

9th February 2024

Enterprise Portfolio Management Office
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Dear Enterprise Management Team,

FORWARD WORK PROGRAMME – 2024/25

Thank you for the opportunity to respond to your consultation on Ofgem's draft Forward Work Programme for 2024/25. Unsurprisingly, given the growth in Ofgem's scope and the level of ambition set by Net Zero, the Workplan is extensive, and its delivery will require the support and collaboration of the existing market participants and the new entrants into the wider energy market.

Xoserve is committed to providing such support and can make a significant contribution given the breadth of services that we deliver and the privileged position we hold as the gas industry's Central Data Service Provider (CDSP), a not-for-profit role at the heart of Britain's commercial gas market. As the CDSP we hold the register of details about the nation's gas supply, including information as to who supplies an address, meter reading history and daily national consumption covering all c.24 million gas meters.

We provide services to gas suppliers, shippers, and transporters, helping Britain's gas market to run efficiently and reliably. We process information about gas flows across the entire network to ensure National Gas can maintain system balance between supply and demand, and to ensure gas distribution networks invoice the shipping community accurately for carrying gas to premises. We also manage the processes around the appointment and activation of the Supplier of Last Resort should they be required.

We support your draft workplan and appreciate the clarity provided by Ofgem's strategic priorities and the structure that it provides. We are already contributing to the delivery of these priorities but believe that with the right support, we can go further and will engage with stakeholders as part of our forthcoming business planning process as to what form this might take. Below we provide a description of some of our activities that we believe are relevant to each of your priorities.

Shaping a retail market that works for consumers

Whilst our costs contribute relatively little towards consumers gas bills (<0.25%), we continue to focus on our efficiency and our latest five-year business plan delivers a real cost reduction of 9% in operating costs. Over the summer we asked a third party to undertake an efficiency review and, whilst their findings were reassuring, we have established a programme ("Efficiency Review Implementation in Xoserve"), with customer involvement, to explore its recommendations.

Most of our costs relate to services supporting the working of the wholesale gas market but there are areas that facilitate the smooth running of the retail market. As an example of activities relevant to your workplan, we hold customer details on the Priority Service Register and are an active member of the Customer Safeguarding Workgroup as to how this might be leveraged with data on similar registers.

We provide access to stakeholders to data held on our systems, subject to eligibility, either via our Data Discovery Platform (DDP) or through the Gas Enquiry Service (GES). For DDP we are continuously engaging with customers to improve its usability and coverage, whilst are working with RECCo to do similar with the GES. We believe that there is additional value in our data in aggregate which is under-utilised, and we will work with stakeholders to identify suitable use cases.

Enabling infrastructure for net zero

There is considerable uncertainty over the extent and timing of the reduction in the use of the gas network. Whilst this uncertainty makes our planning more complicated, we support the time being taken to make what are important decisions, vital to the success of reaching net zero.

Over the past two years we have been working with stakeholders to support the commercial implications of their hydrogen pilots, and to prepare for the decision on hydrogen blending. We have also been active in working with stakeholders to identify and discuss issues which may be associated with the decline in usage of the gas network and/or its reuse for conveying hydrogen or other uses.

Establish an efficient, flexible energy system

Your workplan refers to a variety of actions relating to the operation of the new physical energy infrastructure. We would add in this regard, the re-purposing of the gas network will result in changes in the efficiency of its use resulting in the potential requirement for new tariffs and structures so that accurate price signals are made to the market. Any such changes need to be reflected in the central systems and we look forward to working with stakeholders to understand the implications, to inform their optimum design.

Delivering environmental and social schemes for Government

In addition to your strategic priorities, your Forward Work Plan also refers to schemes which you administer on behalf of government. For completeness we would add that, whilst the Energy Price Guarantee is no longer available to consumers, Xoserve continues to undertake operational activities on behalf of government and Ofgem relating to the reconciliation of payments and will be doing so for the remainder of this year. We support the focus on future schemes and advocate the use of central data sources to maximise the benefit of these schemes to the relevant consumers and will continue to work with Ofgem as these schemes are developed.

We hope that you find our comments of interest and look forward to on-going engagement with Ofgem and other stakeholders as to how we may develop this work to further support delivery of Ofgem's Future Work Plan.

Kind regards,

Dave Turpin
Head of External Affairs