

## Representation

### Draft Modification Report

#### 0513 Urgent - UK Link Programme (Project Nexus) - independent project assurance for Users

#### Representation to both 0513 and the Variation Request

**Consultation close out date:** 03 September 2014

**Respond to:** enquiries@gasgovernance.co.uk

**Organisation:** British Gas

**Representative:** Graham Wood

**Date of Representation:** 03 September 2014

#### Do you support or oppose implementation?

Oppose

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

Whilst we are supportive of good programme discipline and assurance activities within the Nexus programme, we are concerned that the outcome of this modification could be that failures of specific Users to comply with agreed implementations dates could be used as a driver for delaying the implementation of Project Nexus in October 2015.

It should be noted that Xoserve are indicating that they are able to deliver to the planned implementation date. The consumer benefits associated with Project Nexus must not be delayed or reduced by the failure of some Users to deliver their own facilitating changes on time. Therefore, any question to Users should be framed in terms of their ability to comply with the UNC (the set of approved UNC modifications and implementation date), rather than an open-ended question about their potential readiness. We have strong concerns that the report proposed as the output of Mod 513 will be taken as an opportunity to negatively impact Project Nexus implementation rather than support it.

We also suggest that the proposed User Pays funding of this modification is not appropriate.

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

We are concerned that this matter has been raised as an Urgent modification proposal, offering little opportunity for industry parties to consider and agree the most appropriate way to address User readiness / compliance.

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An RFI from Ofgem would be a more direct and appropriate approach to assess Shippers' ability to comply with the October 2015 implementation date. This could directly (and confidentially) ask individual Shippers to confirm their ability to comply with the approved implementation date of Project Nexus and associated UNC Modifications; or, in the event of a Shipper not being able to provide compliance assurance, provide reasons and evidence to support any non-compliant delivery position.

We are also concerned with the proposed funding arrangements for the independent assurance project. We do not agree with the choice of 'User Pays' arrangements which place 100% of costs onto Users.

Users are already paying £millions for the delivery of Project Nexus. Therefore, should this modification be approved, our view is that any costs associated with its delivery should be included within the existing Project Nexus funding arrangements, rather than Users being faced with another, unexpected and unbudgeted cost.

The modification proposal is unclear as to how the assignment report prepared by any appointed independent agent will be structured or how the report will be utilised once published. Any such exercise should be a collation of facts and evidence showing why a User cannot comply with an October 2015 implementation, with no recommendation being made by the independent agent.

We concur that any appointment of an independent agent should only be made by Ofgem. In the event that the appointment process concludes with Baringa Partners LLP being the successful candidate, we would expect appropriate, transparent arrangements to be put into place to prevent any potential cross-pollination of information/data to Xoserve and their own readiness assurance activities.

#### **Self Governance Statement:**

*Do you agree with the Modification Panel's decision that this should be a self-governance modification?*

n/a

#### **Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

We do not agree that this proposal furthers the Relevant Objective f) *Implementation and Administration of the Code*.

UNC Modification 0432 and other associated Project Nexus proposals have been approved with an implementation date of October 2015 known for some time. Whilst '*certainty over User readiness is essential*' has been stated within the proposal as justification for linkage to this Relevant Objective, we are concerned that User readiness is being confused with User ability to comply.

We are further concerned that use of the code modification process, to avoid potential non compliance with such a significant piece of industry reform, is not appropriate and may set an undesirable precedent for the future.

We also note that this proposal does not seek to address any particular default in the UNC.

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There are already established processes and governance procedures in place to deal with the implementation of UNC modification proposals and the consequential changes to file formats and systems, which are currently being utilised to consult upon and approve the changes required.

Whilst we agree that understanding Users' readiness/ability to comply may be useful, we do not believe that it is appropriate for this to be undertaken via a modification to the UNC.

### **Impacts and Costs:**

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

As stated above, we are concerned at the additional costs being faced by Users to fund this independent report via User Pays, as proposed by the modification.

In addition, Users will individually have to pick up the costs associated with responding to any information requests issued by the independent agent and ongoing engagement during the process.

A more direct information gathering approach e.g. an RFI from Ofgem to Users, would be a more efficient and expedient way to collate information from Users.

### **Implementation:**

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

If approved, we are concerned over the length of time that it may take to appoint an independent agent with the appropriate safeguards we have mentioned above, and the limited amount of time allowed undertake the whole exercise and to deliver the report.

### **Legal Text:**

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

We have no comments upon the Legal Text as drafted, although we do not support its implementation.

### **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.*

The intent and audience for the report proposed by this modification should be clarified, with the process for using any output report clearly defined, particularly if the intent is for it to be used to make decisions about Programme delivery.

Timing of any activity needs to be considered, as Xoserve have not yet completed their detailed design activity and all revised file format changes have not been issued for review. Subsequently, Users have not yet had an opportunity to fully understand the total scale of the changes.