

Representation – Urgent Modification Report UNC 0618

Extension of Invoicing Contingency Arrangements in case of Project Nexus defect

Responses invited by: **5pm on 15 May 2017**

To: enquiries@gasgovernance.co.uk

Representative:	Robert Wigginton
Organisation:	Wales & West Utilities Ltd
Date of Representation:	15 th May 2017
Support or oppose implementation?	Support
Relevant Objective:	c) Positive d) Positive f) Positive

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

WWU is committed to the successful implementation of Project Nexus. Should an issue arise that prevented the billing of transportation revenue it is likely that resource will be focussed on rectifying this issue; however if the defect cannot be rectified quickly it is important that industry liquidity is maintained. This modification provides proportionate contingency arrangements to allow the use of estimated LDZ capacity invoices in certain restricted circumstances where an unexpected but serious defect materialises.

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

An implementation date of 1st June provides clarity of the contingency arrangements necessary in the event of a significant system failure on implementation and provides certainty to the industry.

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

None

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

Yes

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

No

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

In relation to each objective, WWU considers:

Objective	Impact	Rationale
c) Efficient discharge of the licensee's obligations.	Positive	DNOs have a licence obligation to maintain investment grade ratings. Investors and rating agencies value the certainty of cash flow that the UNC provides and therefore anything that maintains this level of confidence is beneficial. Should cash flow be considered a risk in the future due to the failure of a new billing system, this may place unnecessary financing cost on the DNOs and ultimately the consumer.
d) 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.	Positive	The provision of estimated capacity invoice aids the cash flow of the DNOs as well as maintaining the pattern of payments which Shippers would be anticipating.
f) Promotion of efficiency in the implementation and administration of the Code.	Positive	The creation, review, validation and retrospective true up add additional requirements on both Shippers and DNOs. By limiting the modification to only the largest element of invoicing, Capacity, WWU believes that this provides some efficiency if compared to estimating all relevant invoicing and charge codes which may be used within a period.