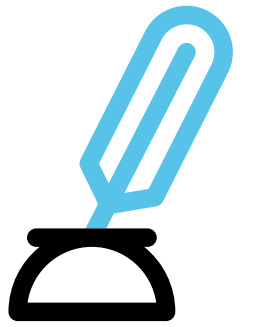




xserve

2022 Business Plan

Feedback and Responses on Second Draft



Introduction

At the end of October, we published the Second Draft of Business Plan 2022 (BP22), which set out our strategic priorities and budget for the financial year commencing April 2022 and provided our forecasts for the following two financial years.

During the subsequent consultation period, we engaged with customers at DSC Contract Management Committee, constituency meetings and with individual customers at dedicated sessions. These sessions included discussion of our responses to customer feedback received from the First Draft consultation period, subsequent updates made to the Second Draft and an opportunity to raise any outstanding points of discussion on the overarching principles and approach being taken. We also invited customers to provide written feedback on the plan.

We would like to take this opportunity to thank all our customers who took the time to provide us with their feedback, both verbal and written. In this document we seek to respond to the written feedback we received on the Second Draft (except feedback sent in confidence, to which we will respond separately). In structuring this document, we have grouped the feedback thematically, to aid understanding and reader experience.

For full visibility and transparency, we will also publish the feedback we received in its original form on [Xoserve.com](https://www.xoserve.com) (except feedback sent in confidence), alongside this response document. Specific feedback on scope and/or investment requirements has been incorporated into the Final Draft of BP22.



Feedback on Second Draft



Customer	Feedback Provided	Xoserve Response
Introduction(s)		
Centrica	Thank you for the opportunity to respond to the above consultation. This is a non-confidential response on behalf of the Centrica Group.	Thank you for taking the time to provide your feedback to us.
Budget Review		
Centrica	The second draft of the 2022/23 Business Plan (BP22) as presented does not allow us to assess whether the proposed budget is in consumers' interests. As we described in our response to the consultation on the first draft of BP22, engagement with the proposals was restricted by the lack of transparency and the exclusion of the necessary supporting information. The restrictions remain in the second draft and, therefore, we again provisionally conclude the proposed budget is not fit for purpose. We discuss key issues below. You will find that these points are also consistent with those raised at our meeting with Xoserve on 16 November, where your colleagues helpfully offered to review several issues and provide further clarification.	<p>We have updated both the Maintain the Business (MTB) and Investment Focus Area sections of the final draft of BP22 to include more detailed information around consumer benefits and will also add specific comment on consumer benefits to the Investment business cases, which will be re-issued to all DSC Contract Managers.</p> <p>Where MTB is concerned, the key benefit to consumers is in the centralisation of data services on a mutualised basis across the gas industry. Xoserve, as the Central Data Services Provider, is the single consistent point of service for market participants (our customers). We provide services centrally for our customers meaning that each customer, individually, doesn't need to. This reduces/removes duplication within each customer business, avoiding considerable additional costs for consumers.</p> <p>Similarly, when it comes to the management of investments and change, each change only needs to be done once (e.g. CSS) to benefit a whole constituency, rather than each member of that constituency having to make the same change to their systems, replicating the work many times over.</p> <p>The consumer benefits enabled by the delivery of specific investments are outlined in the relevant Investment Focus Areas in the Business Plan. These have been based on a number of stated assumptions around financial impacts. In reality, the benefit will vary by customer, reflecting their various different business practices. We also note that it is at our customers' discretion whether they pass any benefits they derive to end consumers.</p>
BUUK	Appreciating the shift in party constituency costs, would it be possible to provide more transparency regarding how DSC costs are recovered i.e. break down costs per MPRN per party constituency if applicable?	<p>We are happy to provide this transparency.</p> <p>The total DSC charges for the year are recovered as follows:</p> <ul style="list-style-type: none"> • Distribution Networks and IGTs: annual charges are split into 12ths and charges are allocated to individual networks for the whole year based on their proportion of meter points as at 1st December in the preceding financial year. Based on the number of meter points as at 1st December 2021, the annual cost per meter point* for DNs is £1.10 (£1.11 including Specific Services) and for IGTs is £0.32. • Shippers: annual charges are split into 12ths and the charges are then allocated to individual shippers based on meter point count at the 1st of each month. Based on the number of meter points as at 1st December 2021, the annual cost per meter point* for shippers is £1.30 (£1.44 including Specific Services). <p><i>*Based on the total constituent charges for financial year 2022-23 stated in draft 2 of this plan.</i></p> <p>These average costs per meter point are a small fraction of the average gas bill. Between April 2020 and April 2021 we calculate this to be £593.79 based on:</p> <ul style="list-style-type: none"> • Average annual gas usage for a medium user in the UK of 12000kWh • Current average p/kWh for gas in the UK of 4.17 • Average annual standing charges of £93.39 <p>Source: https://energysavingtrust.org.uk/about-us/our-data/</p>

Feedback on Second Draft



Customer	Feedback Provided	Xoserve Response
Totex		
<i>The efficiency of the proposed expenditure from the consumer perspective needs to be demonstrated:</i>		
Centrica	<p>Xoserve states the proposed budget inherently reflects efficiency savings because efficiency savings assumed were 'liquidated' up front by way of a rebate on 2021/22 charges. This means that information about the assumed efficiency savings is a crucial input for assessing the efficiency of BP22. However, this information has been excluded from the draft. The value of the assumed efficiency savings has not been stated. Information about how the assumed efficiency savings are expected to be generated, the cost components or activities from which they can be derived and the period over which they relate has also been excluded. The exclusion of this information prevents stakeholders from meaningfully scrutinising the proposals.</p> <p>There remains great difficulty reconciling the statements about the purpose of the rebate made at the time of the sale of Correla and statements now made during the BP22 planning cycle. Nevertheless, even if both sets of statements could be reconciled to support the principle of efficiency savings being 'liquidated' up front, there appear to be inconsistencies in the explanation of the rebate. For example, Xoserve states that potential future efficiency savings "...might be able to be derived from on-time and on-budget completion of current in-flight investments..."¹. It is not credible to claim efficiency savings can be derived from on-time and on-budget completion; on-time and/or on-budget delivery can only prevent overruns. Further, some investment projects, such as UK Link, were partially justified on the basis of future reduced running costs². The cost reductions will be delivered regardless of the sale of Correla and the resultant rebate.</p> <p>Xoserve also explains the valuation of future efficiency savings was undertaken during the sale of Correla. However, that process occurred during the previous financial year and before the start of the current business planning process. We encourage Xoserve to explain why it believes no further efficiency gains can be made compared to the level assumed when the sale of Correla was completed in 2020/21.</p> <p><small>¹ "2022 Business Plan Feedback and Responses on First Draft", page 7: https://www.xoserve.com/media/42742/2022-business-plan-feedback-and-responses-on-first-draft.pdf</small></p> <p><small>² For example, the UK Link investment is expected to reduce MTB costs by £0.7m per year. See page 22 of the consultation document.</small></p>	<p>At the point of the sale of Correla, all known efficiency improvements for the year ahead (2021/22) and the subsequent two years were already identified and communicated to customers as part of BP21. This efficiency programme took like for like MTB from a peak position in 2020/21 of £52.7m down to £48.9m in 2023/24. This efficiency benefit of £3.8m over three years has and will be delivered by:</p> <ul style="list-style-type: none"> • Our focus on clearing the backlog of defects following Nexus and investment in testing, defect control and incident management processes. Automation of query processes and the better CRM practices. • Moving infrastructure away from existing hosting arrangements. <p>Maintaining this profile of year-on-year efficiencies was the starting point for a competitive sale process. The sale process was highly competitive and ran over the course of six months. The process started with 20 prospective investors, quickly reducing to six of the most engaged parties with the highest corporate fit, which Xoserve then refined down to the final three preferred prospective investors. The final three preferred investors were given information through the Due Diligence process to enable them to quantify their best bid, reflecting the further benefits they believe could be gleaned from running the business over the DSC+ contract life.</p> <p>The Xoserve Board selected the investor with the best fit and the strongest commercial offer. Consideration was given to which of various commercial options would be most beneficial to customers, the key ones being:</p> <ol style="list-style-type: none"> a) A declining DSC+ contract value (and therefore an incremental decline in MTB versus BP21), but no upfront cash benefit for customers; or b) All the efficiency savings identified over five years paid upfront (and rebated to customers), leaving the DSC+ contract fixed at the BP21 profile. <p>The valuation of future efficiencies arrived at by the highest bidder in the sale process was reflected in the sales price and ultimately the rebate to customers. This amount is in addition to the £3.8m identified already as part of BP21. The extent of competition throughout the sale process is what gives us confidence we achieved best value for money as a result of the restructure.</p>

Feedback on Second Draft



Customer	Feedback Provided	Xoserve Response
Maintain The Business		
<i>Transparency of Maintaining the Business costs is needed</i>		
Centrica	<p>As we explained previously³, the creation and sale of Correla and Xoserve's shift in focus to contract management and assurance fundamentally change the requirements of the supporting information necessary to explain the proposals. Xoserve's decision to exclude any detail relating to MTB costs prevents stakeholders from meaningfully scrutinising the proposals.</p> <p>³ For example, in our response to the consultation on the first draft.</p>	<p>As we've previously responded, the creation and sale of Correla has not changed the scope of the CDSP services provided to customers under the Data Services Contract (DSC), nor has it changed the regulatory framework under which those services are provided and funded. Rather, it has created an opportunity for customers to benefit from private equity investment in the development of data flow and data analytics functionality (e.g. CMS), to include commercial levers to incentivise improved service performance arrangement and remediate failures and introduce independent assurance.</p> <p>In response to your previous feedback on this point we have, however, provided further supporting information in the Final Draft BP22 to explain what services our customers receive in return for the MTB charges (pages 12-15), including transparency on how these charges are apportioned by DSC Service Area and customer constituency, which we believe should be sufficient to allow stakeholders to meaningfully scrutinise the Final Draft of BP22.</p> <p>By way of a reminder, in BP22, we have maintained MTB charges at the levels previously committed for the same scope, which shows a reduction of £2.7m over the first two years of the BP22 period. These savings are also reflected in the reducing MTB Baseline shown on page 11 of BP22. This was approved in BP21. Other adjustments to MTB since then are shown on page 12 and page 13 of BP22.</p> <p>Xoserve continues to use third parties to deliver parts of the service and, in line with usual commercial practice, the costs from our third-party service providers is, and remains confidential.</p>
Centrica	<p>In response to concerns about the lack of transparency relating to MTB costs, Xoserve refers to the efficiency review that was conducted in 2018. The review cannot be relied upon to justify the lack of transparency because:</p> <ul style="list-style-type: none"> • The review is now approximately four years old while IT assets typically need to be replaced after five to seven years. This means the results of that review may now be outdated. • Since 2018, Xoserve has invested in its IT estate, which was partially justified on the basis of future reduced running costs. The 2018 review is unlikely to have taken account of those future reduced running costs. • The review was conducted before the fundamental change in Xoserve's direct cost base which has arisen because of the sale of Correla. 	<p>For clarity, Xoserve's Cost Efficiency review is just over two years old, having been commissioned at the end of 2018 and completed during 2019. The outputs were presented to DSC Contract Management Committee in October 2019.</p> <p>The benefits of specific investments made since then have been specifically shown in the MTB waterfall diagrams within BP20, BP21 and BP22, comprising of:</p> <ul style="list-style-type: none"> • Maintaining and Improving our Services cost reductions (2020/21 -£2.4m, 2021/22 -£2.0m and 2022/23 -£1.0m a total of -£5.5m over 3 years) • UK Link savings (2023/24 -£0.7m) • Exceptional Customer Experience savings (2022/23 -£1.0m) <p>It is also worth noting that the business case for the separation of Xoserve and Correla, as socialised to customers at the time, was not driven by the realisation of cost savings but on wider benefits to customers:</p> <ul style="list-style-type: none"> • Firstly, through the assurance of value, using Xoserve's new-found independence to ensuring that service delivery (funded by MTB) and change delivery (funded through investments) meets the requirements of DSC and our customers. • Secondly, through the unlocking of value, resulting from individual customers' ability to engage directly with Correla for bespoke tailored solution, which was not possible with Xoserve. • Thirdly, through the generation of value, resulting from access to private equity funding through NorthEdge to drive innovation at the heart of the gas market.

Feedback on Second Draft



Customer	Feedback Provided	Xoserve Response
Centrica	<p>We continue to encourage Xoserve to be transparent about Maintaining the Business (MTB) costs, which now comprise approximately 66% of the proposed expenditure for 2022/23. MTB costs could be disaggregated into categories such as people/non-people, direct/third-party, etc. Xoserve should provide evidence of its assurance of third-party costs including a detailed description of the process by which it scrutinised and challenged third party costs and a discussion of its assessment of those costs and how concerns (if any) were addressed. In short, we need to see evidence of the impartial scrutiny that Xoserve has applied in its contract management and assurance role. Customers, and by consequence, consumers should be required to fund only efficient costs regardless of contractual arrangements between Xoserve and third-party service providers.</p>	<p>In this final draft, we have included an expanded explanation of the MTB budget and a breakdown of MTB costs across the Service Areas set out in DSC, providing transparency of the charges paid by our customers by Service Area and customer constituency (see pages 12-15).</p> <p>We are also happy to share the assurance process we have applied to third party costs.</p> <p>For the investments, our assurance activities can be broadly separated into two key phases: Pre and Post Business Plan approval.</p> <ul style="list-style-type: none"> • Before the BP is shared with customers, Xoserve conducts a thorough review of each investment proposal. We apply our collective 70 years of change management experience to assess each business case, deploying our contextual knowledge of the systems, industry and history to verify the need for the investment proposed and whether the quantum of cost is appropriate, compared to similar activity in the past. We undertake a thorough review of each business case, critically assessing the contents and challenging where appropriate, to deliver a business case which clearly articulates customer benefits, why the investment represents value for money and how success will be measured. • Once the investments are approved, our focus shifts to assuring the delivery of each project, to ensure each delivers the stated aims of the investment with tracking to expected Time, Deliverables and Quality targets through the assessment of quantitative (milestone / benefits) and qualitative (change artefacts, KPM) performance throughout the lifecycle of the project <p>With respect to the ongoing “run” services funded by MTB, Xoserve has verified that (i) The baseline MTB (same scope) reflects what was approved in BP21; (ii) that the changes proposed to the previously approved baseline MTB budget appropriately reflect changes in the “run” scope; and (iii) that no costs have been added arising of the creation and sale of Correla (which was a key promise to customers at the time).</p> <p>We also review/oversee all aspects of service delivery performance, proactively questioning and seeking assurance in specific areas of risk/incident. Examples of our oversight include:</p> <ul style="list-style-type: none"> • the UK Link incident in April/May 2021 • the impact of the Covid19 situation in India during the emergence of the Delta variant in April 2021; and • the establishment of a major incident team to manage SOLR related activity during Autumn/Winter 2021. <p>Over time, we hope that the value of this independent, centralised approach to the assurance of the CDSP Services will become self-evident, with customers gaining sufficient trust in the model to feel able to reduce their own costs in relation to the management of the DSC, thus significantly reducing costs across the industry with a corresponding benefit to consumers.</p> <p>Finally, we are introducing a Board assurance statement which confirms the activities we have undertaken to scrutinise and assess BP22, and the considerations we have taken into account when doing so, to provide assurance to customers that the cost of the CDSP services provided by Xoserve under DSC is appropriate, given the complexity of the gas market and the breadth and depth of customer interests and requirements.</p>
Centrica	<p>Xoserve should also make clear whether the MTB costs will include funding for working capital (either an absolute amount or a margin on charges or any other mechanism) as has been done in previous years. Any non-zero value of the margin included in CDSP charges needs to be robustly justified and well-evidenced given the shift away from service provision to contract management and assurance.</p>	<p>The MTB budget as shown in BP22 does not include any specific amounts allocated to fund working capital. As previously stated, Xoserve remains a non-profit (i.e. zero margin) organisation, which continues to procure services from third parties on commercial terms.</p>
BUUK	<p>Our operations team advise Twilio messaging is still not fit for purpose as the coverage remains too low. Can we receive some breakdown/rationale on the increased costs forecast for this service please? Will the increased expenditure lead to improved service?</p>	<p>Thank you for this feedback on the Twilio messaging service.</p> <p>This service was implemented as part of the June 2020 UK Link Major release under the Change proposal XRN4850 Notification of Customer Contact Details to Transporters. This change was requested by GDNs to allow them, and IGTs, to proactively communicate information relating to the planned and unplanned disruption of customer’s gas supplies. As a messaging service which sends text messages to customers, Twilio is dependent on the availability of consumer emergency contact details in the UK Link system to function. These details need to be provided by shippers. We will continue to work with shippers to ensure this information is populated.</p> <p>The MTB cost of £0.1m, included in BP22, covers the licensing and support costs of running the service following the implementation of the change, which also includes the report to networks on how many messages have gone out each month.</p> <p>We will contact you directly to follow up on the issues you are experiencing.</p>

Feedback on Second Draft



Customer	Feedback Provided	Xoserve Response
Investments		
<i>Investment proposals should be better explained</i>		
Centrica	We encourage Xoserve to set out the principles it has adopted to determine whether consumers should be required to provide up-front funding for investment projects (such as Cyber Security) or fund them over a longer period (such as Contact Management Service). The costs and benefits of each funding option should also be presented. This would better enable stakeholders to assess the consumer benefits of the proposals.	<p>Until now, all investments have had to be funded by CDSP customers up-front, reflecting that Xoserve is a not-for-profit organisation, which can only fund activities paid for by its customers. We have not, and should not be, involved in determining how our customers pass such investment costs onto consumers.</p> <p>Following the creation of Correla and its sale to NorthEdge, we can now offer our customers the benefit of a subscription model for certain products whose core functionality may have wider market appeal. This offers a win-win of lower costs for our customers (and therefore consumers) and a baseline business case for Correla based on gas market usage.</p> <p>The investment in cyber security is a continuation of the investment programme started in 2020 which will ensure the CDSP estate, including those elements managed by Correla on Xoserve's behalf, is secure to the levels of ISO27001 and NIST compliance which we have described in the supporting information provided for this and previous plans. As such, it does not offer a discreet application or process development that at this point represents an opportunity to consider a subscription-type model.</p> <p>Conversely, the CMS rebuild has offered the first identified opportunity for such investment since the creation of Correla. The costs and benefit of each funding option was presented at DSC Contract Management Committee on 17th November 2021 with further information issued for discussion at the December meeting. We are confident that this will be the first of a number of opportunities in which this model can be adopted.</p>
CRM		
BUUK	Regarding CRM, we appreciate that short to medium term cost mitigations directly through the DSC are possible through Corella's private investment in this area. It would be reasonable to expect however that this will lead to an eventual increase in MTB costs to account for Correla's increased expenditure resulting from their investments. Is an impact assessment available regarding the effect on other costs from the outsourcing of CRM to Corella? In general & throughout the budget, are there Corella costs within MTB which are not specifically highlighted?	<p>Correla's private investment in CRM will not lead to an increase in Xoserve's MTB costs.</p> <p>While there will still be development of CRM capability in 2022, which is expected to help deliver increased customer service levels and satisfaction, this will not be funded by additional investment from DSC Customers. Therefore, no investment funding or additional MTB is being requested from customers for CRM capability.</p> <p>The cost of hosting, maintenance, licensing and development of the CRM system will instead be fully absorbed by Correla to ensure that Xoserve and Correla's shared ambitions to become world class customer relationship management organisations are met. This will ensure that, for Xoserve, the CDSP services for which we are accountable will continue to evolve and improve, and for Correla, will offer the opportunity to become a supplier of choice for gas market participants and other future customers.</p> <p>Any changes being made to the MTB baseline over the three years shown in BP22 are highlighted within the business plan itself as part of the Executive Summary section and the MTB waterfall diagram with a clear explanation of what these are and why these have been included or removed from MTB.</p>
Exceptional Customer Experience		
BUUK	Regarding Customer Service, we would be interested in a 'cover' for different party constituencies with different requirements. For example, if customer service performance expectations are not being met in one area then further funding could be utilised to improve the experience. The goal is to achieve a required standard of customer service & we would be open to hearing about the funding required to achieve this. Is a provision for this within the current BP proposed?	<p>All customer experience improvements other than Digital are being funded and delivered directly by Correla in BP22. For this reason, nothing has been proposed within this Business plan to be funded by Xoserve's customers outside of digital improvements.</p> <p>However, we would be happy to work with individual customers and customer constituencies to understand specific requirements for improving customer experience, to mitigate any pain points or achieve a required standard of customer service. This could then be managed and funded through Additional Services within the Business Plan year or via investment by Correla.</p>

Feedback on Second Draft



Customer	Feedback Provided	Xoserve Response
Contact Management Service investment		
Centrica	<p>The information provided to stakeholders after the publication of the second draft of BP22 still does not provide sufficient clarity on the costs and benefits of each approach by which the Contact Management Service (CMS) investment could be funded and does not fully justify the subscription-based option delivers better value for consumers as Xoserve suggests. The analysis does not take full account of the fact that subscription fees would be levied over a longer period than that presented in the analysis and, so, does not take account of whole life costs. Further, we note consumers could be required to fund additional investment even if the subscription fee option is settled on⁴. The information provided also does not explain why the agile approach to delivery cannot be adopted if consumers provide up-front funding.</p> <p><small>⁴ CMS rebuild options slide deck p. 8.</small></p>	<p>We understand the need for further detail and clarity on the CMS rebuild options and, so we have issued a presentation to Contract Managers and welcome the opportunity to discuss at the December DSC Contract Management Committee on 15th December, where members will vote for their preferred option on behalf of their constituents.</p> <p>In our opinion, the subscription-based option provides better value as the overall cost for customers is less than if it was funded through the traditional DSC investment process. Although the subscription charge (Option 1) is higher than the operate costs (Option 2), the overall cost in Option 1 remains lower than Option 2 on an on-going basis as the subscription charge includes funding of the initial investment and any future re-platforming. The presentation we have provided to Contract Managers shows a 16-year comparison. Customers will also receive a level of minor enhancement as part of the annual subscription although they will be required to fund larger scale changes. The cost of such changes could be funded through an amendment to the subscription process (if chosen) rather than up front investment. The important difference is that, in Option 1, customers do not need to bear the upfront costs for the initial investment or on-going change.</p> <p>The DSC funded option provides a waterfall methodology because this was deemed less expensive than an agile option. We are able to deliver the DSC funded option in an agile way and should Option 2 be chosen, the costs will be finalised and notified to customers following detailed design. It should be noted that delivery methodology and commercial charging approach are independent.</p>
Opening Up Our Data		
BUUK	<p>Regarding DPP costs, concerns remain regarding the effectiveness & relevancy of this service. We have a requirement for a 'Data Quality' function which is not currently a usable feature within the DPP. As DPP costs are included within MTB, we have concerns with Corella taking over some of the DPP functions & the associated cost increases if service does not improve. If Corella can fulfil the function of the DPP while improving the service, is the DPP still necessary?</p>	<p>Your feedback raises a number of points, to which we've responded below:</p> <ul style="list-style-type: none"> • We have seen regular active use of the DDP service by IGTs over the last 12 months with 50 users having registered across five organisations. The views of data that are being accessed include Portfolio, Broadcasts, CSEPS and Must Reads dashboards. • There are several IGT 'Data Quality' user stories that DDP can support and these will be prioritised with customers as part of the DDP roadmap in BP22. These user stories were recently presented at the November IGT constituency meeting and are held as part of our IGT Product Backlog delivery items. We plan further engagement through the Advocate IGT forum in early 2022, where we will revalidate the user stories and firm up plans for delivery. Please note that the coverage of IGT use cases will be subject to the financial contribution made towards our DDP change capability. • We would welcome further engagement with BUUK to understand concerns around the service provided, the potential cost increases and to understand your final comment in more detail.

Feedback on Second Draft



Customer	Feedback Provided	Xoserve Response
Cyber Security investment		
Centrica	Xoserve has not explained why it proposes consumers should provide up-front funding for cyber security investment for systems which are now owned by a third party and what the consumer benefits of the proposed arrangement are. We would normally expect costs of this nature to form part of the third party's operating cost base which are then passed on to Xoserve over time. The proposed arrangement should be explained.	<p>The investment in Protecting Against Cyber Crime relates solely to the activity needed to protect industry platforms and data on behalf of Xoserve (i.e. it covers cyber security for the CDSP Services). It would be highly unusual (and extremely risky) not to ask a provider of outsourced data and IT services (in this case Correla) to provide cyber security tailored to that customer's requirements (in this case Xoserve) as part of its suite of services. Usually, the cost of such activities are incorporated into the ongoing "run" service charge (i.e. into MTB). However, as it is moving from the Investment category into MTB, we have shown it separately.</p> <p>The investment in Protecting against Cyber Crime is a multi-year programme which commenced in 2020. It was the result of the transition away from the Information Security Controls historically provided by National Grid and the need for Xoserve to establish its own Information Security and Privacy capabilities and controls and was agreed at the time. The investment funding in BP22 is a continuation of this agreed programme and is building a capability which allows Xoserve to proactively identify cyber threats and attacks and implement effective resilience controls. In the unlikely event of an attack, it will also ensure that response controls and Security Incident management are real-time, mature and able to reduce the likelihood of success of such an attack or effectively contain the impact if an attack is successful.</p> <p>A government Cyber Security Breach Survey has determined the overall average cost of a single cyber security breach for a medium/large business is between £3m to £5m, taking into consideration, damages and remedial activities among other things. This would need to be funded by the gas industry. There are also implications around brand damage for our customers and further loss of confidence and trust in the gas market to consider.</p> <p>As with all investments, we will continue to monitor the requirements, benefits and future costs of Protecting Against Cyber Crime.</p>
In conclusion		
Centrica	<p>Xoserve needs to demonstrate the proposals are in consumers' interests and that consumers are not being required to provide fund expenditure above efficient levels. As explained above, the draft plan as presented does not allow us to assess whether the proposed budget is economic and efficient. Significant revision of the proposals and transparency are required to allow stakeholders to meaningfully scrutinise and provide feedback. Without significant revision that satisfactorily addresses the concerns detailed above and our response to the Principles and Approach consultation, it is unlikely that the proposed budget can be considered fit for purpose.</p> <p>We would welcome the opportunity to work with you to improve the proposals and will make ourselves available to do so. We remain committed to ensuring that the proposals are in consumers' interests. I hope you find this response helpful. Please contact me if you have any questions.</p>	<p>We are grateful for your continued scrutiny on the Business Plan and for the specific feedback from all of our customers which has helped us to improve the content. Please see responses to your specific feedback within the relevant sections of this document.</p> <p>As previously discussed with Centrica on 16th November, the proposals within BP22 are iterative and have built on the budget and scope approved in the BP20 and BP21 plans. Baseline MTB has been maintained at the levels approved in BP21 with transparent adjustments for inflation and the reclassification of £1.2m of investment into MTB. We have also provided additional detail on MTB, which we believe should be sufficient to allow stakeholders to meaningfully scrutinise the final draft of BP22.</p> <p>The potential consumer benefits outlined in the relevant business cases, are based on a series of assumptions around financial impacts and time savings on customers. In reality, since the operational approach of each customer varies, each customer will experience a different benefit and the extent to which the benefits are passed onto consumers is at the discretion of each customer and may vary between organisations.</p>

