

# xserve



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## **Agency Charging Statement** **Review Report**

February 2016

## Agency Charging Statement Review Report. February 2016

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## 1. Introduction

The User Pays regime commenced on 1 April 2008 following consultation by Ofgem through the Gas Distribution Price Control Review (GDPCR) process (2008-13)<sup>1</sup>. Standard Special Condition A15 (SSC A15) of the Gas Transporter Licence requires the Gas Transporters to produce and maintain a joint Agency Charging Statement (ACS) which sets out the scope of User Pays Services and Core Services, the charging methodology for user pays services and the charges themselves.

The charging methodology is outlined in the ACS and the Activity Cost Base methodology (ACB) appended to the ACS. In short, Xoserve calculates the cost of providing the services (including administration costs and a margin of 6%) and divides it by the forecast demand in order to establish the price after adjusting for any over or under recovery in the previous year. This ensures the prices are, as far as reasonably practicable, cost reflective in accordance with SSC A15. There have been no changes to the charging methodology in the preparation of the updates to 2015/16 or the forecast for 2016/17.

This report reviews the forecast financial position for the User Pays service provided by Xoserve for 2015/16 and outlines the ACS prices for 2016/17.

## 2. The ACS Review Report

It continues to be Xoserve's intention to produce this ACS review report at least annually in advance of the publication of the Gas Transporters revised ACS. This report provides details on the expected demand and financial outturn for 2015/16 and the forecast demand, costs and pricing for 2015/16 for User Pays Services. The report is intended to provide detailed supporting information to the updated Agency Charging Statement (ACS) which is expected to become effective from 1 April 2016.

Xoserve further intends to continue to demonstrate cost reflectivity of the services it provides through the periodic review of both costs and demand for the services with updates provided at User Pays User Committee (UPUC) as appropriate.

## 3. Service Performance

All of the User Pays services have been consistently delivered to the expected performance standards. The Telephone Service Line continually exceeded its target of 95% service availability. These standards were maintained during the introduction of the new telephony system which has enhanced Xoserve processes and improved the customer experience. The Data Enquiry Service exceeded its target availability of 97% availability during core hours and

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<sup>1</sup> GDPCR consultation documents are available on Ofgem's website at <http://www.ofgem.gov.uk/Networks/GasDistr/GDPCR7-13/Pages/GDPCR7-13.aspx>

100% of accounts were created, deleted or reset within agreed timescales. The Email Report Service Line performance hit 100% as did the Portfolio reports performance standard, the M number DVD delivery and the AQ Enquiries performance standards.

#### 4. Forecast Financial Performance 2015/16 and 2016/17

Xoserve has completed an updated review of the costs for User Pays services for 2015/16, using the actual costs of providing the services from April 2014 to March 2015 which have then been uplifted to reflect inflation. We have also produced the forecast revenue for the year.

In the table below we have outlined the forecast recovery for this year 2015/16, and the forecast for 2016/17.

**Table 1 - Financial Forecast 2013/14 and 2014/15**

|                                   | 2015-16      | 2016-17      |
|-----------------------------------|--------------|--------------|
|                                   | £m           | £m           |
| Provision of Information          | 1.36         | 1.88         |
| Registered User Portfolio Reports | 0.12         | 0.05         |
| AQ Enquiry                        | 0.03         | 0.03         |
| Must Reads                        | 0.18         | 0.16         |
| Shipper Agreed Reads              | 0.02         | 0.02         |
| User Admissions                   | 0.03         | 0.04         |
| MOD 192                           | 0.02         | 0.01         |
| DM Elective                       | 0            | 0            |
| AUGE                              | 33           | 0            |
| <b>Total Revenue</b>              | <b>2.08</b>  | <b>2.19</b>  |
| <b>Total Costs</b>                | <b>2.00</b>  | <b>2.10</b>  |
| <b>Under/over recovery</b>        | <b>0.08</b>  | <b>0.09</b>  |
| <b>Return</b>                     | <b>3.65%</b> | <b>4.16%</b> |

Any over/under recovery of an individual service line in 2015-16 is treated as reduced/increased costs for the 2016-17 period.

#### 5. 2016/17 Demand Forecasts

The 2016/17 forecast demand for services is based on anticipated demand and projected demand using current and historic trend data. 2016/17 forecast demand is shown in Appendix A. As with previous years we intend to review these demand forecasts at the half-way stage of the year.

## 6. Forecast Costs for 2016/17

The forecast operating costs for providing the User Pays services for the period 1 April 2016 to 31 March 2017 are based on the 2014/15 actual costs of providing the services which are adjusted by inflation, forecast demand for the services in 2016/17 and an assessment of resources required to meet future demand.

## 7. ACS Prices 2016/17

In order to ensure prices continue to be, as far as reasonably practicable, cost reflective the prices to be included in the ACS for 1 April 2016 reflect the updated demand and cost assumptions.

### Prices for April 2016

- Data Enquiry  
The Data Enquiry account price is being increased to £3.55; last year the price of an account was reduced to accommodate an over recovery, the account price is now moving back to an appropriate level.
- AQ Enquiry  
AQ enquires are increasing from .0021p to 0.0027p.
- Email-Reporting  
Email reports will increase to £178; this is a result of a significant drop in demand.
- Telephone Enquiries  
The price of the telephone service has moved back to the appropriate level following the price reduction last year due to an over recovery, as an example Band B (the most popular band) has increased to £3,168 from £2,016.
- M-Number DVD  
The price of the annual M-Number DVD has increased to £120 due to last year's price being lowered by the need to return an over recovery.
- User Portfolio Reporting  
Reporting prices have decreased by around 50% as there was a significant over recovery in 2015.
- DM Elective  
DM elective prices have remained fixed despite this service remaining unused. As a consequence fixed system costs are not being recovered and the service line will continue to lower the expected return on User Pays services.

All price changes will become effective from 1 April 2016 and full details of all 2016/17 prices are outlined in the updated version of the ACS dated 1 April 2016 which is published on the Joint Office of Gas Transporters website @ [www.gasgovernance.co.uk](http://www.gasgovernance.co.uk).

## **8. Conclusions**

Xoserve continues to be committed to providing appropriate transparency to support the pricing of User Pays services in accordance with SCA15 .

Xoserve will also continue to work with its customers through the User Pays governance arrangements to enable effective and efficient operation of the User Pays arrangements for all concerned, and to ensure the on-going development and delivery of services to meet customer requirements.

**Appendix A: Forecast Demands for User Pays Services**

| Service Item               | Service Detail  | 1 October<br>2015 Annual<br>Forecast<br>Demand (Apr-<br>Mar) | 1 April 2016<br>Annual<br>Forecast<br>Demand (Apr-<br>Mar) |    |
|----------------------------|---|--|--|----|
| 1.Provision of Information | Internet based service to allow authorised users access to supply meter point data online. (Schedule 4 of the Conditions)         | 22,000   | 25,000   |    |
|                            | User Telephone Enquiry. Telephone call(s) to information centre to obtain Supply Meter Point data. (Schedule 7 of the Conditions) | Band B up to 1,000 calls                                     | 19   | 19 |
|                            |   | Band C up to 5,000 calls                                     | 7  | 7  |
|                            |   | Band D up to 20,000 calls                                    | 0  | 0  |
|                            |   | Band E up to 50,000 calls                                    | 3  | 3  |
|                            |   | Band F up to 70,000 calls                                    | 0  | 0  |
|                            |   | Band G up to 150,000 calls                                   | 1  | 1  |
|                            |   | Band H up to 250,000 calls                                   | 0  | 0  |
| Calls in excess of band    | 3,700   | 4,500  |  |    |

|                                      |  |                                      |       |     |
|--------------------------------------|--|--------------------------------------|-------|-----|
|                                      | Provision of M Number DVD containing supply meter point data. (Schedule 5 of the Conditions)       | Annual Service                       | 27    | 36  |
|                                      |  | Ad Hoc Per DVD                       | 0     | 2   |
|                                      | Provision of data by email for users Meter Point Reference Numbers. (Schedule 3 of the Conditions) | Per email report 1-999 MPRNs         | 1,409 | 570 |
|                                      |  | Per email report 1,000-5,000 MPRNs   | 0     | 10  |
| 2. Registered User Portfolio Reports | Query Management – Standards of Services   | Annual Service (12 reports per year) | 5     | 5   |
|                                      |  | Ad Hoc Service (per report)          | 0     | 0   |
|                                      | Registered User Portfolio Statement  | Annual Service (12 reports per year) | 25    | 25  |
|                                      |  | Ad Hoc Service (per report)          | 0     | 0   |
|                                      | Registered User Portfolio (for User portfolios not exceeding one million Supply Points)            | Annual Service (12 reports per year) | 18    | 18  |
|                                      |  | Ad Hoc Service (per report)          | 0     | 0   |
|                                      | CSEPs Portfolio Report   | Annual Service (12 reports per year) | 18    | 18  |
|                                      |  | Ad Hoc Service (per report)          | 0     | 0   |
|                                      | Unique Sites Portfolio   | Annual Service (12 reports per year) | 8     | 8   |
|                                      |  | Ad Hoc Service (per report)          | 0     | 0   |
|                                      | Annual Asset Portfolio   | Annual Service (one report per year) | 13    | 10  |
|                                      |  | Ad Hoc Service (per report)          | 0     | 0   |

|                                |  |  |    |            |            |
|--------------------------------|--|--|----|------------|------------|
|                                | Transco Asset Portfolio                            | Annual Service (12 reports per year)                               | 11 | 11         |            |
|                                |  | Ad Hoc Service (per report)  | 0  | 0          |            |
|                                | Data Portfolio Snapshot                            | Annual Service (12 reports per year)                               | 11 | 12         |            |
|                                |  | Ad Hoc Service (per report)  | 0  | 0          |            |
|                                | Data Enquiry Last Accessed Reports                 | Ad Hoc Service (per report)  | 3  | 3          |            |
|                                |  | Annual Service – 6 monthly (2 reports per year)                    | 0  | 0          |            |
|                                |  | Annual Service – Quarterly (4 reports per year)                    | 2  | 2          |            |
|                                |  | Annual Service – Monthly ports (12 reports per year)               | 3  | 3          |            |
|                                | Asset History report (MOD 416)                     | Ad Hoc service   | 7  | 7          |            |
|                                |  | Annual service (12 reports)  | 10 | 10         |            |
|                                | Supporting information for telephone enquiry usage | Ad Hoc service   | 2  | 3          |            |
|                                |  | Annual service (12 reports)  | 0  | 0          |            |
|                                | 3. AQ Enquiry                                      | Provision of a Speculative AQ Value (Schedule 2 of the Conditions) |    | 12,000,000 | 12,000,000 |
|                                | 4. Must Reads                                      | One meter at the supply point                                      |    | 9,568      | 12,500     |
| Two meters at the supply point |  | 660  | 0  |            |            |

|                                      |   |  |        |        |
|--------------------------------------|---|--|--------|--------|
|                                      | Three or more meters at the supply point  |  | 770    | 0      |
| 5. Shipper Agreed Reads              | U01 File  |  | 45,948 | 46,000 |
|                                      | Email File  |  | 0      | 0      |
|                                      | Facsimile Transaction   |  | 0      | 0      |
| 6. User Admission                    | Non Code Services   |  | 23     | 23     |
| 8. USRV Resolution Service (MOD 192) | The resolution, by the Transporters agents, of a User Suppressed Reconciliation Value (USRV), in accordance with the Uniform Network Code | Desktop Resolution   | 45     | 65     |
|                                      |   | Desktop Resolution and asset verification visit resolution | 1      | 0      |
| 10. Daily Metered Elective Services  | DM Elective nominated meter points  | Year 1   | 0      | 0      |
|                                      |   | Year 2   | 0      | 0      |
|                                      |   | Year 3 onwards   | 0      | 0      |
|                                      | Reconciliation error resolution   |  | 0      | 0      |
|                                      | Consumption Adjustments (ADJ1)  |  | 0      | 0      |
|                                      | DM Elective annual check read report  |  | 0      | 0      |
|                                      | DM Elective meter inspection report   |  | 0      | 0      |