

Representation - Draft Modification Report UNC 0602 0602A

Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation, maintaining a minimum of two Supply Point System Business Days (Project Nexus transitional modification)

Responses invited by: **5pm on 09 February 2017**

To: enquiries@gasgovernance.co.uk

Representative:	Richard Pomroy
Organisation:	Wales & West Utilities Ltd
Date of Representation:	
Support or oppose implementation?	0602 - Support 0602A – Support
Alternate preference:	<i>If either 0602 or 0602A were to be implemented, which would be your preference?</i>
Relevant Objective:	d) Negative 0602 and 0602A f) Positive 0602 and 0602A

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

Based on the information in the draft modification report both modifications are implementable, all other things being equal WWU prefers the modification that is easiest to implement as this facilitates the achievement of Project Nexus Implementation Date. It is not entirely clear which is the easiest to implement. We hope that the consultation responses will clarify this issue as well as the balance of other benefits.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

We agree that these are not self-governance modifications

Implementation: *What lead-time do you wish to see prior to implementation and why?*

We agree that these modifications could be implemented immediately following a direction and an early decision is desirable to provide certainty for industry participants.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

These modifications are unlikely to significantly change WWU's Project Nexus implementation costs.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution(s)?*

Yes

Modification Panel Members have requested that the following questions are addressed:

Q1: Respondents are requested to provide views as to whether Modification 0602 provides sufficient time for objections to be raised.

We recognise that Shippers are concerned that 0602 in practice allows less than a full Supply Point System Business Day to submit objections.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

Please provide below any additional analysis or information to support your representation

These modifications are required to enable the implementation of Project Nexus and therefore both are positive for relevant objective (f) (Promotion of efficiency in the implementation and administration of the Code).

The regulatory and competition issues between 602 and 602A are finely balanced. On the one hand 0602 minimises the length of time that Suppliers will be in breach of their licence obligation to provide 21 calendar day switching. Although this is a Supplier licence obligation we would be reluctant to support a modification that put Suppliers in breach of their licence by more than absolutely required to implement Project Nexus. Although there has been discussion of this point in workgroups we note that nothing has been stated in writing. On the other hand 0602A provides more time for Shippers to submit objections which is likely to result in fewer erroneous transfers so in this respect for this the adverse effect on competition is less for 0602A than 0602. In both cases both modifications restrict customers' ability to switch supplier and also reduce the periods for objections, albeit for very limited periods, hence both are negative for relevant objective (d).

We note that some Shippers have suggested that a benefit of 0602A is that it would allow Shippers to shut down systems after close of business on Friday 19th May rather than having to wait until close of business on Monday 22nd May. At first sight this action seems to remove the justification for 0602A in that it removes the extra period provided for objections if systems are shut down. We understand that Shippers may be contemplating manual processes to enable them to send files for objections and other purposes if required on Monday 22nd May so that they do not cause problems for other industry

parties. We hope that Shippers will clearly articulate these mitigating actions in their responses if they are contemplating shutting down systems early should 0602A be implemented.

We note that the modification report states that for 0602 “this modification is likely to be a more technically involved system solution requiring industry participants to make changes to their own processes or systems to manage the changes to the objection window.” We recognise that it is undesirable for industry parties to have to make changes to legacy systems to facilitate Project Nexus so we hope that any submissions by Xoserve and Shippers will identify the impacts of each modification on legacy systems. We believe that these system implementation issues could also be seen as affecting relevant objective (f) and therefore on this point we will prefer the modification that has fewest implementation issues.

Overall since the effects on relevant objective (d) are finely balanced and the overall effect on (f) is positive for both as they both support the implementation of Project Nexus, the key distinguishing point is the ease of implementation which we hope will be evidenced in responses from Xoserve and Shippers.