

## **Statement regarding ROM Associated with Modification 450, and applicability to 450A & 450B**

In June 2013 a Rough Order of Magnitude (ROM) was published which indicated cost range of £150k to £210k for the development costs for requirements of UNC Modification 0450, as documented in the Modification Business Rules at that point in time.

Subsequently there have been changes to this Modification and two alternatives 0450A and 450B have been raised. Xoserve have not amended the ROM provided in June as it is expected that cost range stated with the ROM broadly reflects delivery costs of subsequent revisions of Modification 0450.

Analysis indicates that Modification 0450 and 0450B require the same system changes – the difference between the two Modifications being the allocation of SSP appeal opportunities, which is proposed to be derived manually. As such the costs associated with the Modification would be reasonably similar. Modification 0450A requires additional validation since; only MPRNs that are acquired in a defined data range through Change of Supply Process would be able to raise an AQ Appeal.

With regards to delivery of this Modification 0450B, Xoserve do not intend to vary the ROM provided for 0450. However it should be noted that as a result of the complexity of this additional validation within Modification 0450A, that the delivery costs of this will be higher in comparison to the other two Modifications and is likely to be at the top of the stated ROM range – if not marginally higher.

Users are asked to note the additional annual ongoing cost range of £10k - £20k.

The Modifications – whilst acknowledging that these are User Pays Modifications – do not specify the detailed charging basis of the Modifications. Xoserve propose that the Modifications are varied to include a statement regarding the charging basis. Xoserve propose that the development costs, along with the ongoing costs for 2014/15 are recovered from each Shipper based upon that Shipper's portfolio share (determined by number of meter points) in relation to the total portfolio at the Modification implementation date. Provided that this approach is agreed the aggregate development and ongoing costs shall appear as a single line within the ACS. The suggested wording is as follows:

The charging basis for Shippers will be an allocation of the development costs plus the ongoing costs for 2014/15 to each Shipper based upon each Shipper's number of Supply Meter Points in proportion to the total number of all Shippers' Supply Meter Points as measured on the date of the implementation of the modification, excluding Unique Sites.