

Stage 03: Draft Modification Report

0491:

Change Implementation Date of Project Nexus to 1st April 2016

At what stage is this document in the process?

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

This proposal seeks to move the implementation and go live date of Project Nexus-related changes to 1st April 2016.



Responses invited by 01 April 2014.



High Impact:
Changes to the Project Nexus-related UNC changes implementation date



Medium Impact:



Low Impact:

0491

Draft Modification Report

11 March 2014

Version 1.0

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About this document:

This Draft Modification Report is issued for consultation responses, at the request of the Panel on 11 March 2014. All parties are invited to consider whether they wish to submit views regarding this modification.

The close-out date for responses is 01 April 2014, which should be sent to enquiries@gasgovernance.co.uk. A response template, which you may wish to use, is at: <http://www.gasgovernance.co.uk/0491>.

The Panel will consider the responses on 07 April 2014 and agree whether or not this modification should be made.



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1 Summary

This Modification Proposal seeks to change the NEXUS programme UK-Link-related UNC Changes implementation date and Go Live date (referred to in Part II C Section 13.1.1 of the UNC Transition Document as the Project Nexus Go Live Date and in GENERAL TERMS Section C – Interpretation "Project Nexus Implementation Date") to no earlier than 1st April 2016.

National Grid NTS consider that this is necessary in order to mitigate the high risk of failure to deliver changes associated with the currently proposed joint implementation of Project Nexus and EU CAM Network Code during 2015 as identified by the Transporters' Agent (Xoserve) at a meeting of the Change Overview Board on 3rd March 2014.

Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification because it proposes to delay the implementation of various UNC Proposals related to the "Project Nexus" changes to the UK-Link system and as such has a material impact on the industry's preparations for the Nexus changes.

Why Change?

UNC Modification 0432 included legal text which defined the Project Nexus Go Live Date and Implementation date. This date is currently set out in the UNC Transition Document Part II C Section 13.1.1 and General Terms Section C and defined as the 1st October 2015.

The European Network Code on Capacity Allocation Methodology (CAM) requires that member states implement the code on or before 1st November 2015 and is legally binding on the UK.

Each of these require changes to the same system code in the Gemini system and would therefore need to be delivered as a single release. This creates a cross dependency, which has the effect of producing a material combined risk of a significant time delay to both schedules. It has been established that decoupling the projects (to allow the Gemini code to be changed twice in a controlled manner) will significantly de-risk delivery for both changes.

At the meeting of the Modification Panel on 11th March the Xoserve representative stated that the "drop dead date" for splitting the delivery of the two projects was 16th May 2014.

Solution

It is proposed that the Project Nexus Implementation and Go Live Date be changed such that it shall be no earlier than 1st April 2016 or such other later date as may be determined by the Uniform Network Code Committee

Relevant Objectives

Implementation of this modification would better facilitate relevant objectives: c) Efficient discharge of the Licensee's obligations, and; g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators

Implementation

No specific implementation date is proposed.

However, at the meeting of the Modification Panel on 11th March the Xoserve representative stated that the "drop dead date" for splitting the delivery of the two projects was 16th May 2014.

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2 Why Change?

UNC Modification 0432 included legal text which defined the Project Nexus implementation and Go Live Date. This date is currently set out in the UNC Transition Document Part II C Section 13.1.1 and General Terms Section C and defined as the 1st October 2015.

The European Network Code on Capacity Allocation Methodology (CAM) requires that member states implement this Network Code on or before 1st November 2015.

In the industry workshop, the Change Overview Board, held on 3rd March 2014, which considered the 2015 system implementation change congestion, the Transporters' Agent (Xoserve) stated that they have a relatively low level of confidence that the NEXUS related programme of changes to the UK-Link suite can be delivered by October 2015. As such we consider that coupling the Project Nexus Go Live Date with the date required for the changes associated with the EU CAM Network Code presents a high risk of failure for both projects (i.e. if one project fails to successfully meet the October 2015 implementation date, both projects will fail to meet their implementation aspirations). One of Xoserve's proposed solutions to this implementation risk, as set out in their "Change Programme Delivery Options 20140207" document, is to decouple the two projects, enabling EU CAM Network Code change to be delivered followed by Project Nexus (Option 2B).

At the above meeting, Xoserve stated that Option 2B would materially reduce the currently perceived high risk of failure to deliver the necessary European Network Code related changes. Pursuing Option 2B will necessitate the deferment of the Nexus change implementation by 6 months, although Xoserve also noted that this timescale would align with the anticipated 24 month timeline for strategic systems deployment on the proposed new platform for UK-Link, SAP. It is anticipated that this will, therefore, also increase the likelihood of a successful Project Nexus implementation.

In order to mitigate the implementation risks to the EU CAM Network Code and Project Nexus change programmes identified by Xoserve, we therefore propose that the two projects are decoupled with Project Nexus-related changes being delivered no earlier than April 1st, 2016, or a later date as determined by the UNCC.

3 Solution

It is proposed that the Project Nexus Implementation and Go Live Date be changed such that it shall be no earlier than 1st April 2016 or such other later date as may be determined by the Uniform Network Code Committee.

User Pays
Classification of the modification as User Pays, or not, and the justification for such classification.
No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.
NA
Proposed charge(s) for application of User Pays charges to Shippers.
NA
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.
NA

4 Relevant Objectives

Impact of the modification on the Relevant Objectives :	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) 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.	None
c) Efficient discharge of the licensee's obligations.	Positive
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.	None
e) 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.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	Positive

Relevant Objective c) Efficient discharge of the Licensee's obligations.

This Modification Proposal will mitigate against the risk of failure to implement European CAM Network Code change in October 2015, and the consequential failure by NTS to meet its licence obligations by decoupling the delivery of these changes from those related to Project Nexus.

Relevant Objective g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators.

It is a requirement of the EU CAM Network Code that it be implemented by 01 November 2015. This Modification Proposal will, based on the assessment of the Transporters' Agent (Xoserve), ensure that the CAM implementation can proceed with a high level of confidence of a successful delivery by this date, thus ensuring compliance with EU legislation.

5 Implementation

No specific implementation date is proposed.

However, at the meeting of the Modification Panel on 11th March the Xoserve representative stated that the “drop dead date” for splitting the delivery of the two projects was 16th May 2014.

6 Legal Text

TRANSITION DOCUMENT

PART II C - TRANSITIONAL RULES

Amend the existing paragraphs 13.1.1 and 13.1.1(b) as follows:

13 Transition to Single Supply Meter Point Regime

....

13.1.1 For the purposes of paragraph 13, 14 and 15 the:

....

(b) the "**Project Nexus Go Live Date**" is [1 April 2016](#) ~~1 October 2015~~ or such other [later](#) date as may be determined by the Uniform Network Code Committee;

.....

GENERAL TERMS

Section C - Interpretation

"**Project Nexus Implementation Date**" is [1 April 2016](#) ~~1 October 2015~~ or such other [later](#) date as may be determined by the Uniform Network Code Committee;

7 Recommendation

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this modification.

The closing date for responses is 01 April 2014.