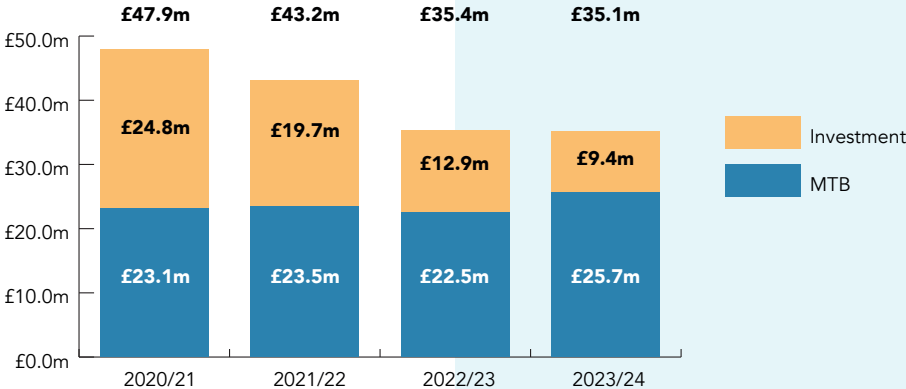## *Constituency Funding*

Shippers

For our Shipper customers, the projected MTB expenditure for 2021/22 is forecast to increase by £0.3m from the restated 2020/21 position (using the updated Charging Methodology). The additional costs for Exceptional Customer Experience are attributed to all customer groups. Shippers will also attract the majority share of the £1.2m of costs classified as investment in BP20, which have now been moved to MTB. This is due to replicating the BP20 funding allocations where Shippers funded the majority of UK Link minor release delivery and all of Industry Performance Insights investment activity. The savings

associated with Maintaining and Improving our Services include a significant hosting saving for the Gemini system (c£0.8m), the costs (and therefore savings) of which are attributed to National Grid. The MTB increase in 2023/24 is due to the additional CSS run costs which are wholly funded by Shippers.
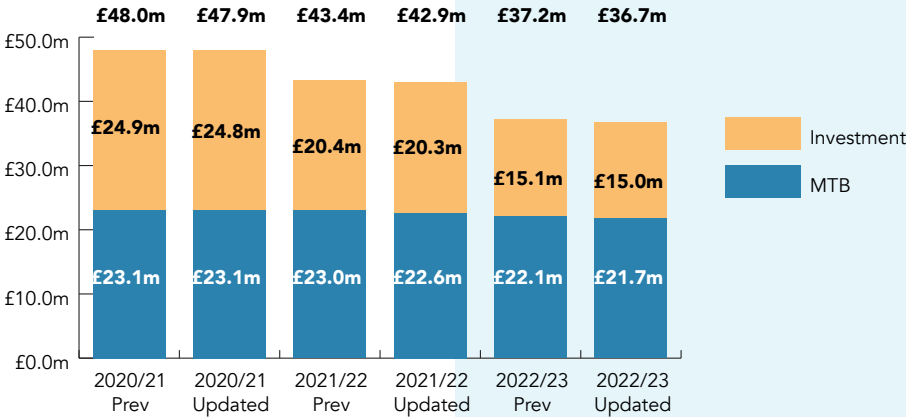
The investment profile for Shippers continues to be dominated by CSS which remains at £12m for 2021/22.

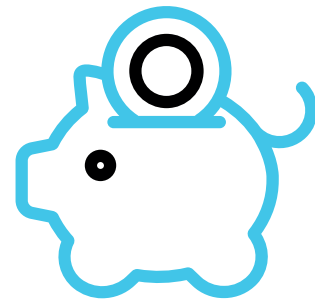For Shippers, the changes to charges between drafts one and two are immaterial.

Shipper Funding

Year	MTB	Investment	Total
2020/21	£23.1m	£24.8m	£47.9m
2021/22	£23.5m	£19.7m	£43.2m
2022/23	£22.5m	£12.9m	£35.4m
2023/24	£25.7m	£9.4m	£35.1m

BP20 Funding at 20/21 Prices
(using Previous and Updated methodologies)

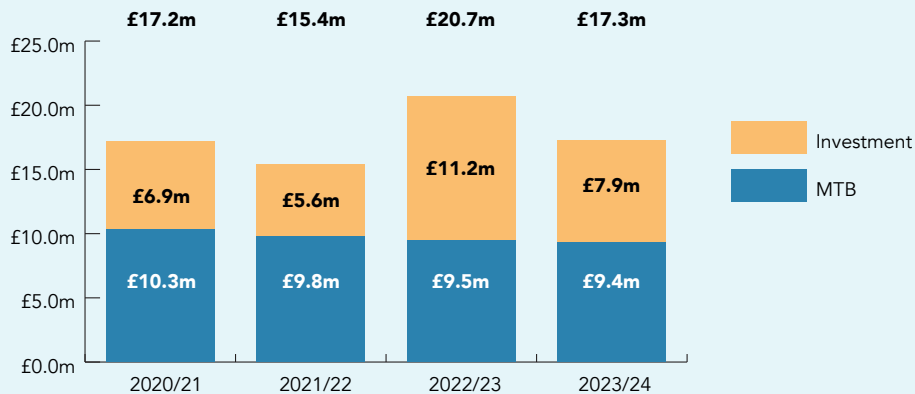| Year	MTB	Investment	Total
2020/21 Prev	£23.1m	£24.9m	£48.0m
2020/21 Updated	£23.1m	£24.8m	£47.9m
2021/22 Prev	£23.0m	£20.4m	£43.4m
2021/22 Updated	£22.6m	£20.3m	£42.9m
2022/23 Prev	£22.1m	£15.1m	£37.2m
2022/23 Updated	£21.7m	£15.0m	£36.7m

Customer
Constituency Funding

National Grid

For National Grid, the projected MTB expenditure for 2021/22 is forecast to reduce by £0.5m from the 2020/21 position. The additional costs for Exceptional Customer Experience are attributed to all customer groups. National Grid will also attract a share of the £1.2m of costs classified as investment in BP20, which have now been moved to MTB. The savings associated with Maintaining and Improving our Services include a significant hosting saving for the Gemini system (c£0.8m), the costs (and therefore savings) of which are attributed to National Grid.

The majority of the investment profile for National Grid relates to the Gemini roadmap including Gemini Enhancements, and beginning the next phase of modernisation for the Gemini system and services.
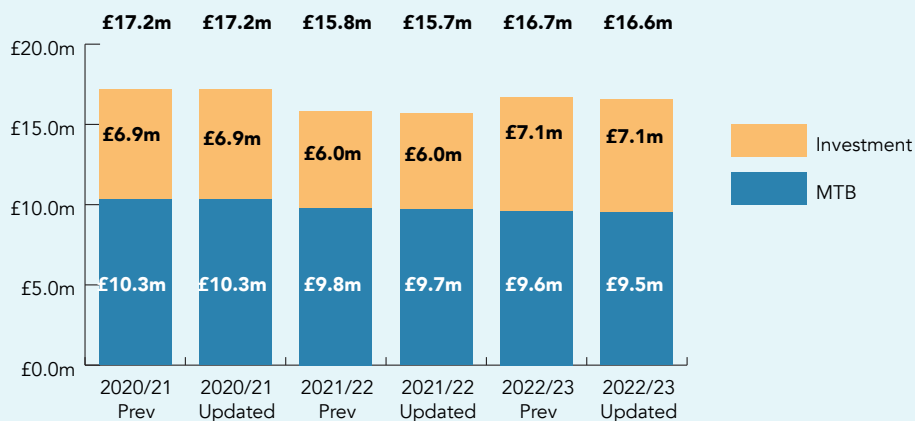
For National Grid, the changes to charges between drafts one and two are immaterial.

National Grid Funding

	2020/21	2021/22	2022/23	2023/24
Total	£17.2m	£15.4m	£20.7m	£17.3m
Investment	£6.9m	£5.6m	£11.2m	£7.9m
MTB	£10.3m	£9.8m	£9.5m	£9.4m

BP20 Funding at 20/21 Prices
(using Previous and Updated methodologies)

	2020/21 Prev	2020/21 Updated	2021/22 Prev	2021/22 Updated	2022/23 Prev	2022/23 Updated
Total	£17.2m	£17.2m	£15.8m	£15.7m	£16.7m	£16.6m
Investment	£6.9m	£6.9m	£6.0m	£6.0m	£7.1m	£7.1m
MTB	£10.3m	£10.3m	£9.8m	£9.7m	£9.6m	£9.5m

XOserve