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1<sup>st</sup> April 2014  
Your Reference:UNC Modification Proposal 0491

## UNC Modification Proposal 0491 - Change implementation date of Project Nexus to 1st April 2016

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal for which National Grid Gas Distribution (NGD) would like to support.

### **Do you support or oppose implementation?**

Support

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

NGD believes that the simultaneous implementation of systems changes associated with the European Network Code on Capacity Allocation Methodology (CAM) and those associated with Project Nexus on 1<sup>st</sup> October 2015 represent an unacceptably high level of risk of failure of both projects.

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

We have not identified any such issues.

### **Self Governance Statement:**

We agree that this Modification Proposal should be not be subject to self-governance procedures given its material effect on consumers.

### **Relevant Objectives:**

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

NGD concurs with the comments in the Draft Modification Report concerning the need for National Grid Transmission (NTS) as a Transmission System Operator to meet its GT Licence obligations

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.

NGD agrees with the statement in the Draft Modification Report concerning the requirement for compliance by NTS with EU Legislation

### **Impacts and Costs:**

We concur with the statement in the Draft Modification Report concerning the funding of this Modification Proposal and we have no further comment in this respect.

### **Implementation:**

This Modification Proposal can be implemented with immediate effect.

### **Legal Text:**

NGD is satisfied that the drafting as published by the Joint Office within the Draft Modification Report meets the requirements of the Modification Proposal.

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

NGD raised and led development of UNC 'Project Nexus' Modifications 0432, 0434 and 0440. We are strong advocates of the new allocation & settlement regime and associated arrangements and view these as being of significant long term benefit to the gas industry.

Based on a specific recommendation of the Xoserve Senior Stakeholder Forum (SSF) in October 2013 we sought to incorporate the Nexus implementation date of 1<sup>st</sup> October 2015 in the draft legal text provided by us for Modification 0432. We note that the SSF identified that all parties would continue to assess the level of risk associated with that delivery target and that if appropriate the date could later be changed through the UNC Committee (UNCC). However, we recognise that given the significance of the matters concerning implementation, it would have been inappropriate to seek changes to the Project Nexus implementation date through the medium of the UNCC. Consequently, it is our view that it is correct to seek changes to the date using the UNC modification procedures.

The scale of change brought about by the simultaneous implementation of the EU related changes concurrent with the prevailing implementation dates for Modifications 0432 and 0434 makes the reconsideration of both inevitable and necessary. We note that Modification Proposal 0440 'Project Nexus – iGT Single Service Provision' has recently completed consultation but has not reached the decision stage. However, this Modification would also be 'in scope' of the proposed change of implementation date.

It is unfortunate that the previously sustainable implementation date for Project Nexus requires review. However, we would assert that this is not as a result of any act or omission that can be traced to any of the UNC Modifications or associated process analysis concerned with Project Nexus. Rather we would cite the EU change implementation imperative as creating unacceptable risk which has been drawn to our attention through Xoserve's recent analysis. This identified the October 2015 implementation date for simultaneous delivery of both developments which was not initially known, or obvious, to UNC parties.

Noting the significant risk which has been outlined by Xoserve by implementing both the EU Changes and Nexus on the same date, it is our opinion that such a course of action would give rise to an unacceptable level of risk to the EU change project. On this basis, regrettably, we consider there is little alternative but to split the implementations to ensure that the EU change carries no dependency

from the implementation of Project Nexus modifications. We understand from a system development perspective, the only way to ensure zero dependency is to split the implementations. Consequently, in order to protect the delivery of the EU related changes, we should defer implementation of Project Nexus.

We trust that this information will assist in the compilation of the Final Modification Report. Please contact me on 01926 653541 ([chris.warner@nationalgrid.com](mailto:chris.warner@nationalgrid.com)) should you require any further information.

Yours sincerely,

Chris Warner  
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