

Representation

Draft Modification Report

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

Consultation close out date: 03 September 2014

Respond to: enquiries@gasgovernance.co.uk

Organisation: SSE Supply

Representative: Mark Jones

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.

In flight variations during the consultation period of this urgent modification are unacceptable and have made the assessment of the modification extremely challenging and we recommend that the UNCC review the modification rules to avoid this confusion in the future.

SSE supports the principle of End-to-End Project Assurance for the UK Link Programme. However, we do not believe this modification will achieve this aim. In particular, we believe that iGTs and GDNs (and their agent Xoserve) need to be included for effective assurance of this industry-wide project. We also note that this modification would require Shippers to engage with a "Relevant Agency" that the Authority is under no obligation to appoint. Therefore, we believe that this modification is premature and too limited in its scope.

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

The UK Link Programme is an industry-wide project that does not just affect Shippers and so any measure of readiness must include all parties. To date, the industry has had no visibility of the information from Baringa Partners LLP on the Xoserve state of readiness, yet similar information is being asked for from Shippers and a report produced from it. This is not an equitable position for a project where co-operation and transparency is required from all parties involved. There is a lack of transparency of information from the Transporters' agent on their current state of readiness. Any project assurance must include the readiness state of all parties.

Assessment of Xoserve readiness is critical to the delivery of this Programme. Shippers can only move as fast as information comes

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out of Xoserve. Only a relatively small number of data flows have been released to date and the quality of these will take some time to analyse. The analysis of the legal interpretation of the UNC modifications by Xoserve could be challenged by Shippers and this is likely to result in process redesign and ultimately impact the flows and file formats.

The new file formats are due to be signed off in November, which looks challenging at best, the 'To Be' processes are due to be completed in December. It is anticipated that transitional arrangements and the additional modifications, including iGT single service provision, will be completed in Spring 2015. This is barely three months before testing in June 2015, and it is hoped and assumed that this testing does not produce any significant differences or errors amongst multiple parties. All of these key stages involving all parties must be monitored and the results made transparent to the industry.

IGTs have not been fully engaged in the Programme to date and may not be ready. The modifications affecting them, in terms of single service provision, have not even been approved and there is an assumption that all parties (including iGTs) are building new systems and processes at risk prior to implementation of modifications, which may not be the case, and the proposed modification will not identify this.

The scope in terms of who is included and over what period of readiness it covers is too limited. Even if the report from the "Relevant Agency" showed that all users were on track in terms of progress to date, further work would be required in 2015 as the project progresses and this modification makes no provision for this. Project Assurance should not be a one-off, but there should be industry wide-monitoring of all parties up to the go live date.

This modification has been raised as User Pays but as we have stated above the successful delivery of the UK Link Programme is dependent on all parties not just Shippers. As such the costs of Project Assurance should cover and be paid for by all parties, or, as the activity is critical to delivery of the UK Link Programme, be covered by the allowed revenue for the Programme.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

The modification does not detail how relevant objective f) will be impacted positively.

The modification does not explain how assessing very early stage Shipper preparation for a project that has other key parties involved, has requirements that have not yet been fully scoped, and has modifications that have not been approved and in some cases not even raised, better facilitates the promotion of efficiency in the implementation and administration of Code.

Impacts and Costs:

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

Due to the open nature of the modification we have no idea as to what may be asked for and the time that may be required to provide this data or information.

Implementation:

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

As it is an urgent modification the timelines for implementation have been prescribed.

Legal Text:

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

No, we also note that contrary to the Legal Text Guidelines Document a commentary on the Legal Text has not been provided, which we feel is essential given the short timescales available to respond to this urgent modification.

Our first observation is that whilst Shippers would be required to co-operate with the “Relevant Agency” nothing within the legal text obligates the Authority to appoint the “Relevant Agency”. We further observe that if the Authority wished to undertake project assurance this Modification would not be required to ensure Shippers co-operated.

We do not believe that the use of “Best Endeavours” is appropriate or justified in clause 9.2.1. Such a requirement on Shippers would require the provision of information regardless of commercial cost considerations and given that clause 9.2.1 makes no restriction on the information that the “Relevant Agency” may request this could result in significant costs to Shippers.

The modification envisages that any information provided to the “Relevant Agency” would be provided on a confidential basis but the legal text does not include any provision for this.

The text at the end of clause 9.2.1 “*in order for the Relevant Agency to prepare a report on the implementation of the UK-Link Programme to be submitted by the Relevant Agency to the Authority by 1 December 2014*” can not be enforced and should be removed as neither the Authority of the “Relevant Agency” can be bound by the UNC.

Clause 1.11.1 “*TPD Section U, paragraph 9 shall not apply after 1 December 2014*” assumes that the work of the Authority appointed “Relevant Agency” will be complete by this date but given the Authority cannot be bound to deliver by this date, what happens in the event of delay?

Varied Text

The varied legal text of clause 9.2.1 (a) adds “*without reference to or involvement of the Transporters or the Transporter Agency*”. The affect of this addition would mean that the Transporters and their Agent would have no obligation to provide even background information on the UK Link Programme to the “Relevant Agency”.

The definition of “UK Link Programme” includes reference to UNC modification 0440. This modification has yet to be approved by the Authority and therefore cannot form part of the requirement on Shippers.

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

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

Project assurance could be done without the need for a modification.