

Representation

Draft Modification Report

0491 – Change Implementation Date of Project Nexus to 1st April 2016

Consultation close out date: 01 April 2014
Respond to: enquiries@gasgovernance.co.uk
Organisation: E.ON
Representative: Colette Baldwin
Date of Representation: 19 March 2014

Do you support or oppose implementation?

Not in Support

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

Project Nexus has been in development since at least 2008, and the cost benefit analysis has demonstrated the positive benefits of implementation of these arrangements. Delaying Project Nexus consequently delays the delivery of iGT Single Service Provision too, and the impact on iGTs and their systems needs to be considered too. The delivery of these reforms has already been protracted and modifications that would have delivered elements of these reforms were previously withdrawn at the request of the Transporters' and their agent so that they could be delivered with UK Link Replacement changes. Whilst the industry was happy to facilitate combined delivery of these changes, some elements that could have delivered benefits to customers sooner were delayed to facilitate the larger change programme. To further postpone the implementation of the Nexus changes will result in additional unacceptable delay to customers benefiting from these improvements.

Xoserve are already experiencing system capacity issues - meter readings are being held and rolled over due to processing capacity at peak times, this can lead to valid readings being rejected due to subsequent timing issues. At the conclusion of the AQ review, Xoserve systems currently can't cope with updating all the relevant new Aqs without cutting off access to systems and affecting latency of data. If we are experiencing problems now, the increase in meter readings being submitted as a result of the smart rollout programme, or the likely increase that changes to licences requiring annual reading requirements could put further pressure on Xoserve's ability to cope with the industry communications. This may lead to decisions by some parties to delay their roll out of smart meter if they cannot get their readings accepted.

The rationale for the change is the EU changes that require alteration of the Gas Day. There seems to be some debate about whether the requirements are fully developed and understood, and the DN's have expressed their concerns about the wider impacts of these changes being understood, and further modifications may be required. Ofgem have not yet approved the first modification which

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would change the Gas Day, however we are considering a delay to a long awaited industry-welcomed change that the service provider (Wipro) has indicated they are confident they can deliver.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

There is a further issue that needs to be addressed...the rationale for changes to the EU gas day is that the CAM requires the gas day change, however, this affects only interconnector arrangements and the changes to the gas day are in actual fact a requirement of the new EU Balancing Code. The EU Balancing Code is still in development and has not yet been published and so consideration should be given as to whether the requirement to change the Gas Day is being accelerated and rushed through on the back of the CAM change while the Balancing Code changes are still being developed, and implementation has not yet been finalised.

Self Governance Statement:

Do you agree with the Modification Panel's decision that this should not be a self-governance modification?

Yes

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

We feel this would have a **negative** impact on Objective D, by delaying the acknowledged benefits that Mod 432 and 434 will deliver as well as the anticipated benefits of Mod 440.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

We have already begun the investment in Project Nexus changes as we signed on to the agreed implementation date. Delaying Nexus would mean backing out and holding off some of those changes for an additional period which would put an additional cost on our business and our customers when we would have expected to be able to realise the benefits from activities such as Rolling AQ and Individual Meter Point Reconciliation.

Implementation:

What lead-time would you wish to see prior to this modification being implemented, and why?

We don't support this proposal or its implementation date and would urge the GTs to move ahead with the planned date.

Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

Yes

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

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