

Agency Charging Statement

Applies from 21st February 2009

Issued on behalf of all Large Gas Transporters

1. Introduction & Background

1.1 This publication sets out the charging methodology, charges and scope for User Pays Services and the scope of Core Services which will apply from 1 October 2008, as required by Standard Special Condition A15 (SSC A15) of the Gas Transporter Licence. xoserve provides these services on behalf of the Gas Transporters as the appointed Agency. This document is published jointly by the following organisations:

National Grid Gas (Distribution)
National Grid Gas (Transmission)
Northern Gas Networks
Scotland Gas Networks
Southern Gas Networks
Wales & West Utilities

and does not override or vary any of the statutory, licence or Uniform Network Code obligations upon the above organisations.

1.2 User Pays Services are categorised as Code Services or Non-Code Services. Code Services are those relating to certain Gas Transporter obligations contained in the Uniform Network Code. Non-Code Services are all other User Pays Services.

1.3 Charges for Code Services will be invoiced in the name of the relevant Gas Transporter who will collect the associated revenue:

(a) subject to (b), in accordance with Section S of the Transportation Principal Document of the Uniform Network Code and invoices will be issued by xoserve utilising the UNC invoicing processes, or

(b) in accordance with invoices issued by xoserve not utilising UNC processes, where the User Pays Service is of the type described in Appendix 1, item 6(b), or of the type described in Appendix 1, item 6(a) and the applicant does not satisfy all of the User Accession arrangements under Section V2 of Transportation Principal Document of the Uniform Network Code.

1.4 For Non-Code Services, except for Ad Hoc services for which paragraph 1.5 will apply, Conditions for the Provision of Services and Service Schedules will be published by xoserve and users of such services shall request services via a Service Request. Charges for Non-Code Services will be invoiced in the name of xoserve who will collect the associated revenue in accordance with the published Conditions. Invoices will be issued by xoserve, their frequency depending on the nature and use of the service. Further details are provided in the Conditions.

1.5 Where a user wishes an alternative service which is not contestable, it may request an Ad-hoc Additional Service on a bilateral basis as described in Appendix 1, paragraph 7.

1.6 For all User Pays Services, supporting information will be provided with each invoice to allow users of such services to validate their invoices.

2. Scope of User Pays and Core Services

2.1 User Pays Services are those services listed in Appendix 1.

2.2 The number and scope of User Pays Services are as shown in Appendix 1 of this document but such number may be revised from time to time by a modification to the Agency Charging Statement made in accordance with SSC A15.

2.3 Core Services are those services which are Transporter Agency Activities as defined in Section V6.5 of the Transportation Principal Document of the Uniform Network Code and which are not User Pays Services.

3. Charging Methodology

3.1 The objectives of the charging methodology, as specified in SSC A15, are that:

- (a) Charges should, as far as reasonably practicable, reflect the costs in providing the services;
- (b) Charges should not unduly discriminate between or unduly prefer any person or class or classes of person.

3.2 The charging methodology for the User Pays Services detailed in Appendix 1 is that the charge for each service will be set based on a forecast of costs to deliver the forecast demand for the service. The costs used to derive the charges will reflect the cost of employees and other expenses that can be directly associated with the provision of the service (excluding the original cost of developing the systems used to deliver the services), plus an appropriate level of overhead (property, systems etc) determined using an activity cost basis methodology (Appendix 3). The updated demand forecast takes into account the actual usage of services since implementation of User Pays regime to 30 June 2008 and a forecast view of demand, provided by customers, for the remainder of the year. The charges allow for a reasonable margin to be made when demand is at the forecast level.

3.3 In the event of new or amended services being treated as User Pays Services, the charging methodology will be reviewed once the details of the services have been defined.

4. Charging Basis and Charges

4.1 The charging basis and charges for each of the User Pays Services is shown in Appendix 1. For the services categorised as Non-Code, further details of the triggers for incurring charges are provided in the Conditions for the Provision of Services and Service Schedules published by xoserve. The Conditions also include details of the invoice dispute process for Non-Code Services.

- 4.2 Gas Transporters are required to keep this publication under review and may from time to time modify the statement. It is anticipated that a review will take place at least once a year.
- 4.3 The first review of the statement and charging basis was completed in August 2008 and Appendix 1 has been updated to reflect changes as a result of the review. All changes to charges will become effective from the date of the statement and shall continue to be invoiced in line with the published Conditions.

Appendix 1 – Schedule of User Pays Services and User Pays Service Charges

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
1.Provision of Information	A range of services supporting the provision of information to various parties.	Non Code service	Those persons entitled to receive the service.	Internet based service to allow authorised users access to supply meter point data online. (Schedule 4 of the Conditions)	Monthly Charge for an IAD Account	£8.75
				User Telephone Enquiry. Telephone call(s) to information centre to obtain Supply Meter Point data. (Schedule 7 of the Conditions)	Band A*	-
				*Band A equates to pay-as-you-go at £2.70 a call. This is aimed at infrequent callers.	Band B up to 1,000 calls annually (charged in 12 equal monthly instalments)	£2,100 pa
					Band C up to 5,000 calls annually (charged in 12 equal monthly instalments)	£10,320 pa
					Band D up to 20,000 calls annually (charged in 12 equal monthly instalments)	£36,000 pa
					Band E up to 50,000 calls annually (charged in 12 equal monthly instalments)	£74,040 pa

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
					Band F up to 70,000 calls annually (charged in 12 equal monthly instalments)	£92,040 pa
					Band G up to 150,000 calls annually (charged in 12 equal monthly instalments)	£126,000 pa
					Band H up to 250,000 calls annually (charged in 12 equal monthly instalments)	£162,000 pa
					Charge per call in excess of annual band	£2.70
					Charge per call in excess of monthly allowance	£2.70
				Provision of M Number DVD containing supply meter point data. (Schedule 5 of the Conditions)	Annual Service	£1,200 pa
					Ad Hoc Per DVD	£450
				Provision of data by email	Per email report 1-999 MPRNs	£60

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
				for users Meter Point Reference Numbers. (Schedule 3 of the Conditions)	Per email report 1,000-5,000 MPRNs	£100
2. Registered User Portfolio Reports	A range of portfolio information reports available to Users. (Schedule 6 of the Conditions)	Non Code service	Shippers under UNC	Query Management – Standards of Services	Annual Service (12 reports per year)	£204 pa
					Ad Hoc Service (per report)	£50
				Registered User Portfolio Statement	Annual Service (12 reports per year)	£324 pa
					Ad Hoc Service (per report)	£125
				Registered User Portfolio (for User portfolios not exceeding one million Supply Points)	Annual Service (12 reports per year)	£1500 pa
					Ad Hoc Service (per report)	£750
Registered User Portfolio (for User portfolios exceeding one million Supply Points)	Service Charge on application to xoserve					

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
				CSEPs Portfolio Report	Annual Service (12 reports per year)	£324 pa
					Ad Hoc Service (per report)	£50
				Unique Sites Portfolio	Annual Service (12 reports per year)	£324 pa
					Ad Hoc Service (per report)	£50
				Annual Asset Portfolio	Annual Service (one report per year)	£1260 pa
					Ad Hoc Service (per report)	£2000
				Transco Asset Portfolio	Annual Service (12 reports per year)	£504 pa
					Ad Hoc Service (per report)	£150
				Data Portfolio Snapshot	Annual Service (12 reports per year)	£504 pa
					Ad Hoc Service (per report)	£150

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
3. AQ Enquiry	Tool to calculate a Speculative AQ Value of a Users Supply Meter Point on provision of meter read information.	Non Code service	Shippers under UNC	Provision of a Speculative AQ Value (Schedule 2 of the Conditions)	Per AQ Enquiry Requested	£0.01
4. Must Reads	If a shipper does not provide meter readings in compliance with the Uniform Network Code, the Gas Transporter may initiate processes to obtain a meter read, referred to as a 'must read'. A charge will be made for each must read.	Code services	Shippers under UNC	One meter at the supply point	Per Read Requested	£40
			Shippers under UNC	Two meters at the supply point	Per Read Requested	£60
			Shippers under UNC	Three or more meters at the supply point	Per Read Requested	£80
5. Shipper Agreed Reads	Where Users cannot agree with an estimated opening reading, xoserve will load an agreed revised reading submitted by the incumbent shipper.	Code services	Shippers under UNC	U01 File	Per Read	£0.11
				Email File	Per Read	£2.75
				Facsimile Transaction	Per Read	£8.24

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
6. User Admission	<p>The delivery and installation of IX equipment on the applicant's premises are required to enable the sending and receipt of communications under the Gas Transporter's Network Code.</p> <p>In addition, in order to accede to a Gas Transporter's Network Code a number of conditions are required to be satisfied. This process requires administration.</p>	Code services	Applicant Users who wish to be admitted to UNC	(a) The delivery and installation of IX equipment	Charged after accession to UNC ¹	Price on Application
		Non Code service		(b) Administration of the shipper admission process.	Charged on application.	£3,500
7 Ad-hoc additional services	Ad-hoc services which are additional to those provided in items 1 to 6 inclusive and which are not contestable, i.e. there is no alternative source for the additional service.	Non Code service	Shippers under UNC	As agreed at the time of request.	Priced by quotation	Priced by quotation

¹ Applicant users will be required to sign an IXN installation agreement which will provide for the recovery of installation and removal costs in the event that an applicant user does not become a shipper user, as per current arrangements.

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
8. USRV resolution service (UNC Modification 192 refers).	The resolution, by the Transporters agent, of a User Suppressed Reconciliation Value (USRV), in accordance with the Uniform Network Code	Code Services	Shippers under UNC	Desktop resolution service only	Per USRV resolution	£49
				Desktop and asset verification visit resolution, National Grid Gas Distribution North Thames LDZ	Per USRV resolution, including the costs of the asset verification visit	£98
				Desktop and asset verification visit resolution, National Grid Gas Distribution East Anglia, East Midlands, West Midlands, North West LDZs	Per USRV resolution, including the costs of the asset verification visit	£93
				Desktop and asset verification visit resolution, Wales & West Utilities Wales North, Wales South and South West LDZs	Per USRV resolution, including the costs of the asset verification visit	£93
				Desktop and asset verification visit resolution, Scotland LDZ (including Scottish Independent Networks) and South East and Southern LDZs	Per USRV resolution, including the costs of the asset verification visit	£95

Service Item	Description	Type	Services Recipient	Service Detail	Charging Basis	Charge (£)
				<u>Desktop and asset verification visit resolution, Northern Gas Networks North East and Northern LDZs</u>	<u>Per USRV resolution, including the costs of the asset verification visit</u>	<u>£91</u>

Other Charges and Payments

Service Item	Type	Service Detail	Charging Basis	Charge (£)
1.Provision of Information	Non Code service	Internet based service to allow authorised users access to supply meter point data online. (Schedule 4 of the Conditions)	Daily Failure Rate for IAD services	£0.42
		User Telephone Enquiry Service Volume Band reduction charge. (Schedule 7 of the Conditions)	On reduction of the contracted User Telephone Enquiry Service Volume Band	£500

Appendix 2: Updated Forecast Demand

Service Item	Service Detail		1 October 2008 Annual Forecast Demand (Apr 08 – Mar 09)
1.Provision of Information	Internet based service to allow authorised users access to supply meter point data online. (Schedule 4 of the Conditions)		13,900
	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	11
		Band C up to 5,000 calls	6
		Band D up to 20,000 calls	3
		Band E up to 50,000 calls	2
		Band F up to 70,000 calls	1
		Band G up to 150,000 calls	1
		Band H up to 250,000 calls	0
		Calls in excess of band	2,000
	Provision of M Number DVD containing supply meter point data. (Schedule 5 of the Conditions)	Annual Service	13
		Ad Hoc Per DVD	0
	Provision of data by email for users Meter Point Reference Numbers. (Schedule 3 of the Conditions)	Per email report 1-999 MPRNs	1,100
Per email report 1,000-5,000 MPRNs		50	
2. Registered User Portfolio Reports	Query Management – Standards of Services	Annual Service (12 reports per year)	8
		Ad Hoc Service (per report)	0
	Registered User Portfolio Statement	Annual Service (12 reports per year)	25
		Ad Hoc Service (per report)	0
	Registered User Portfolio (for User portfolios not exceeding one million Supply Points)	Annual Service (12 reports per year)	26
		Ad Hoc Service (per report)	0

Service Item	Service Detail		1 October 2008 Annual Forecast Demand (Apr 08 – Mar 09)
	CSEPs Portfolio Report	Annual Service (12 reports per year)	16
		Ad Hoc Service (per report)	0
	Unique Sites Portfolio	Annual Service (12 reports per year)	5
		Ad Hoc Service (per report)	0
	Annual Asset Portfolio	Annual Service (one report per year)	15
		Ad Hoc Service (per report)	0
	Transco Asset Portfolio	Annual Service (12 reports per year)	17
		Ad Hoc Service (per report)	0
	Data Portfolio Snapshot	Annual Service (12 reports per year)	18
		Ad Hoc Service (per report)	0
3. AQ Enquiry	Provision of a Speculative AQ Value (Schedule 2 of the Conditions)		2,500,000
4. Must Reads	One meter at the supply point		42,000
	Two meters at the supply point		1,500
	Three or more meters at the supply point		600
5. Shipper Agreed Reads	U01 File		3,000
	Email File		34,000
	Facsimile Transaction		2,800
6. USRV filter failures	<u>Desktop resolution</u>		<u>420</u>
	<u>Desktop resolution including site visit</u>		<u>180</u>

Activity Cost Base (ACB) in xoserve

An Overview of the Methodology

1.0 Background

The purpose of this paper is to provide a summary of the Activity Cost Base (ACB) methodology used in xoserve.

Obligations are placed on Network Operators by Standard Special Condition A15(3)(ii) of the Gas Transporters' licence – “the costs of the agency shall be determined on an activity cost basis such that the services and systems costs associated with each activity, as set out within the uniform network code as being the scope of agency, are separately assessed and reported.”

The ACB methodology described below is intended to meet this obligation.

2.0 Activity Cost Base Methodology

The scope of the methodology is the activities included in Schedule 2 of the Agency Services Agreement (ASA) which specifies the services xoserve provides to the Network Operators. The services are shown in three levels of detail – Service Line (e.g. Provide and maintain Supply Point Register), Service Description (e.g. Manage Supply Point Register) and Service Requirement (e.g. Respond to Supply Point enquiry).

The cost base is split into five distinct areas.

- Employee costs (e.g. Salaries & Associated Costs, Agency and Travel & Subsistence).
- Non Employee costs (e.g. Printing and Stationary, Training and Telephones).
- Bought in services (Non IS) (e.g. Property, M Numbers, and Business Services).
- Bought in Services (IS Core).
- Bought in Services (IS projects).

Cost drivers are used to apportion costs for each area to each service line. Different drivers are used depending on the nature of cost involved. For example, activities that are labour intensive can be driven using proportions of manpower time spent against those activities. Cost drivers will be explained in greater detail in the next section.

3.0 Cost Driver Selection

The cost drivers used are as follows.

3.1 Employee costs

3.1.1 Direct - Departments who deliver ASA services

xoserve uses a well established system to record time taken against activities. The activity codes from this system have been mapped to the most appropriate ASA service lines. Costs are allocated to service lines in proportion to the amount of resource used to complete the activity. Direct staff numbers are used to drive Salary and Associated Costs whilst Agency numbers are used to drive Agency costs.

3.1.2 Support – Departments not delivering specific ASA services

The resources and costs of those departments who are not involved with the delivery of specific ASA services (e.g. HR, Finance & Business Support) are attributed in proportion to the total direct resource per service line.

3.2 Non Employee Costs

Where non employee costs are incurred as a result of delivering a particular service (e.g. RbD Audit), these will be allocated directly to that service line. The remainder of non staff costs are allocated across all service lines in proportion to the direct and support resource against it.

3.3 Bought in Services (Non IS)

Non IS bought in services are treated in the same way as non employee costs. Several bought in services can be allocated directly to service lines (e.g. Domestic M Number service outsourced to National Grid). The remainder of this type of bought in service are allocated to service lines in proportion to the direct and support resource against it.

3.4 Bought in Services (IS Core)

IS charges can be broken down into a number of categories. The bulk of the charges are incurred in running and maintaining applications such as Gemini, Invoicing 95 and Sites & Meters. Categories such as asset leasing charges, software licence costs and application workpacks are allocated to the relevant software application that has incurred the cost.

The total application costs are then allocated to the relevant service lines based upon recommendations provided by appropriate experts within the business.

The remainder of the categories are driven to service lines in proportion to the direct and support resource against it. These are :-

- Network Infrastructure
- Desktop
- Helpdesk
- Contract Management (purchase)

3.5 Bought in Services (IS Projects)

Expenditure incurred under Change Budget and Business Improvements categories is allocated, with input from xoserve Business Projects, to the most appropriate service line. For example, any changes or improvements to the Supply Point Register will be allocated to that service line.

Infrastructure upgrade costs are allocated to the specific application which has benefited from the work being undertaken.

The cost drivers used are summarised below.

4.0 Summary

The ACB methodology developed for xoserve ensures that costs are allocated to activities using the most appropriate drivers: -

- Where possible, resource costs being allocated in proportion to time taken to complete activities.
- If a non staff or bought in service cost is incurred in the delivery of one or more service lines then the cost is allocated directly to the relevant service lines only.
- The cost of applications is driven to service lines based on advice from appropriate experts from within xoserve.

Summary of Cost Drivers

