

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: SSE Supply
Representative: Anne Jackson
Date of Representation: 31 March 2014

Do you support or oppose implementation?

Not in Support

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

This modification seeks to de-risk the implementation of European CAM (EC) Network Code change and the replacement of the UK Link systems (through Project Nexus). However SSE believes that there is no new evidence of increased risk of failure to implement the EC Network Code change for October 2015 connected to the delivery of Project Nexus. Xoserve has not articulated this risk, indeed their appointed service provider has indicated that both can be delivered for October 2015 albeit with no contingency.

The exact requirements needed to deliver the European CAM Network Code have not been identified, fully developed and documented. It is also unclear what changes need to be made to the Gemini System for Project Nexus and therefore if there is any, minimal or significant impact on the EC Network Code delivery. Without this information, this modification only seeks to prioritise the EC Network Code change over the modifications associated with Project Nexus, there by introducing the risk that significant, real and very positive benefits to UK customers brought by the delivery of Project Nexus could be delayed unnecessarily.

Consequently SSE would like to see both projects delivered in October 2015 and expect work to continue this target.

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

The uncertainty around the Nexus delivery date and any extension to the current settlement regime will act as a barrier to entry in the Small Supply Point and Domestic markets. As demonstrated by some recent modifications raised by small suppliers, the current allocation regime can be detrimental in a significant way to small suppliers and will be remedied by modification 0432. Likewise communicating with several parties (xoserve and individual iGT's) to effect a change of supplier and other transactions such as metering and meter

0491
Representation

01 April 2014

Version 1.0

Page 1 of 3

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reading is also a barrier to entry for new suppliers to the domestic market and modification 0440 seeks to remedy this situation.

If the Project Nexus delivery is delayed by 6 months as proposed then most of the benefits of Nexus will be lost for the 2015/16 gas year as a majority of the gas is used in winter and will not be settled on actual reads.

Self Governance Statement:

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

Agree

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

SSE believes that this modification has a negative effect on

c) Efficient Discharge of the Licensee's obligations

by extending the delivery timetable for Project Nexus and the EC Network Code without any clear understanding of what has changed, since modifications 0432 and 0434 were passed for implementation in February 2014 and

f) Promotion of efficiency in the implementation and administration of the Code,

by seeking to alter decisions on implementation dates made through the proper governance process (i.e. to modifications 0432 and 0434) within a month of their acceptance, without identifying any new information to support the change to the implementation date proposed by this modification.

Additionally this modification will delay all the positive benefits that would have been accrued by the delivery of modifications *0432 Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform, 0434 Project Nexus – Retrospective Adjustment and 0440 Project Nexus – iGT Single Service Provision*. Therefore, additionally, there is a negative impact to the relevant objective:

d) Securing of effective competition .

Impacts and Costs:

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

SSE is concerned that as part of the data migration element of the Project Nexus delivery, that this modification may extend a period in which 2 databases (for iGT data) may have to be updated and maintained. This might impact our own delivery risk and potentially the cost of delivery.

Switching to a new settlements regime at the beginning of the gas year (October 2015) is the most sensible and risk free approach. Whilst SSE accepts that it is possible to switch to a new system during the gas year (proposed new date April 2016), there is a concern that further risks will be introduced to the implementation. In particular and for example, the winter to summer ratio of use which will be derived by 2 different formulae

where the sum of the ALPs must equal 100% at the end of the gas year.

SSE is also aware that action has been taken in the past to extend the life of UK Link systems. Should this mod be implemented, SSE would like some assurances that UK Link can continue without any further investment to extend its life and that service standards would not be impacted.

SSE would also like assurances that other beneficial modifications will not be delayed due to the delay to Project Nexus and that there will be no additional risks, costs or other implications in delivering modifications into the old systems.

Implementation:

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

SSE would like to push ahead with a target delivery date of October 2015 and make all reasonable efforts to deliver both Project Nexus and EC Network Code changes at that time.

Legal Text:

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

SSE is satisfied

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.

SSE wish to learn more about the EC Network Code change and understand what system requirements are derived from that. With information on the actual impact of the changes, the Industry would be better able to assess the risk and understand the actual impact of late delivery. Additionally no information is available on the implications of 'failure' to deliver on time if the Industry makes reasonable efforts to do so.

Without any new information on which to assess the current risk we wish to push on with the project Nexus delivery and continue with the October 2015 delivery date.