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# Xserve



## 2021 Business Plan

Version 2 Q&A

(December 4th 2020)

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# Questions and our responses



Customer query	Xoserve response
<p>The recently announced UK Government plans for hydrogen with a target date of 2023 for trials, of up to 20% blending of hydrogen in the gas distribution network in a local neighbourhood, suggests that the decarbonisation project timescales may need reviewing.</p>	<p><i>We will make sure that the project team within Xoserve ensure that the decarbonisation projects being undertaken realistic timescales based on the recently announced Government plans.</i></p>
<p>Specific feedback from Xoserve to BUUK following our response to Draft Version 1 of the Business Plan stated that as part of an IGT specific initiative, £300K has transferred from the change budget. This has meant our overall budget, irrespective of budget area (other than removal of one change) has not hugely changed.</p> <p>A CMS re-build is a welcome investment, we just need clarity for costs.</p>	<p><i>Between draft version 1 &amp; 2, the IGTs charges reduced by £176k (£50k in the Change Budget and £126k share of Change Budget contingency, market testing etc) as a result of moving the £300k CMS changes to a discrete line within the Customer Experience section of the plan.</i></p> <p><i>Draft three is reflective of the final cost distribution across all Customer groups.</i></p>
<p>We agree that is preferential to improve CMS services within the 2021 budget and not to defer to 2022 and are supportive of a re-build to facilitate this. Understanding of a 'reasonable pot' is welcomed. It would be useful to understand the improvements that could be made within this 'pot' to have an understanding of costs and potential functionality.</p>	<p><i>We have included £600k split between Shippers, Distribution Networks (DNs) and Independent Gas Transporters (IGTs) for FY2021/22 and have also updated the percentage funding split for this investment. Completion of the requirements gathering exercise and development of proposals will allow us to determine with our customers, how much can be achieved within that funding envelope. To mitigate the risk of any regret spend, we commit to seeking approval through CoMC to draw on this CMS funding prior to progressing any work.</i></p>
<p>The scope for the CMS re-build has not yet been finalised, therefore the value of the re-build is unknown. Currently, the funding split for CMS is 90/10, with IGTs bearing 10%.</p>	<p><i>Currently IGTs do not pay anything for the MTB costs of CMS (under Manage Updates to Customer Portfolio) or the original CMS £300k in Investment. These are both funded 90% Shipper 10% DN. Should IGTs not approve the changes proposed which is covered their funding contribution then a rebate can be applied as per the change budget process.</i></p>
<p>It is worth noting (if CMS total budget is £600K), the IGT investment of a 5% share is significantly reduced and considerably less than any CMS changes through the change budget route (although should also note this figure when within the change budget had caused concern of being too high and required a more detailed review of its value). We are supportive of this funding split as welcome the improvements to CMS and will positively benefit. We also believe the improvements are required within the 2021 budget.</p>	<p><i>Our estimates for the 3 changes that were de-scoped from our DSC Change Budget list were based on what we knew about the requirements of each individual change at the time we agreed the initial draft of the budget together. As presented in the related discussions, these estimated costs were presented as 'worst case scenario'.</i></p> <p><i>The 5% share now included for IGTs in Customer Experience is part of a larger funding pot, however whilst completion of the requirements gathering exercise and development of proposals has yet to be completed, the two elements are not comparable. Once the scope is defined, draw down against the £600k will be managed through CoMC.</i></p>

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<p>In reference to 'Opening Up Our Data' Xoserve states that all 'customer groups will benefit from the approach principle of 'build once, use many'. We would be keen for further justification of this approach principle as the DDP does not currently appear to accommodate this.</p> <p>We have a concern that 'drops' could be frequent and end up being expensive if platform requirements were constituency specific and the 'build once, use many' principle couldn't be applied</p>	<p><i>The DDP is underpinned by my multiple components that support 'build once, use many' principles. Common (build once) components include a security model, data model and data transformation jobs that once established benefit all constituencies, reducing future delivery costs.</i></p> <p><i>There are however components such as bespoke dashboards/visualisations that are specific to individual constituency needs. We are driving forward initiatives to reduce delivery costs through 1) removing reliance on contract resource and 2) increasing automation in the delivery lifecycle by introducing efficiencies such as automated testing.</i></p>
<p>Consistent with our ongoing appeal of the 2020/1 Budget, we remain of the view that the first test for inclusion in the Business Plan is whether activities are designated as CDSP services. Whether items are defined as Maintaining the Business or as Investment items is important to aid understanding but is not relevant to the assessment of whether items can be included in the Budget.</p>	<p><i>With regards to your query on alignment to the CDSP services, the business plan is structured around three categories of investment;</i></p> <ol style="list-style-type: none"> <li><i>1. UK Link and Gemini roadmaps which are concerned with activities that will ensure the continued delivery of UK Link and Gemini services as specified in the DSC service lines;</i></li> <li><i>2. UNC and REC: non-discretionary investments that deliver changes to, and / or introduce new services that are required to be delivered through the development of UNC or REC change control processes; e.g. UNC MOD routes</i></li> <li><i>3. Exceptional customer experience, opening up our data and protecting against cyber-crime; these are required to ensure all CDSP services and the business as a whole can function in an effective manner. These enable us to ensure we meet our customers' requirements for customer service and access to data whilst ensuring legislative compliance on data security and the mitigation of privacy risks. These items therefore underpin our ability to deliver all CDSP services. In line with the Ofgem strategy on consumer engagement and open data, our approach is designed to ensure our customers can better service consumers and open up our data to more proactively support them.</i></li> </ol>
<p>The Business Planning process requires additional transparency, with all documentation published and available to all industry participants and not just those who request it via separate engagement. We also view consultation responses from previous business plan drafts from all parties, and the Xoserve responses, as necessary supporting information.</p>	<p><i>Feedback from Customers was provided alongside each version of the Principles and Approach draft document and version one of the business plan via a link included in the plan. In some instances, we provided separate responses to our Customers where either their questions were specific to their own business and therefore not published in a general document; or those instances where Customers had specifically asked for their questions and answers to be kept confidential which has occurred during BP21.</i></p>
<p>CSSC: Commentary on spend incurred, to understand how the funds have supported the project and if the project is meeting the necessary milestones, is required to give confidence in the efficiency of cost projections.</p>	<p><i>Xoserve, to date, have met all the milestones defined with the Switching Programme MAD log to date. A copy can be provided on request.</i></p>

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Customer query	Xoserve response
<p>CSSC: We would like to understand more fully spending while the programme was on reduced development due to the project re-plan. This information is required as soon as possible, at the latest alongside the publication of the Draft Business Plan.</p>	<p><i>The programme was only on reduced development for license parties. The requirement on Xoserve (and other PUIs) has been to continue to the interim plan with no slowing down of activities. We were asked/told to carry on because the central plan had slipped, and the central programme wanted to continue to develop the central and PUI systems such that programme had a better chance of holding plan once restarted. In addition, the Switching programme also continued to raise several significant CRs which needed to be delivered in time to meet Switching programme CR delivery timelines. We can share details of the Programme CRs raised, if required and can also be found within our monthly CoMC pack as well as on Ofgem’s website</i></p>
<p>In line with our ongoing appeal of the 20/21 Plan, we maintain that a clear process for approval of the Business Plan is required, including a stage where the Business Plan is assessed if proposals are in the best interests of our customers (consumers). We maintain Industry parties should be given a formal role in the development and approval of the business plan. We continue to work with Xoserve and the code administrator to make the required amendments to the Budget and Charging Methodology to enable this improvement.</p>	<p><i>Industry parties are given a role in the development and review of the business plan through the opportunities provided during the main consultation periods of the Principles and Approach document and versions one and two of the business plan where feedback is incorporated, and the plan adjusted where a consensus view prevails.</i></p> <p><i>The October CoMC rejected a proposal to introduce formal approval for the business plan through that forum. In response to customer feedback we have introduced detailed business cases and deep dive presentations through various forums both collectively and individually. As we have already agreed with Centrica, we are continuing to work with both you and the Joint Office put processes in place for the inclusion of the views of consumer representation in next years’ business planning process.</i></p>
<p>Funding cannot be provided in advance, for projects that may not yet be fully justified. If a positive investment case is later established a rigorous decision-making process can then be used to provide additional funding, in line with the process set out in the Budget and Charging Methodology. The Methodology does not specify the method of allocating costs between users. Questions remain as to how the constituency costs are derived and by what method these are adjusted.</p>	<p><i>Following extensive customer feedback, a new proposal was presented to Customers during consultation two and agreed with your representative to have sufficiently answered your question. As a result, we have included £600k split between Shippers, DNs and IGTs for FY2021/22 and have also updated the percentage funding split for this investment. Completion of the requirements gathering exercise and development of proposals will allow us to determine with our customers, how much can be achieved within that funding envelope. To mitigate the risk of any regret spend we commit to seeking approval through CoMC to draw on this CMS funding prior to progressing any work.</i></p>

