

Ref	Issue being addressed	Potential Solution (may include description of impacts or roles)	Advantages	Disadvantages	Group consensus agreed	Next Steps
1. Incremental Changes						
1.1	It is difficult to understand how Xoserve arrive at the costs for a change and its implementation timeline.	Increase visibility of the Xoserve change process to help improve understanding by extension of the account management framework within Xoserve.	<ul style="list-style-type: none"> • May lead to increased customer focus on the change management process • Provide a more responsive service for enquiries and issues raised during the modification process 	None	Yes	Xoserve to consider its approach to managing customer relationships. Include within the Review Group action plan.
1.2	How much does the joint Office cost to manage the UNC governance process	Joint Office to provide estimated costs for secretarial services associated with taking forward each modification proposal.	<ul style="list-style-type: none"> • Increased visibility of costs for managing the UNC change (secretariat) process on behalf of the industry 	<ul style="list-style-type: none"> • Does not provide the full cost of change such as Users, Transporter and Xoserve costs. 	Yes	No recommendation from the group to progress this solution
1.3	Proposers have no visibility of the potential costs and impacts prior to raising a proposal	Availability of early engagement with Xoserve. Xoserve to provide a rough cost matrix for early assessment of costs for a solution.	<ul style="list-style-type: none"> • Formalise the existing informal arrangements • Provide an early view on the potential system and process impacts • Inform the proposer on potential solutions prior to raising the modification 	<ul style="list-style-type: none"> • There may be an impact on available resources exploring different options for potential modifications. 	Yes	Xoserve to review its approach for engaging with Proposers. Amend the Modification template to include information provided by Xoserve to the Proposer.
1.4	The implementation process is not tied to the development and costing process. There needs to be more rigor and transparency to manage the implementation of systems changes and operational costs.	Create an Oversight Committee or change the role of the UK Link Committee to include the following; <ul style="list-style-type: none"> • Create a new committee with a focus on delivering changes on time and with the greatest cost efficiency. This committee could subsume the current activities of the UK link committee, though this group would have a much wider focus. • This group would have permanent members and would be comprised of Shipper and Transporter Representatives. • Each new modification would be sent to this committee for 	<ul style="list-style-type: none"> • Provide more rigor on the potential implementation timescales of a modification • Highlight potential industry implementation issues at an earlier stage in the development process • Provide a clearer view on the overall impacts of implementing a modification • Creates a committee which will oversee the assessment and development of modifications from a system perspective • The role of the committee would be more proactive 	<ul style="list-style-type: none"> • My increase the overall assessment time of a modification • May create a reporting conflict between Panel and UNCC • Impacts smaller Shippers as they may not be able to participate as fully as required due to resource constraints • May increases the administration burden on participants • May create a level of uncertainty in the 	Yes	The Review Group would not envisage this solution being adopted at this stage. It should be reviewed based on the success of other solutions presented in this report and included within the action plan.

		<p>consideration at the same time as the relevant workgroup.</p> <ul style="list-style-type: none"> The committee would assess the changes needed to deliver the modification's intent and ideals and attempt to achieve them at optimum cost and timescales. The committee would also be expected to suggest changes to the modification that would result in cost or time savings. 	<p>than the UK Link committee and be involved much earlier in the process</p> <ul style="list-style-type: none"> The committee would be able to provide a transparent view of the implementation process and provide Panel with an informed opinion of the impacts of implementation This new process would not require changes to the current licence regime and could be implemented via the UNC modification process. 	<p>management of the change process</p>		
1.4a	See 1.4 above	The Proposer and Xoserve should develop a solution(s) for agreement within a Workgroup, including demand and costing information where available	<ul style="list-style-type: none"> Provide more rigor on the potential implementation timescales of a modification Highlight potential industry implementation issues at an earlier stage in the development process Provide a clearer view on the overall impacts of implementing a modification This new process would not require changes to the current licence regime and could be implemented 	<ul style="list-style-type: none"> Impacts smaller Shippers as they may not be able to participate as fully as required due to resource constraints May increases the administration burden on participants May create a level of uncertainty in the management of the change process 	Yes	This solution should be included in the Review Group action plan for implementation and review prior to the adoption of 1.4.
1.4b		Xoserve to proactively suggest solutions for modifications with the aim of resolving the issue in a fit for purpose manner.	<ul style="list-style-type: none"> Provide more rigor on the potential implementation timescales of a modification Highlight potential industry implementation issues at an earlier stage in the development process Provide a clearer view on the overall impacts of implementing a modification This new process would not 	<ul style="list-style-type: none"> Impacts smaller Shippers as they may not be able to participate as fully as required due to resource constraints May increases the administration burden on participants May create a level of uncertainty in the 	Yes	This solution should be included in the Review Group action plan for implementation and review.

			require changes to the current licence regime and could be implemented	management of the change process		
1.5	See 1.4 above	Review the implementation process to ensure information is available to UK Link Committee and proposer to enable them to provide guidance on the most cost efficient date/way for implementation.	<ul style="list-style-type: none"> Adds certainty to the implementation plan/timescales for the industry May reduce implementation costs if multiple changes can be implemented together 	<ul style="list-style-type: none"> May reduce the period of time benefits are recovered should the implementation be delayed May be overly complex for small/simple changes The process may not be able to react quickly enough for urgent changes 	Yes	This solution should be included in the Review Group action plan for implementation and review.
1.6	Consideration of wider industry costs and solutions is not undertaken early enough in the assessment process to provide a view on potential take-up, prior to sending a modification to Ofgem for a decision.	<p>All modifications that require systems development (other than minor maintenance changes) to be assigned to a Workgroup, which must complete an assessment to report stage. (Excludes Urgent modifications) This should include a review of legal text and business rules for the solution.</p> <p>The modification template should be amended to identify if demand information is required to support the assessment process for the solution.</p> <p>Demand information should be requested from Users where the modification requests such information. Information can be provided confidentially where required.</p>	<ul style="list-style-type: none"> Adds certainty to the process, ensuring solutions are sufficiently developed/assessed before proceeding to consultation Allows time for alternative solutions to be considered Allows consideration of the implementation plan and overall solution costs 	<ul style="list-style-type: none"> May delay a modification proceeding through the process Requires a clear definition of changes which are excluded ie minor maintenance changes 	Yes	<p>No further change required as the modification rules allow Panel to refer modifications to a Workgroup for assessment - should be considered best practice?</p> <p>May require changes to the modification templates to seek a view on demand information</p> <p>This solution should be included in the Review Group action plan for implementation and review.</p>
1.7	The modification process does not formally consider the impacts of change across the industry unless there is a Significant Code Review ongoing.	Improve the visibility of industry change programme.	<ul style="list-style-type: none"> Provides an overview of changes being assessed or implemented and their timescales. This will industry participants the opportunity to coordinate changes Allows the industry to prioritise changes 	<ul style="list-style-type: none"> None 	Yes	Consider amendments to the modification templates to ensure Panel and Workgroups assess potential industry impacts of any modification and its implementation timescales. Requires an amendment to the

						modification or Workgroup report template. This solution should be included in the Review Group action plan for implementation and review.
1.8	The governance of non code services is complicated and duplicates the UNC process	Change the governance of non-code services and ACS charges by bringing them into UNC, ensuring regard is given to allow services to be provided to non code parties.	<ul style="list-style-type: none"> Removes dual governance arrangements and provides additional clarity on the process for change Reduces complexity by requiring one process Will allow all parties to participate in the governance of the process as not all parties are signatories to the User Pays agreement Provides clarity on the charges for a service or system changes during the modification process 	<ul style="list-style-type: none"> Thought would need to be given on the scope to ensure periodic changes to prices do not require a modification to be raised Thought would need to be given on the scope to ensure periodic changes to prices do not require a modification to be raised 	Yes	<p>Requires the development of a modification.</p> <p>This solution should be included in the Review Group action plan for implementation and review.</p>
1.9	The user pays process is complicated and requires clarification	Subject to 1.8 above, the Joint Office should publish additional advice/guidance on the existing User Pays process to aid proposers.	<ul style="list-style-type: none"> Provides assistance and guidance to industry participants on the process and how it can be used Encourage participation in the change process 	<ul style="list-style-type: none"> The User pays process is complex and has a number of different options dependant on the stage of the process. It may prove difficult to provide clear guidance without increasing the complexity of the guidance provided 	Yes	<p>Develop a user pays guide.</p> <p>This solution should be included in the Review Group action plan for implementation and review.</p>
2. Fundamental Changes						
2.1	Shippers do not feel they are directly involved with the management of Xoserve and the services it delivers on behalf of the industry.	<p>Alter Xoserve's current board composition to include Shipper representatives, either as executive or non-executive directors (similar for example to Elexon).</p> <ul style="list-style-type: none"> These board members would have the same powers and responsibilities as other 	<ul style="list-style-type: none"> Alteration to Xoserve board membership could improve customer focus as the board would have direct access to customer views and experiences of services being provided by them Xoserve may benefit from the wider industry experience when considering changes to 	<ul style="list-style-type: none"> Board membership should be aimed at delivering the best outcome for Xoserve in reaching its strategic objectives. Detailed change management is not usually a topic for board consideration; therefore the board may not be focusing on its strategic objectives 	No	This solution would require significant changes to licence for Transporters and is out of scope of UNC

		<p>members of Xoserve's board.</p> <ul style="list-style-type: none"> Shipper representatives would be elected in a process similar to the UNC Panel Shipper election process. This option would require changes outside of the UNC process, including licence changes and changes to Xoserve's corporate structure. 	<p>the operation and delivery of its services</p> <ul style="list-style-type: none"> This option may allow a more transparent operating model for the delivery of Xoserve/Transporter services 	<ul style="list-style-type: none"> There maybe Transporters licence impacts and is out of scope of UNC How would potential board members be nominated and be representative of the industry The timing of fundamental changes may need to be considered in terms of significant industry changes such as SMART metering 		
2.2	Should Xoserve tender for each change to its systems to provide evidence of rigor transparency to the industry in the delivery of system changes and costs.	<p>Introduce Tender process;</p> <ul style="list-style-type: none"> Central system activities would be defined as discrete activities and would be tendered for provision by third parties. Xoserve would act as the agent to ensure that the service is provided effectively and cost efficiently. This option would require changes outside of the UNC process, including licence changes. 	<ul style="list-style-type: none"> The process is currently used in other Codes and may provide some benefits for the justification and transparency of change management and system development costs My allow more bespoke changes to be developed and funded efficiently 	<ul style="list-style-type: none"> Xoserve would loose the benefits of longer term relationship managed through its existing service provider contracts There may be a loss of knowledge and experience due to a wider range of service providers Xoserve currently use a tender process based on a number of preferred service providers, this would just increase the complexity and cost of the process There maybe Transporters licence impacts and is out of scope of UNC The timing of fundamental changes may need to be considered in terms of significant industry changes such as SMART metering 	No	This solution would require significant changes to Xoserves current service provider contracts and is out of scope of UNC
2.3	There is very little transparency on Xoserves costs and this may be improved if it were subject to its own Price control.	<p>Financial separation;</p> <ul style="list-style-type: none"> Xoserve would have separate funding arrangements (PCR) but would still be owned by the 	<ul style="list-style-type: none"> Creates a transparent funding framework for Xoserve Would lead to improved information on the provision 	<ul style="list-style-type: none"> Increases the complexity of funding arrangements The Transporter has the responsibility for delivering services 	No	This solution would require significant changes to licence for Transporters and is out of scope of UNC

		<p>transporters.</p> <ul style="list-style-type: none"> This option would require changes outside of the UNC process, including licence changes. 	<p>of services and changes to systems</p> <ul style="list-style-type: none"> Would help to demonstrate value for money for changes 	<ul style="list-style-type: none"> There maybe Transporters licence impacts and is out of scope of UNC The timing of fundamental changes may need to be considered in terms of significant industry changes such as SMART metering 		
2.4	<p>Shippers do not feel they are directly involved with and have little control over the management of Xoserve and the services it delivers on behalf of the industry.</p>	<p>Xoserve ownership change;</p> <ul style="list-style-type: none"> Xoserve would be owned by Shippers and Transporters. Would require separate board and governance structure to direct strategies. Board would be comprised of owners. This option would require changes outside of the UNC process, including licence changes 	<ul style="list-style-type: none"> Would provide Xoserve with a whole industry view and responsibilities for managing process Also see 2.1 above 	<ul style="list-style-type: none"> This option would require a review of Xoserve ownership, including transfer of equity May cause conflicts on the delivery of services on behalf of Transporters Also see 2.1 above There maybe Transporters licence impacts and is out of scope of UNC The timing of fundamental changes may need to be considered in terms of significant industry changes such as SMART metering 	No	<p>This solution would require significant changes to licence for Transporters and is out of scope of UNC</p>
3. Other Funding Options						
3.1	<p>The Review Group considered a number of charging options for User Pays services (3.1a to 3.1d) to identify if there is an opportunity to standardise the approach to allocating User Pays charges.</p>	Options			Yes	<p>The Review Group considered that there was scope to retain the different options for allocation User Pays cost and it would be dependant on the proposer to identify the most suitable method for allocating costs.</p> <p>The Review Group considered it is essential to know the</p>
		<p>3.1a Apportionment of costs by Market share:</p> <ul style="list-style-type: none"> By number Supply points Energy use/throughput 	<ul style="list-style-type: none"> Transparent and easy to implement Links costs to the modification 	<ul style="list-style-type: none"> The User is to pay even if they do not take the service, though this may be appropriate for some services 		
		<p>3.1b Only those who wish to use the service pay</p>	<ul style="list-style-type: none"> Targets costs at those who wish to use the service Provides choice in service provision 	<ul style="list-style-type: none"> Requires an allocation mechanism Requires an early commitment by parties who wish to take the service Requires a process for 		

				charging late adopters and refunding early adopters of the service <ul style="list-style-type: none"> • May require a take or pay approach to funding • No visibility of service costs on an industry basis 		apportionment of User Pays costs at an early stage in the modification process.
		3.1c Bundling up the analysis and development costs and then invoicing the industry at a regular interval: <ul style="list-style-type: none"> • Requires an allocation methodology • Requires regular reporting to and monitoring by the industry 	<ul style="list-style-type: none"> • Removes the requirement to bill for small amounts on a regular basis and so reduces administration costs • Provides a transparent view of industry costs • Allows flexibility to create or amend services without the need provide a new billing system 	<ul style="list-style-type: none"> • Cost of development and payment is not as clearly aligned to a particular modification • May require a take or pay approach to funding 		
		3.1d An upfront central change fund <ul style="list-style-type: none"> • Would require a cost allocation process • Approval of draw down of funds required 	<ul style="list-style-type: none"> • Allows flexibility to create or amend services without the need provide a new billing system • Provides a transparent view of industry costs • Easy to administer once the industry agrees a budget • Provides transparency of system change costs • It should be easy to link costs to a specific modification 	<ul style="list-style-type: none"> • May require a budget allocation process, in particular for over/under spend which may increase the complexity of the current approach • Does not target costs on those who wish to take the service 		
3.2	Concern was raised that User Pays invoicing is over complex for the costs/charges involved and if there was an opportunity to consider an alternative method for the recovery of costs/charges.	Additional funding mechanism for the pass through of system change costs <ul style="list-style-type: none"> • Cost included in allowed revenue in the following Formula Year • Charged through Transportation Charges • Ofgem direction on Modification Proposal also 	<ul style="list-style-type: none"> • Reduces administration involved with invoicing and billing User Pays charges • Greater flexibility for Shipper cost pass-through • Remains transparent as the process will still require a ROM or DCA etc. • Removes the complexity administering the process 	<ul style="list-style-type: none"> • Additional complexity to agree/justify funding • Requires the development of an allocation methodology • Does not target costs on those who wish to take the service 	No	Requires the development of a modification and possibly a review of licence conditions

		<p>used to determine qualification for inclusion in UP_t</p> <ul style="list-style-type: none"> Requires an allocation methodology 	<p>for those who choose to take the service at a later date</p>			
3.3	<p>Concern was raised to the identification and confirmation of benefits, costs and implementation timescales included in modifications and whether these can be demonstrated as being met following implementation.</p>	<p>Post Implementation Reviews for User Pays services</p>	<ul style="list-style-type: none"> Improves visibility of incurred costs to demonstrate the value of development/implementation of a modification or service Provides participants with an opportunity to identify best practice and learn from the process 	<ul style="list-style-type: none"> None 	Yes	<p>Modification rules do not exclude the post assessment of modifications.</p> <p>Consideration should be given to the development of a template to seek industry views and experiences on implemented modifications.</p> <p>This solution should be included in the Review Group action plan for implementation and review.</p>
3.4	<p>Should the Joint Office request costs estimates for modifications directly from Xoserve to aid process transparency</p>	<p>Implementation of the Code Administrators code of practice</p> <ul style="list-style-type: none"> Requesting cost estimates 	<ul style="list-style-type: none"> There may be some benefit if the Joint Office requested cost estimates directly from Xoserve as this model would be similar to the Elexon model. 	<ul style="list-style-type: none"> There was concern that Transporters currently request Xoserve to produce costs estimate, this may be complicated if other parties such as Users and Joint Office can do the same – which request is prioritised 	No	<p>Would require a review of the modification rules to clarify the process to be adopted.</p>