Rough Order of Magnitude (ROM) Request and Response

1. Purpose of a ROM

The DSC CDSP Service Document – Change Management Procedure sets out the expectations of the ROM process.

> 4.6.2 Subject to paragraph 4.6.3, within 10 Business Days after receiving a ROM Request, the CDSP shall send to the Customer and the Committee a report (Rough Order of Magnitude Report or ROM Report) setting out (so far as the CDSP is able to assess at the time):
>
> (a) a high level indicative assessment of the impact of the Potential Service Change on the CDSP Service Description and on UK Link;
>
> (b) the CDSP's opinion as to whether the Potential Service Change would be a Restricted Class Change, would have an Adverse Impact on any Customer Class(es)) or would be a Priority Service Change, where applicable;
>
> (c) the CDSP's approximate estimate of:
>
> > (i) the Costs (or range of Costs, where options under paragraph (e) are identified) of Implementing the Potential Service Change;
> >
> > (ii) the impact of the Potential Service Change on Service Charges; and
> >
> > (iii) the period of time required for Implementation;
>
> (d) any material dependencies of Implementation on other Proposed Service Changes or other likely Priority Questions; and
>
> (e) if it is apparent to the CDSP that there are likely to be materially different options as to how to Implement the Potential Service Change, a high level description of such options.

2. ROM Request – To be completed by the customer

Please populate the details below and send to box.xoserve.portfoliooffice@xoserve.com, to enable the CDSP to undertake the impact assessment to provide the ROM Response (section below).

Please note, the ROM requestor may be asked for further details if it is believed that request is not clear and additional information is required in order to provide a ROM Response.

2a. ROM Request Details

ROM Request Details	
Change Title	Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert (UNC 0843) and Independent Shrinkage Expert and Independent Shrinkage Charge (IGT 165)
Regulatory Impact	☒ Yes ☐ No
Regulatory Reference (if applicable)	UNC Modification 0843 IGT UNC Modification 165
Change Overview	The changes have been raised to incentivise the reduction of greenhouse gas emissions and lower customer bills. The Modifications introduce the role of the Independent Shrinkage Expert (ISE) who will establish: - the Independent Shrinkage Model (ISM), - the Independent Shrinkage Model Methodology (ISMM), and - the Independent Shrinkage Charge (ISC). Based on the Modifications, the elements which require CDSP input are: **Procurement and ongoing management of the ISE** - As per the Modification, Xoserve as the CDSP will be responsible for procuring and maintaining a contract for the Independent Shrinkage Expert role (ISE). - The ISE will be contractually obligated to create the ISM, ISMM and the ISC on an annual basis. Please note, the cost range to procure and maintain an ISE **will not** be provided within this ROM. This is because it is a brand-new role, and we cannot provide an accurate cost range before we have started the procurement exercise and got views from parties interested in tendering to be the ISE. The following elements of the change need to be assessed by the CDSP:

- **Loading and assigning daily shrinkage**
  - Currently each year the CDSP receives and loads the daily shrinkage values per LDZ provided by each DNO into Gemini.
  - Each day, that shrinkage energy quantity gets assigned within Gemini, to the DNO who has to buy that much gas.

  - **Under this change, the CDSP need to assess and provide a high-level impact of:**

  - As well as having DNO shrinkage values, the CDSP will also need to accommodate the receipt (from the ISE) and loading individual IGT shrinkage values which contribute to the LDZ shrinkage into Gemini and assigning this to the relevant IGT to buy that much gas.

  - Where the ISE shrinkage values are approved by Ofgem, for DNOs, the CDSP must add the ISC to the DNO provided shrinkage values to be loaded in Gemini and assigned to the relevant DNO. This is to ensure the DNO buy gas that covers the shrinkage value they calculated, plus the ISC confirmed by the ISE.

- **Reflecting the approved shrinkage values within UIG**
  If the ISE shrinkage values are approved by Ofgem, the CDSP must ensure these approved values are not accounted for in UIG.
  Please note, this is expected to be a BAU activity that already occurs with the only difference being that the shrinkage values may be those calculated by the ISE rather than the DNO if approved by Ofgem.

- **Reconciliation of shrinkage**
  - Currently after the end of the Financial Year, the DNO evaluates their original shrinkage estimates and may do a reconciliation if they have bought the wrong amount of gas.
  - This goes onto the Amendment invoice as a change to the UIG energy amount on the Amendment invoice, using daily SAP prices, and looks very similar to an LDZ measurement error.
  - Under this change, for the purpose of reconciliation, the CDSP would need to undertake the reconciliation activity as a result of the ISE reconciliation as well as the DNOs.

  Please note, this is expected to be a BAU activity that already occurs with the only difference being that the shrinkage reconciliation values may be those calculated by the ISE rather than the DNO.

	Support / representation at shrinkage industry meetings - It is anticipated that the CDSP will need to provide representative at the Independent Shrinkage Expert industry meetings. There is expected to be a business / operational representative attending these meetings which needs to be considered by Xoserve and our Service Provider. These are likely to be every month, plus possible ad hoc additional meetings. Under this ROM request, we have not included any request for the CDSP to support data retrieval. This is because the data required by the ISE is unknown but expected to be that held by Transporters directly. During detailed design we will look to confirm if any costs need to be included for the CDSP to support these data retrieval activities.	
Date Raised	27/09/2023	
Required Response Date	25/10/2023	
Requestor Contact Details	Name:	Customer Change Team on behalf of 0843 Workgroup
	Organisation:	Xoserve on behalf of 0843 Workgroup
	Email:	n/a
	Number:	n/a
Xoserve Lead Contact (to be provided by the CDSP)	*Contact Name:*	Ellie Rogers / Kathryn Adeseye
	Contact Email:	Ellie.rogers@xoserve.com / Kathryn.Adeseye@xoserve.com

3. ROM Response – To be completed by the CDSP

The ROM response provided is based on a high-level indicative assessment of the impact of the change.

Please note, all the sections within this template should be populated by the CDSP when providing a ROM response.

To find the high-level costs and timescales please go to section 3c which can be found here.

3a. Impacted Constituency

Customer Class(es) Impacted by Change:	☒ Shipper	☒ Distribution Network Operator
	☐ NG Transmission	☒ IGT
	☐ All	☐ Other <Please provide details here>

Justification for Customer Class(es) selection	From the initial assessment, the anticipated impacted Customer Classes would be DNOs, IGTs and Shippers who are Shrinkage providers. Reasons for this are included below: • Gemini system – If the ISC is approved by the Authority, the relevant DNOs and IGTs will be obliged to purchase volumes of gas to cover the corresponding ISC via their Shipper on Gemini daily. • Gemini system – The CDSP will load Daily ISC values into Gemini and the DNOs and IGTs will need to contract with a Shipper(s) to cover the Daily ISC.

3b. Overview of impacts

Overview of impacts	**Loading and assigning daily shrinkage** This will impact the Gemini System directly. • The existing 'Maintain LDZ Shrinkage Quantity' screen will be enhanced to record DNO Shrinkage and IGT Shrinkage values for an LDZ. As a result, DNOs and IGTs will be separately assigned their proportion of LDZ Shrinkage. • For the avoidance of doubt, for the purpose of calculating UIG, Shrinkage will not be split between DNOs and IGTs. Ultimately, the combined value of Shrinkage (DNO and IGT) will be used for UIG calculations. • The CDSP will continue to the enter the LDZ Shrinkage quantities via the online screen. • New functionality will be introduced to capture the mapping of IGTs to the LDZs. This is to allow the IGT Shrinkage for a specific IGT and LDZ to be assigned and mapped as currently Shrinkage is assigned at an LDZ level which has a 1-2-1 relationship with a single DNO. • New functionality will be introduced to input/modify the ISC values against each IGT at LDZ level. • Based on the current understanding of the change and the high-level analysis undertaken, there are no anticipated impacts to the files generated by Gemini and sent to other systems via the existing file transfer mechanism. **Reflecting the approved shrinkage values within UIG** This will impact the Gemini System directly. • The combined value of the DNO Shrinkage and IGT Shrinkage will be used for UIG calculations. Please see separate presentation document for example: MOD 0843 Resonse Example.pdf **Reconciliation of shrinkage** <u>UK Link System:</u> From an annual reconciliation perspective, currently after the end of the financial year, the DNOs will provide a revised energy and financial value (applying daily SAP prices). This is provided within an existing file flow

(ORD –LDZ Energy Adjustment Submission) to the CDSP and loaded into UK Link.

The CDSP will process the energy and financial amounts onto the Amendments invoice, once received from the DNOs. If the DNOs should have purchased more gas, it is a credit to Shippers via UIG Reconciliation and the DNOs pick up the charges, and vice versa if the DNOs purchased too much gas.

It is the CDSPs assumption based on the Modification 0843 Business Rules that this process will continue.

The CDSP would still expect the annual shrinkage reconciliation data to be received by UK Link in the existing file flow (ORD- LDZ Energy Adjustment Submission).

As a result of Modification 0843, it is expected that the annual shrinkage reconciliation data could be sent by the DNO and the ISE.

The following assumptions have been considered while preparing the response:

- No changes are expected in the existing input data file flow in which the annual shrinkage values are received by the UK Link system (.ORD file flow).
- Where the ISE conducts the annual shrinkage reconciliation and this needs to be processed centrally, the ISE is expected to submit the required information (energy and financial amounts) within the existing format (.ORD file flow).
- There will be no split between the DNO and IGT portion of data received by the UK Link system.
- Shrinkage values will be received at LDZ level.
- No changes to the existing smearing process within the UK Link system.
- No changes to any downstream process in the UK Link system.
- The Request to Bill (RTB) process currently followed by the CDSP where the DNOs are required to pick up the annual shrinkage charges, is assumed to continue as is. This process can also be used for the IGT shrinkage charging if required and approved as a result of the ISE reconciliation.

Support / representation at shrinkage industry meetings
We believe support / representation at industry meetings related to shrinkage and the ISE process is likely to be required. As the level of this support, knowledge and skills required is currently unknown, we are unable to identify and quantify appropriate resource effort at this point. This will be considered at detailed design.

UK Link Component Systems	Level of Impact (L/M/H)	File Format (Y/N)	Screens (Y/N)	Reporting (Y/N)	Batch Jobs (Y/N)	Validation (Y/N)	Processes (Y/N)	Other
UK Link Gemini	M	N	Y	N	N	Y	Y	*If 'Other' is ticked, please provide justification*
UK Link System Application (e.g. SAP ISU, BW, PO)	N/A	N	N	N	N	N	N	No changes to existing UK Link process
UK Link Portal	N	N	N	N	N	N	N	*As above*
UK Link Online Services	N	N	N	N	N	N	N	*As above*
Data Enquiry Services (DES) -*To be removed post CSS implementation*	N	N	N	N	N	N	N	*As above*
Contact Management Service (CMS)	N	N	N	N	N	N	N	*As above*
UK Link Network (Inclusive of IX, EFT and AMT)	N	N	N	N	N	N	N	*As above*

Additional Systems	Level of Impact (L/M/H)	File Format (Y/N)	Screens (Y/N)	Reporting (Y/N)	Batch Jobs (Y/N)	Validation (Y/N)	Processes (Y/N)	Other
Data Discovery Platform (DDP) Core	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*If 'Other' is ticked, please provide justification*
Discovery API	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*As above*
Reporting	N	N	N	N	N	N	N	
Gas Enquiry Service (GES)	N	N	N	N	N	N	N	

3c. High level costs and timescales

Costs provided within the ROM response are indicative and high level based on high level analysis.

Below details the high-level implementation cost range and provides an indication of any ongoing costs identified from the high-level analysis.

Implementation costs

An enduring system solution will cost at least £175,000 but probably not more than £300,000.

Ongoing costs
- Systems – The change is not expected to increase ongoing running costs.
- In terms of support / representation at shrinkage industry meetings, this will be assessed once further details are known.

Timescales:

Implementation:
- Systems – The high-level estimate to develop and deliver this change is approximately 16weeks and includes 2 weeks of Post Implementation Support.
- Procurement of the ISE – As stated, we have not provided an indicative cost range for the procurement and ongoing activities of an ISE but from a timescale perspective, please note that a lead time will be required to undertake the procurement exercise to appoint an ISE. Typically, a minimum of 12 months is required to undertake a procurement exercise to appointment, however due to this being a new role, we are expecting to undertake a two-phased approach to initially understand what bidders can offer, followed by a more targeted second-phase. Based on this, we would anticipate a more realistic minimal lead time to be 18 months. Please note, we expect that a Stakeholder Evaluation Panel will need to be appointed ahead of the procurement going ahead.

Ongoing process:

To confirm, to load the approved Shrinkage values into the system on an ongoing basis for the start of the process year (01 April), the CDSP require a minimum **lead time of 2 weeks**. This means the CDSP must have the approved Shrinkage values to be utilised for the year, at least **2 weeks** before the 01 April.

Validity of ROM:

Please note, the information provided in the ROM response is an 'at a point in time' assessment which is valid for 6 months.

3d. Release type

Please provide a view on the anticipated release type this change would need to be delivered under.

Release Type	☒ Ad-hoc / Stand-alone	☐ Minor
	☐ Major	

Next available Release (based on the Release Type)	ChMC approval to Release scope	ChMC approval of Detailed Design
Ad-hoc - TBC	TBC	TBC

3e. Impact on Service Line(s)

Impact on Service Line(s)	Currently Service Lines exist to account for the provision of data to DNOs for the purpose of shrinkage and the activity to input shrinkage values into Gemini. These existing Service Lines (ASGT-NC-SA10-04, ASGT-NC-SA9-20) come under: • Service Areas 10 – Invoicing Customers • Service Area 9 – Customer Reporting As a result of Modification 0843 / IGT165, the CDSP will be responsible for procuring and managing a new contract for an Independent Shrinkage Expert (ISE). This will require new DSC Service Line(s). Worth noting, Modification 0843 BR18 currently suggests that DNOs and IGTs should fund the role of the ISE in a split to be agreed under the relevant DSC Change Proposal. Another new Service Line(s) will need to be created to account for the CDSP also inputting shrinkage values into Gemini on behalf of IGTs as well as DNOs (currently this is only actioned for DNOs). Other new Service Line(s) or amendment to existing Service Line(s) maybe be required in relation to ensuring the amount of UIG allocated to Shippers has taken into account the shrinkage value approved by Ofgem (DNO values or ISE values). Plus, any potential support in terms of provision of data.

3f. Assumptions

- Any changes in the approach to the solution may affect the overall schedule and costs for the change.
- Costs are high level, based on high level analysis. Detailed analysis will be needed to determine the final solution which will impact both cost and schedule.
- Any costs associated to Market Trials are not included.
- The high-level analysis is based on changes to central systems and does not account for changes to customer systems as a result of any potential work.
- The high-level analysis and costs are based on current production system.
- Gemini system – Given the proposed timetable for the UNC Modification it is assumed that the Gemini system changes would be implemented after Gemini Sustain Plus has delivered therefore the high level analysis and costs have been assessed based on the upgraded Gemini system.
- Gemini system – Shrinkage values will continue to be calculated/applied at LDZ level.
- Gemini system – Where there is more than one IGT operational within an LDZ the ISE will provide a Shrinkage value per IGT per LDZ.
- Gemini system – A list of the IGTs mapped to LDZs will be made available to the CDSP to be set up in Gemini.

- Gemini system – The aggregated LDZ Shrinkage quantity (DNO Shrinkage + IGT Shrinkage) will be used for the UIG calculation and downstream processes.
- No reporting requirements have been considered.
- UK Link system – No change in the input data (ORD file- LDZ Energy Adjustment Submission) in which the annual shrinkage values received by the UK Link system. LDZ_ADJUSTMENT_RQ and the corresponding amount values will be received at LDZ level. There will be no split between the GT and IGT portion of data received by the UK Link system.
- UK Link system – No changes to the existing smearing process within the UK Link system.
- UK Link system – Annual shrinkage values will be received at LDZ level.

4. Version Control

Version	Date:	Author	Status
1.0	20/07/2022	Ellie Rogers	Clean version