

Guidance Document on Best Practice – Process, Cost Estimates and Cost Allocations relating to Uniform Network Code User Pays Modification Proposals.

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“User Pays Guidance Document” - Version 2.0

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Document Control

Version	Date	Reason For Change
1.0	17/04/2009	Document formally created to coincide with implementation of Modification Proposal 0213V
<u>2.0</u>	<u>Dd/mm/yyyy</u>	<u>Updates following review by Transporters and [Distribution / Transmission / Governance] Workstream</u>

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Development of the Guidelines

1. The requirement to publish [this User Pays Guidance Document \(the “Guidelines”\)](#) on best practice in relation to Cost Estimates and Cost Allocations relating to User Pays Modification Proposals is specified in [paragraph 5.13](#) of the [Modification Rules contained within](#) the Uniform Network Code (UNC). This section also provides for the document to be revised from time to time. The provision reads:

“5.13 User Pays Guidance Document

The production of a User Pays Modification Proposal (including the provision of cost estimates and other information in respect of a User Pays Modification Proposal) pursuant to these Rules shall have regard to the User Pays Guidance Document which may be amended only by a determination of the [Modification Panel](#) in accordance with [paragraph 5.1.2\(a\)](#).”

2. The Guidelines set out below meet the Transporters’ obligation to prepare guidelines, while the [document control](#) section records changes which have been made to the [Guidelines](#). [These Guidelines are](#) published on the Joint Office of Gas transporters website, [www.gasgovernance.co.uk](#),

3. These Guidelines can be altered, following discussion, by a majority vote of the [Modification Panel](#) as defined in the [UNC](#).

Audience

[These Guidelines are](#) intended for:

- Proposers of [User Pays Modification Proposals](#).
- UNC Workstream Group Members
- UNC Review Group Members
- UNC Development Group Members
- Modification Panel Members
- Joint Office of Gas Transporters
- [UNC consultation respondents](#)
- Ofgem/Gas and Electricity Markets Authority

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Background to this document

The Gas Distribution Price Control Review – Final Proposals document¹ published in December 2007 detailed Ofgem’s proposals to introduce a User Pays element to the funding of existing Transporter Agency services² and the funding of future industry change.

Modification Proposal 0213V introduced a governance framework into the UNC to provide for Modification Proposals which may have an associated User Pays Service or User Pays Charge (defined within the UNC as a User Pays Modification Proposal).

The Modification Rules require a Proposer to define a Modification Proposal as a User Pays Modification Proposal where necessary. The Proposer is required to provide arguments to support this definition and at all times have regards for these Guidelines.

It is envisaged that any Modification Proposal which has the potential, or where it can not be ruled out, to incur incremental Transporter Agency costs (associated with any Transporter Agency systems or processes) and/or creates or amends a User Pays Service, will be classified as a User Pays Modification Proposal.

At the conception of a Modification Proposal, the Proposer may not have in-depth knowledge of what, if any, impacts there will be on the Transporter Agency through development and/or implementation of the Modification Proposal. Where there is the potential for incremental costs to be incurred by the Transporters’ Agency during the analysis stage, implementation stage and / or on going support for a User Pays Service (which may include development/implementation) connected to a Modification Proposal, the Modification Proposal shall be classified as a User Pays Modification Proposal.

Where the Modification Proposal is not classified as a User Pays Modification Proposal this implies the Proposer is fully aware that there will be no incremental Transporter Agency costs associated with the Modification Proposal and/or that implementation of the Modification Proposal does not create/amend a User Pays Service.

Where during development of a Modification Proposal the Proposer is made aware or becomes aware that the Modification Proposal will require changes to the Transporter Agency’s systems or processes, that result in incremental costs being incurred by the Transporter’s Agency and/or creates/amends a User Pays Service, then the Proposer should amend the Modification Proposal such that it takes the form of a User Pays Modification Proposal prior to the Modification Proposal entering the Consultation Phase.

¹<http://www.ofgem.gov.uk/Networks/GasDistr/GDPCR7-13/Documents1/final%20proposals.pdf> (Section 8.4)

² Detailed in the Transporters’ Agency Charging Statement – April 2008
http://www.gasgovernance.com/NR/rdonlyres/ED3F77AD-24A4-45E0-84E0-D4D70C9A9629/23883/AgencyChargingStatement_ForApproval.pdf

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To add further clarity, under limited circumstances, a Modification Proposal may be classified as a User Pays Modification Proposal with a 100% cost allocation to the Transporters. An example of when this may occur is when the Transporters are classified as a User within the relevant section of UNC.

Purpose of this Guidance Document

These Guidelines provide a framework for Proposers of User Pays Modification Proposals in relation to the provision of cost estimates by the Transporters and also the detailing of cost allocations in User Pays Modification Proposals. This document also sets out suggested timeframes when the different cost estimates would be requested in order to support User Pays Modification Proposals. For clarity this document should be considered as a guidance document only and has been produced to provide increased awareness of the content of cost estimates produced on behalf of the Transporters by their Agency. This document also provides detail on the information which may be included in a User Pays Modification Proposal relating to the cost allocations for the various cost types, also detailed in this document.

Contents:-

1. Defined Terms Listing.
2. Introduction and interaction with obligations introduced into the UNC by Modification Proposal 0213V.
3. Detail on Cost Estimates.
4. Cost Allocations.

1. Defined Terms Listing.

A	
Agency Charging Statement (ACS)	UNC TPD B1.7.11
D	
Detailed Cost Analysis (DCA)	Analysis document provided by Transporters detailing firm costs and timescales associated with changes required to systems and / or processes associated with the implementation of a <u>User Pays Modification Proposal</u> .
Development Cost (s)	System and process change costs associated with a <u>User Pays Modification Proposal</u> .
Development Cost Charge	ACS charge covering the Development Costs and DCA costs associated with a <u>User Pays Modification Proposal</u> .
Development Phase	UNC MR2.1

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I	
Industry Cost Allocation Matrix (ICAM)	Cost allocation matrix that gives a guide to how costs could be split between Transporters and Shippers relating to Transporter Agency systems and process changes associated with the User Pays Modification Proposal .
M	
Modification Proposal	UNC MR2.1
P	
Proposer	UNC MR2.1
R	
Rough Order of Magnitude (ROM)	Analysis document provided by Transporters containing estimated costs and timescales associated with system and process changes linked to a User Pays Modification Proposal.
ROM Register	A document prepared and updated by the Transporter's Agency, published on the Joint Office website, that gives the status of ROMs that have been requested for a User Pays Modification Proposal.
T	
Transporter	UNC GT B 2.1.1 (c)
Transaction Charge	ACS charge covering the ongoing Transaction Costs associated with the UNC Modification Proposal.
Transaction Cost (s)	Costs aligned to on going support costs and on going service costs associated with the User Pays Modification Proposal .
U	
UNC Group	A Development Work Group or a Review Group or Workstream.
User	UNC MR2.1
Shipper Cost Allocation Charge (SCAC)	Cost allocation charge detailing how costs (as defined as a % in the ICAM) are targeted at Shipper Users, relating to systems and process change costs associated with the User Pays Modification Proposal .
User Pays Charge	UNC TPD B 1.7.12
User Pays Costs	Costs which have been identified by the Transporters, within a ROM/DCA , in relation to a Modification Proposal.
User Pays Modification Proposal	UNC MR2.1
User Pays Service	UNC TPD B 1.7.13
V	
View	UNC MR2.1

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Workstream	UNC MR2.1

2. Introduction and Interaction with Obligations Introduced into the UNC by Modification Proposal 0213V.

Modification Proposal 0213V introduced changes to the Modification Rules to allow Modification Proposals which were identified as having associated User Pays Services or User Pays Costs, recoverable through a User Pays methodology, to be included within an appropriate governance framework.

The Modification Rules require the Proposer of a Modification Proposal to state whether or not the Modification Proposal, in their opinion, should be considered as a User Pays Modification Proposal. Where the Proposer states that a Modification Proposal should be classified as a User Pays Modification Proposal, this guidance document provides assistance to the Proposer in relation to the details required within the Modification Proposal, cost estimates and cost allocations.

The Modification Rules allow for cost estimates to be provided by the Transporter in support of a User Pays Modification Proposal at various stages of the Modification Proposal's development, either at a Workstream, UNC Review Group, UNC Development Work Group or more generally prior to the Consultation Phase for the Modification Proposal.

Process Flow For a User Pays Modification Proposal.

During the User Pays Modification Proposal development process the Transporters can be requested to provide two types of cost analysis. The Rough Order of Magnitude (ROM) analysis can be requested at anytime during the User Pays Modification Proposal process (it is expected to be requested and provided before the Consultation Phase commences and also prior to any request for a Detailed Cost Analysis) and gives a rough (non binding) estimate of costs and timescales associated with the User Pays Modification Proposal at a specific point in time.

The second type of analysis is the Detailed Cost Analysis (DCA) document which provides firm costs and timescales associated with the User Pays Modification Proposal at a specific point in time.

Both types of cost analysis documents slot into the User Pays Modification Proposal process as indicated on diagrams 1 & 2.

Stage 1:

Where the Proposer of a User Pays Modification Proposal states that the Modification Proposal is a User Pays Modification Proposal and the User Pays Modification Proposal details the cost allocation between Shippers and Transporters, the Proposer shall request the User Pays Modification Proposal be referred to the relevant industry forum, or proceed straight to the Consultation Phase.

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Where the Modification Proposal has been identified as a User Pays Modification Proposal the preparation of a ROM and / or DCA is critical to allow its development and efficient consultation.

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Stage 2:

Where the User Pays Modification Proposal has been referred to a Development Work Group, Review Group or the Development Phase to discuss the content of the User Pays Modification Proposal and cost allocation proposal, a supporting analysis document (ROM or DCA) would be required prior to the Proposal entering the Consultation Phase providing information on implementation timescales and costs associated with it.

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As cost information is an important element which allows the group to develop their discussion and ultimately their recommendation on a User Pays Modification Proposal, either the Proposer, UNC Group, UNC Modification Panel or the Authority are able to request that a ROM analysis document be provided by the Transporters at any stage of the Modification Proposal's development (it is expected that the ROM will be requested before the Consultation Phase commences and also prior to any request for a DCA).

It is envisaged that the UNC Group would arrive at a consensus decision on the most appropriate stage to make a ROM request once the business objectives have been agreed thus reducing the requirement to place multiple ROM requests with the Transporters. If the UNC Group can not reach a consensus view a ROM can be requested by the Modification Panel. Where detailed and well developed business rules are provided the ROM analysis document will provide more accurate cost parameters and change timescales associated with the User Pays Modification Proposal. Thus, it is recommended that the Transporters' agency is involved in User Pays Modification Proposal discussions from an early stage to provide assistance on the development of the associated business rules. It is intended that the Transporter will provide feedback to the UNC Group and / or Proposer to ensure the most effective solution is developed. The Transporters will also provide firm costs associated with the provision of a DCA when required to do so but not as part of the ROM document.

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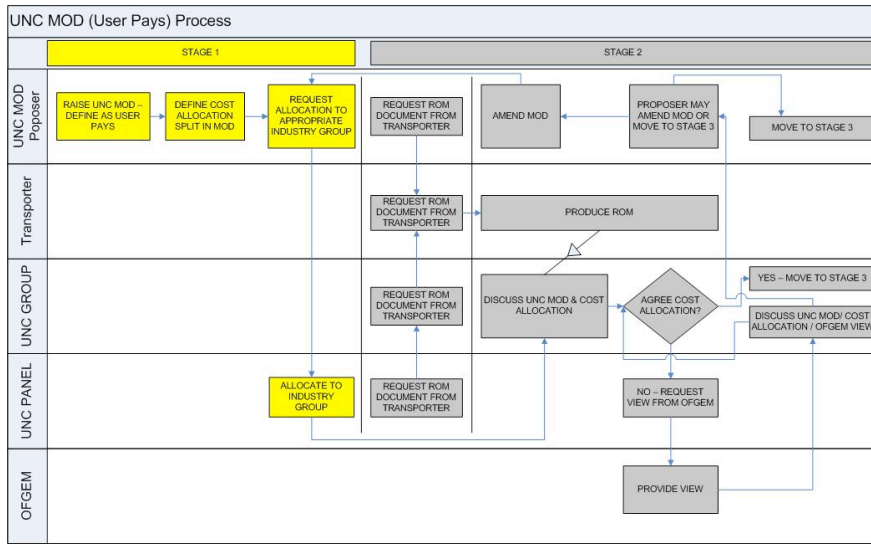
Diagram 1 - Stage 1 & 2 of User Pays UNC Modification Proposal

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Stage 3:

Once cost allocation discussions have taken place, and either agreement has been reached or an Authority View³ has been provided, a DCA document can be requested from the Transporters by the Modification Panel. The DCA document will be provided by the Transporters' Agent and it shall detail the firm costs associated with the four cost elements (where appropriate) associated with the User Pays Modification Proposal. The costs provided in the DCA will form the basis of any Agency Charging Statement (ACS) amendment required to facilitate the User Pays element of the User Pays Modification Proposal. The ACS amendment will mirror the cost allocation detailed in the Modification Proposal and provide User Pays Charges associated with each of the four cost elements (where appropriate).

To confirm, an Authority View on the User Pays Modification Proposal can be requested under any circumstances irrespective of whether agreement has been reached on the cost allocation. The Authority View may be utilised to advise the Transporters and Shipper Users on the appropriateness of the proposed cost allocation.

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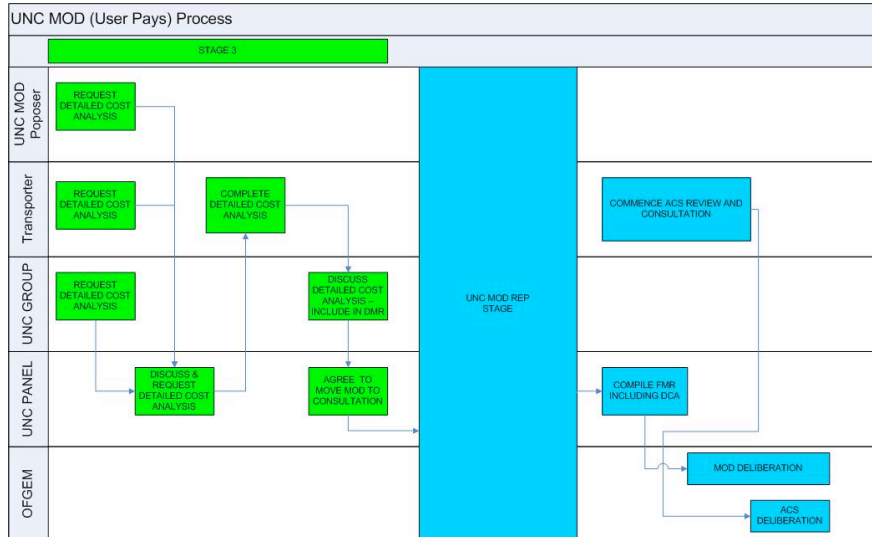
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³ As referenced in UNC MR 12.8.

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Diagram 2 - Stage 3 of User Pays Modification Proposal



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2. Detail on Cost Estimates.

Costs estimates required to support the User Pays Modification Proposal process can be divided into two distinct types: Rough Order of Magnitude and Detailed Cost Analysis. Rough Order of Magnitude (ROM) cost estimates can be requested at any stage of the User Pays Modification Proposal process ideally prior to the User Pays Modification Proposal entering the Consultation Phase and will be required to be submitted to the Transporter on behalf of the Proposer, UNC Group, UNC Modification Panel or the Authority.

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ROM Analysis Document

A ROM cost estimate will provide high level cost estimates associated with three main incremental cost types associated with systems or process changes and broad indicative timescales for their development.

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Rough Order of Magnitude Cost Types	
1. System Development Costs	Estimated incremental costs associated with the system development of an implemented <u>User Pays Modification Proposal</u>
2. Ongoing Support Costs	Estimated costs associated with incremental support costs associated with systems or system changes linked to an implemented <u>User Pays Modification Proposal</u> .
3. Service Costs	Estimated costs associated with providing an ongoing service <u>associated with a User Pays Modification Proposal</u> .

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The Transporters will provide firm costs and timescales associated with the production of a DCA document separately from the ROM document on request from the UNC Group or Modification Panel. The Transporters will provide a validity period for these costs.

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Detailed Cost Analysis	
Firm Cost for provision of DCA	£
Timeframe for provision of DCA	X weeks.

1. System Development Costs: - The ROM document will provide a high level cost estimate associated with implementing system and process changes to allow the business rules of the User Pays Modification Proposal to be implemented. The ROM document will detail a high level cost estimate and also the estimated time frame for development. The high level costs may be specified as a range. The ROM document will detail any assumptions to which the cost estimates have been based upon and which have been agreed upon throughout discussions at the UNC Group or with the Proposer. The ROM will also detail which areas have not been included within the analysis and require separate consideration. One example of these changes may impact on other systems or training material provision.

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2. Ongoing Support Costs: - The ROM document will provide a high level cost estimate of ongoing incremental support costs per annum associated with an implemented User Pays Modification Proposal. The ROM may specify a range of costs.

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3. Service Costs: - Where the User Pays Modification Proposal specifies an ongoing service requirement to support the objectives of the User Pays Modification Proposal the ROM document will provide high level costs per annum associated with providing this service. The costs may be specified as a range.

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ROM Document Information Provision	
Change driver / origin	Description of the change driver / origin associated with the ROM request and any parameters which have been stipulated in the original ROM request.
Analysis of Change Processes	Detail on system & process changes.
System Cost Analysis	See table below.
Issues	Issues associated with the business objectives or business rules. This may include issues linked to the drafting of the Modification Proposal and any consequential impacts on systems or processes.
Impacts	Additional impacts on Transporters or Shippers. E.g. Internal system change requirements.

System Cost Analysis	
Estimated System development costs	From £x to £x
Estimated System development timeframe	x to x weeks
Estimated ongoing support costs per annum.	From £x to £x pa
Estimated ongoing service costs per annum.	From £x to £x pa

If the Transporter can identify any cost savings or efficiency gains which stem from a coordinated systems' change process this will be included in the ROM. Also, where

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specific savings could be made by changing the scope of the User Pays Modification Proposal this may be indicated in the analysis document.

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The Transporter's Agency will prepare, maintain and publish on the Joint Office website, a record of the status of ROMs that are related to User Pays Modification Proposals. This document, know as the ROM Register, will allow Users to check upon the progress of ROMs without having to wait for the relevant Workstream or request the information from the Transporter's Agency.

All ROMs, once completed, will be published on the Joint Office website alongside the Modification Proposal (or elsewhere as notified by the Transporters). An example of a ROM document can be seen in Appendix A.

Detailed Costs Analysis Document

The DCA will provide information on the detailed changes required to the Transporter's Agency's systems and processes, firm costs associated with the changes required to implement the User Pays Modification Proposal and firm timescales for the development required to make system and process changes.

The DCA will contain the following sections:

- **Evaluation Summary:** The DCA will provide a high level evaluation summary of the User Pays Modification Proposal and the system and process changes proposed in the User Pays Modification Proposal and will also provide a summary of the impacted system areas.
- **Key Business Requirements:** Where there are inter dependant process or system changes required to allow the successful implementation of the User Pays Modification Proposal any associated Transporter Agency change details will be provided.
- **Business Drivers:** As detailed in the User Pays Modification Proposal.
- **Objectives:** As detailed in the User Pays Modification Proposal.
- **Key Change Dependencies**
- **Constraints**
- **Impacts:** Impacts on the relevant industry organisations.
- **Assumptions**

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Where demand information has been provided (with reference to the "Provision of Estimated Demand Information" section) indicative User Pays Charges will be provided in the DCA based on the ICAM & SCAC as detailed in the User Pays Modification Proposal. These indicative charges will be based on cost information and demand information as available at the time of the DCA compilation. At the point the ACS review and consultation commences if user charges differ from those specified in the DCA an explanation will be provided for the deviation. Such deviations may stem from Transporter Agency cost increases, hardware price increases or where the User Pays Modification Proposal's intent or business rules have been modified post provision of the latest version of the DCA or where a change in the demand for the service has been identified.

DCA System Cost Analysis	
Firm system Development Costs	From £x to £x
Firm system development timeframe	From x weeks to x weeks.
Firm xoserve direct project delivery costs	From £x to £x
Firm ongoing support costs per annum.	From £x to £x pa
Firm ongoing service costs per annum.	From £x to £x pa

3. Cost Allocations.

Once a Modification Proposal has been defined as a User Pays Modification, the Proposer shall specify the cost allocation split between [Transporters and Shippers](#).

These [Guidelines](#) do not set out to influence the cost allocation split or provide definitive rules on how the Proposer should decide upon their methodology for this designation. This document sets out the basis for conveying the information by the Proposer to other [Shippers and Transporters](#), and also to provide a robust and straight forward decision tool for Proposers to determine the percentage split of costs.

There are two distinct areas to the cost allocation decision a Proposer must specify:

- The initial cost allocation split of charges, referred to in this document as the Industry Cost Allocation Matrix (ICAM), details the division of costs between Transporters and Shipper Users. The division of costs at this initial stage should be based on the Proposer's background analysis and primary development of the [User Pays](#) Modification Proposal and should reflect their consideration of where perceived benefits or cost savings flowing from any eventual implementation would be realised. The [Modification Rules](#) require that the Proposer provides detailed information on how they have initially concluded their decision on the cost allocation split specifying reasons for their [position](#).
- The secondary cost allocation, referred to in this guidance document as the Shipper Cost Allocation Charge (SCAC), specifies the further split of costs between Shipper Users. Both the ICAM and SCAC can be modified by the Proposer during the development of the [User Pays](#) Modification Proposal.

Industry Cost Allocation Matrix (ICAM)

The ICAM allows the Proposer to specify the percentage split of costs between Transporters and Shipper Users. It is suggested that the percentage split allocated in the matrix by the Proposer reflects the [User Pays](#) Modification Proposal's furtherance of the relevant objectives as set out in the Transporters' Special Standard Licence Condition A11(1) sections (a) to (f). Where the Proposer utilises a different approach

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from these suggested allocations they will provide a detailed rationale for their position.

Standard Special Condition A11 (1)

(a) the efficient and economic operation of the pipe-line system to which this licence relates;

(b) so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters;

(c) so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence;

(d) so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition:

- (i) between relevant shippers;
- (ii) between relevant suppliers; and/or
- (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers;

(e) so far as is consistent with sub-paragraphs (a) to (d), the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards are satisfied as respects the availability of gas to their domestic customers; and

(f) so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code;

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Examples - Industry Cost Allocation Matrix

Funding Group Cost Type	Cost Allocation Number	Transporters	Shippers	Percentage Cost Allocation Split – Linkage to SSC Licence A11 (I) Relevant Objectives.	Proposer’s Cost Allocation Decision
Detailed Cost Analysis and Development Costs.	1	0%	100%	(d) (i) and / or (d) (ii) and / or (e) only.	
	2	25%	75%	(d) (i) (ii) (iii) only. or (d) (i) (ii) and (f) only or (e) and (f) only	
	3	50%	50%	(a) and / or (b) and / or (c) and (d) (i) (ii) (iii) and (e) and / or (f) .	
	4	75%	25%	(a) and (b) and (c) only or (a) and (c) only or (b) and (c) only	
	5	100%	0%	(a) and/ or (b) and/or (c) and/or (d)(iii) only	

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In the above ICAM [examples](#) the Proposer would specify one of the five detailed cost allocations splits to be associated with the DCA costs and Development Costs as specified in the ROM and DCA documents provided by the Transporters. The ICAM is a suggested cost split for User Pays Modification Proposals and as such the Proposer may choose a different rationale from the defined cost allocations where there are apparent additional benefits for Transporters or Shippers.

In certain circumstances the ROM may specify there are zero costs associated with the provision of the DCA. There may also be zero Development Costs. In certain circumstances there may not be a requirement for ongoing [User Pays Charges](#) as there are no ongoing Transaction Costs.

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Shipper Cost Allocation Charge (SCAC)

The SCAC allows the Proposer to specify how the Shipper User costs as detailed in the ICAM are targeted at Shipper User organisations. Where Transporter organisations have been allocated a percentage split of costs in the ICAM, pre-determined cost splits will be applied to Transporter costs as detailed in the Transporters’ Agency Charging Methodology document. The Proposer may determine that costs allocated to Shipper organisations in the ICAM should be split between organisations by various means. It is expected that the ICAM will ensure that costs are targeted at those that are utilising the service and/or the potential beneficiaries of the service. The following examples are specified for reference only and do not provide a comprehensive set of Shipper User cost allocations.

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SCAC – Example 1

A User Pays Service that benefits all Shipper Users with a supply portfolio

Funding Group	All Shippers
Cost Type	
Detailed Cost Analysis and Development Costs	Commodity charge (p/kWh) based on Shipper’s UDQO

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SCAC – Example 2

A User Pays Service that benefits all SSP Shippers depending on the number of SSP meter reads submitted

Funding Group	Shipper “A”	Shipper “B”	Shipper “C”	Shipper “D”	Shipper “E”	Shipper “F”
Cost Type						
Detailed Cost Analysis and Development Costs.	Monthly standing charge based on number of SSP meter reads submitted (p/SSP meter read submitted)	Monthly standing charge based on number of SSP meter reads submitted (p/SSP meter read submitted)	Monthly standing charge based on number of SSP meter reads submitted (p/SSP meter read submitted)	Monthly standing charge based on number of SSP meter reads submitted (p/SSP meter read submitted)	Monthly standing charge based on number of SSP meter reads submitted (p/SSP meter read submitted)	Monthly standing charge based on number of SSP meter reads submitted (p/SSP meter read submitted)

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SCAC – Example 3

A User Pays Service that benefits all Shippers depending on the number of supply points in their portfolio

Funding Group	Shipper “A”	Shipper “B”	Shipper “C”	Shipper “D”	Shipper “E”	Shipper “F”
Cost Type						
Supply Point Count	34%	21%	27%	11%	5%	2%
Detailed Cost Analysis and Development Costs.	Annual standing charge based on supply point count (p/supply point)	Annual standing charge based on supply point count (p/supply point)	Annual standing charge based on supply point count (p/supply point)	Annual standing charge based on supply point count (p/supply point)	Annual standing charge based on supply point count (p/supply point)	Annual standing charge based on supply point count (p/supply point)

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Ongoing Support Costs and Ongoing Service Costs

The DCA document may identify costs associated with ongoing services provided by the Transporters’ agency associated with the User Pays Modification Proposal’s requirements. These costs may be directly attributable to the service requested in the User Pays Modification Proposal and / or with ongoing support costs associated with

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systems required to deliver the service. Ongoing service costs and support costs will be allocated to the users who draw on the service, either by directly requesting the service from the Transporters' agent or by submitting or changing data which causes the service to be automatically instigated by the Transporters' Agency's system or systems, for example a Must Read⁴. Ongoing service costs and support costs will be bundled into one cost known as the Transaction Cost and will be specified in the Transporters' Agency Charging Statement as User Pays Charges.

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Relationship with the Transporters' Agency Charging Statement

On implementation of the User Pays Modification Proposal the Transporters will translate the specified cost allocations in the ICAM and SCAC into User Pays charges which will be detailed in the Transporters' Agency Charging Statement under a separate charging line known as the Development Cost Charge. Similarly, any ongoing service and support costs will be translated into a Transaction Charge and will be payable as User Pays Charges, as the service is drawn upon by users.

The Authority would request, from the Transporters an ACS amendment to support the User Pays element of the User Pays Modification Proposal. This may coincide with a request for legal text or be requested separately after the provision of the Final Modification Report.

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Provision of Estimated Demand Information

Where the User Pays Modification Proposal specifies or requires an ongoing service to be provided by the Transporters or there is an ongoing support cost associated with systems, a User Pays Charge will result. To allow the formulation of User Pays Charges in the ACS the User Pays Modification Proposal shall quantify a level of demand which will prevail on implementation of the User Pays Modification Proposal or request that during the construction of the ROM and / or DCA documents the Transporters' Agency, calculates an estimated demand level in conjunction and consultation with Users, based on any information they may have available at that point in time. To confirm, this would only be requested where the Proposer is unable to provide or calculate their demand level assumptions and only where the Transporters' Agent has the necessary information to enable these estimates to be provided.

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In circumstances where Shipper Users are able to calculate future demand levels relating to a User Pays Modification Proposal but do not wish to make these figures available to other industry participants, figures may be submitted in confidence to the Transporters' Agency, or any other organisation that is deemed appropriate, for an aggregate demand level calculation. This aggregate demand level calculation may be presented in analysis or ACS documents to increase transparency of cost or charge calculations.

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⁴ UNC Section M 3.6.1

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Appendix A – Example of a User Pays Modification Proposal ROM Analysis Document

Rough Order of Magnitude (ROM) Analysis

for

Modification Proposal xxxx “the quick brown fox jumps over the lazy dog”

Version x.x

<u>Network Lead:</u>	<Forename Surname>
<u>xoserve Lead:</u>	<Forename Surname>
<u>ROM Request received:</u>	dd mmmm yyyy
<u>ROM provided:</u>	dd mmmm yyyy

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Disclaimer:

This ROM Analysis has been prepared in good faith but by its very nature is only able to contain indicative information and estimates (including without limitation those of time, resource and cost) based on the circumstances known t at the time of its preparation. no representations of accuracy or completeness are included and any representations as may be implied are expressly excluded (except always for fraudulent misrepresentation).

Where it is apparent that inaccuracies or omissions in, or updates required to, this ROM exist, these shall be updated as soon as reasonably practicable but there shall be no liability in respect of any such inaccuracy or omission and any such liability as may be implied by law or otherwise is expressly excluded.

This ROM does not, and is not intended to, create any contractual or other legal obligation

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Change driver / origin

<A description of the origin of the change / details of the related Modification Proposal>

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Analysis

<Details of the analysis carried out and, where appropriate, the business rules that the analysis has been based upon>

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ROM Costs & Timescales

Note: ROM information is not based on any formal systems analysis and should be used with caution.

Estimated Costs:

- The solution will cost at least £xxx, but probably not more than £xxx
- Ongoing Application Support will cost at least £xxx, but probably not more than £xxx per year
- Additional ongoing operational support will cost at least £xxx, but probably not more than £xxx per year

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Estimated duration:

- The Analysis Phase, will take at least x weeks, but probably not more than x weeks
- Delivery; including detailed analysis, development, implementation and post implementation support; will take at least x weeks, but probably not more than x weeks

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Assumptions

<Details of the assumptions that have been made in order to produce the ROM>

Issues / Concerns

<Any issues or concerns that may need to be addressed prior to development work taking place>

Impacts

xoserve:

<Details of the impacts that the change would have on xoserve's systems and/or processes>

Transporters:

<Details of the impacts that the change would have on Transporters' systems and/or processes>

Shippers

<Details of the impacts that the change would have on Transporters' systems and/or processes>

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