

Stage 04: Final Modification Report

At what stage is this document in the process?

0548:

Project Nexus – deferral of Implementation Date

01

Modification

02

Workgroup Report

03

Draft Modification Report

04

Final Modification Report







This modification identifies requirements relating to the deferral of the implementation of Project Nexus under UNC Modifications 0432, 0434 and 0440.



The Panel recommends implementation.



High Impact: Large Transporters and Shipper Users

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About this document:		Systems Provider:
This Final Modification Report was considered by the Panel on 05 August 2015.		Xoserve
The Panel unanimously determined that this modification should be implemented.		 commercial.enquiries@xoserve.com
The Authority will consider the Panel's recommendation and decide whether or not this change should be made.		
Panel Recommendation on Urgency	16 July 2015	
Ofgem Decision on Urgency	17 July 2015	
Consultation commences	17 July 2015	
Consultation Close-out for representations	31 July 2015	
Final Modification Report provided for Panel	03 August 2015	
UNC Modification Panel recommendation	05 August 2015	
Ofgem Decision (by)	13 August 2015	

1 Summary

Is this a Self-Governance Modification?

Self-Governance procedures are not requested as this modification is expected to have a material impact on existing gas customers.

Is this a Fast Track Self-Governance Modification?

Fast track procedures are not requested on the basis that this modification does not meet the self-governance criteria.

Why Change?

It has been determined by the Project Nexus Steering Group (PNSG) that it is not possible for industry parties to implement systems and processes to facilitate the UNC arrangements under Modifications 0432, 0434 and 0440 on the Project Nexus Implementation Date. This is presently defined in UNC as being 1st October 2015

The PNSG has identified and agreed a new date being 1st October 2016.

Urgent procedures are sought to provide absolute clarity to the industry at the earliest possible opportunity on the content of the Project Nexus regime to be implemented as part of the UK-Link replacement programme on 1st October 2016.

Solution

Modification of the UNC is required to amend the Project Nexus Implementation Date and establish key systems and process development milestones in the period leading up to Project Nexus Implementation.

Relevant Objectives

The modification can be expected to better facilitate Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code.

Implementation

This modification can be implemented immediately upon direction by the Authority.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This modification impacts the industry programme for replacement of UK-Link systems.

2 Why Change?

The UNC General terms Section C paragraph 1 presently defines the Project Nexus Implementation Date as being 1st October 2015. This date was established by UNC 0432 'Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation Reform'.

Following concerns expressed by industry parties regarding the extent of industry 'readiness' for implementation of Project Nexus on 1st October 2015, an industry workgroup, the PNSG consisting of Shipper User, Large and Small Transporter members with voting powers was convened to assess the prevailing position. The PNSG is provided with guidance and advised by the Project Assurance Manager PricewaterhouseCoopers (PwC) and the Transporter Agency, Xoserve. In addition to this PwC has undertaken a readiness survey and produced an implementation plan.

At its meeting held on 1st July 2015 based on a PwC recommendation, members of the PNSG unanimously determined that the Project Nexus Implementation Date should be deferred to 1st October 2016. It was also been identified that rather than the Uniform Network Code Committee (UNCC) being identified as having 'rights' under the code to determine an alternative date, this should be within the remit of Ofgem. The reason for this is that such change of date would constitute an exceptional event which could have significant adverse financial consequences for the industry. As such the view of PNSG members was that such a decision should only be taken with the Authority's consent.

In addition to identifying a new Project Nexus Implementation Date, this modification contains a requirement for delivery 'milestones' in relation to the UK-Link pre-implementation testing and 'Market Trials' timetable. Monitoring of adherence to the milestones will be performed by PwC and reported to the PNSG. Decisions on whether such milestones have been met will be undertaken by the PNSG.

As part of preparation of this modification it has been identified that there are consequential effects arising which are related to the proposed deferral of the Project Nexus Implementation Date. A number of UNC modifications which have been directed upon (and in one case, implemented) are affected as follows:

- Modification 0428 'Single Meter Supply Points'
Modification is implemented but text amended by Modification 0432. Text refers to the 'Project Nexus Go-Live Date' (being 1st October 2015) as opposed to the Project Nexus Implementation Date. It is not proposed to change this date through this modification.
- Modification 0445 'Amendment to the arrangements for Daily Metered Supply Point Capacity'
No legal text consequences. It would be necessary to issue a revised notice of implementation
- Modification 0473 'Project Nexus – Allocation of Unidentified Gas'
No legal text consequences. It would not be necessary to issue a revised notice of implementation
- Modification 0514 'Extending the Daily Metered 'voluntary' service to Project Nexus Implementation Date plus six months'
No legal text consequences. It would be necessary to issue a revised notice of implementation
- Modification 0516S 'Information provision by large Customers to aid understanding of site characteristics'
No legal text consequences. It would not be necessary to issue a revised notice of implementation

3 Solution

Modification of the UNC is required to amend the Project Nexus Implementation Date in General Terms Section C to 1st October 2016 or such other date as may be determined by the Authority (rather than the existing reference to UNCC).

While not part of the solution identified within this modification it is expected that the Authority would only be required to intervene and make a direction in respect of a proposed change to the Project Nexus Implementation Date should an exceptional event occur necessitating urgent revision (such as a failure during systems 'cutover' or significant testing issues, etc.).

In addition, in the period prior the Project Nexus Implementation Date the following 'milestone' definitions and dates are required pertaining to the Transporter Agency's UK-Link replacement programme being systems requirements to facilitate meeting the Project Nexus Implementation Date:

1. Solution readiness:
 - a. L2 (compliant with the entry criteria as identified within the PwC implementation plan) completed on 1st October 2015
 - b. L3 (compliant with the entry criteria as identified within the PwC implementation plan) completed on 31st December 2015
2. Level 2 – File Structure Trials: Commencing 2nd November 2015 and completed on 18th December 2015
Positive and negative trialling of file format to ensure the structure and formatting is correct.
3. Level 3 – Functional Market Trials: Commencing 1st February 2016 and completed on 27th May 2016 (Core elements only – Mods 0432 and 0440). For retrospective adjustment (Mod 0434): Commencing 2nd June 2016 and completed on 29th July 2016
Functional trial enabling Stakeholders to run scenarios, applicable to their organisations, to test the end to end business processes.
4. Level 4 – Multi-Party Market Trials: Commencing 1st February 2016 and completed on 27th May 2016 (Core elements only – Mods 0432 and 0440). For retrospective adjustment (Mod 0434): Commencing 2nd June 2016 and completed on 29th July 2016.
Multi-party trials, enabling parties to test processes with other stakeholders (e.g. Transfer of Ownership).

The milestone dates may be subject to amendment in accordance with the review procedures set out in the PwC implementation plan. However these may only be changed with the agreement of the Authority.

The UNC should reflect that all UNC parties will take best endeavours to meet these.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.	Not applicable
Proposed charge(s) for application of User Pays charges to Shippers.	Not applicable
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	Not applicable

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

This modification would mitigate a significant risk to the UK Link Replacement programme. This would increase industry confidence of timely implementation of the proposed 'Project Nexus' regime on 1st October 2016. Consequently this can be expected to better facilitate Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code.

5 Implementation

This modification can be implemented immediately upon direction by the Authority.

6 Impacts

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

An early decision date by the Authority would provide certainty to the industry as the expected delivery of systems on 1st October 2016. This modification is essential to the implementation of the UK Link Replacement programme (which incorporates the changes required for 'Project Nexus') as it would mitigate a significant programme delivery risk.

Pre Project Nexus Implementation

This modification is essential to implementation of the UK Link Replacement programme (which incorporates the changes required for 'Project Nexus').

Project Nexus Implementation

This modification is required to be implemented in advance of the Project Nexus Implementation Date. It will be noted that the series of transitional modifications required to efficiently manage the implementation period are linked to the above date and will move in parallel.

Post Project Nexus Implementation

There is no impact on the post-Nexus period.

7 Legal Text

Text Commentary

The following legal text reflects the business rules in Section 3. The text is divided into two parts. Firstly are the requirements concerned with activities required to enable parties to meet the Project Nexus Implementation Date.

Specifically identified and defined is a reference to the PwC implementation plan. The purpose of this is to direct industry parties to the presence and significance of the plan. Of particular importance is that a much more detailed explanation of the pre-implementation 'milestones' and associated requirements can be obtained from the plan.

It will be noted that there is also a reference to a need for parties to make 'best endeavours' to meet the requirements concerned with the milestones. Legally this constitutes a high degree of obligation on parties.

The second part is concerned with the actual change to the Project Nexus Implementation Date and associated terms.

Text

PROJECT NEXUS – DEFERRAL OF IMPLEMENTATION DATE

TRANSITION – PART IIE

Add new paragraph 9.2 to read as follows:

9.2 Project Nexus Implementation Date

9.2.1 For the purposes of this paragraph 9.2 "PwC Implementation Plan" is the plan of that name prepared by PwC relating to the implementation of the Transporter Agency's UK Link replacement programme.

9.2.2 Each Party acknowledges the following system trials (each more particularly described in the PwC Implementation Plan), to support implementation of Modifications 0432, 0434 and 0440, need to be undertaken and completed in accordance with the following timetable:

(a) Solution Readiness:

(i) L2 entry readiness criteria to be completed by 1 October 2015;

(ii) L3 entry readiness criteria to be completed by 31 December 2015;

(b) Level 2 File Structure Trials to be undertaken and completed in the period between 2 November and 18 December 2015;

(c) Level 3 Functional Market Trials:

(i) in respect of the changes needed to support implementation of Modifications 0432 and 0440, to be undertaken and completed in the period between 1 February and 27 May 2016;

(ii) in respect of the changes needed to support implementation of Modifications 0434, to be undertaken and completed in the period between 2 June and 29 July 2016;

(d) Level 4 Multi-Party Market Trials:

(i) in respect of the changes needed to support implementation of Modifications 0432 and 0440, to be undertaken and completed in the period between 1 February and 27 May 2016;

(ii) in respect of the changes needed to support implementation of Modifications 0434, to be undertaken and completed in the period between 2 June and 29 July 2016.

9.2.3 Each Party agrees to use best endeavours in supporting completion of the system trials in accordance with the dates and timetable in paragraph 9.2.2.

9.2.4 The dates and timetable in paragraph 9.2.2 will be subject to on-going review in accordance with the procedures set out in the PwC Implementation Plan, however the dates and timetable in paragraph 9.2.2. may only be changed with the approval of the Authority

GENERAL TERMS – SECTION C – INTERPRETATION

Amend text as follows:

"Project Nexus Implementation Date" is 1 October 2015 2016 or such other date as may be determined by the ~~Uniform Network Code Committee~~ Authority;

8 Consultation Responses

Of the 14 representations received 4 supported implementation, 9 offered qualified support and 1 were not in support

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
Barrow Shipping	Oppose	f - negative	<ul style="list-style-type: none"> • Are concerned that the modification is seeking to introduce best endeavours to comply with obligations that, while potentially appropriate for relatively large Shippers, take no account of the circumstances of very small Shippers and their ability to comply. This is potentially discriminatory, and does not further efficient administration and implementation of the UNC. • The UNC already provides a facility for the implementation date to be amended, via a UNCC vote. If that route had been adopted, the implementation date could already have been clarified without introducing the uncertainty necessarily associated with a modification. Seeking to change an implementation date via the urgent procedures rather than using the mechanism that exists within the UNC is inappropriate and inconsistent with efficient administration of the UNC. • To be mandated to be fully involved in trialing and testing processes that appear designed and written on the assumption of large systems being involved on both sides of the process, with a need to test interfaces and interactions, would place a disproportionate and potentially undeliverable compliance burden on smaller Shippers.
British Gas	Support	f - positive	<ul style="list-style-type: none"> • Are disappointed with the delay to implementation, however they accept the decision of the industry Steering Group to amend the Project Nexus Implementation Date to 1 October 2016. • Are mindful that the full Nexus solution (including Retrospective Updates and Unique Sites) has yet to be fully developed. Should it become evident that the delivery of the full solution is not possible, they would not expect delivery of the Core Nexus solution to be delayed beyond October 2016, rather the undeliverable elements should be deferred. • Notes that Paragraph 9.2.3 introduces a best

			<p>endeavours obligation upon each UNC party to support system trials in accordance with the dates stated. They are keen to understand how this UNC obligation will be monitored and enforced.</p> <ul style="list-style-type: none"> Assumes that any further amendment to the Project Nexus Implementation Date will require a UNC modification to be progressed to achieve this.
Corona Energy	Qualified Support	f - positive	<ul style="list-style-type: none"> To ensure a robust and smooth transition to the Nexus framework it is important that any implementation date is based on a sound assessment of the progress of the industry to meeting this goal. As the industry has not yet commenced detailed work on its strategy regarding market trials, they do not believe that the industry is in a position to properly assess the validity of any implementation date at this stage. They are surprised to see not only an explicit implementation date proposed but also a set of detailed project milestones. They agree the project needs clear checkpoints to manage its progression to implementation, but not only is this a level of technical detail not expected in the contractual agreement between Transporters and Shippers, but these dates will also need to be revised as the industry enters testing. This aspect of the proposal is therefore unwarranted to address the issue at hand and will create additional work and uncertainty for the industry in the longer term. Is uncomfortable with the ability for the authority, without the need of prior warning or consultation, to change any of the dates referenced above. Not only does that create significant uncertainty of the dates proposed, but considering the requirement for industry parties to use best endeavours to meet these milestones, if they are changed at short notice this is likely to create significant cost for shippers who must adjust at short notice their own implementation projects. Questions whether Ofgem should have the power to change the UNC unilaterally, either with or without a consultation process. This proposal gives an unprecedented level of control to Ofgem and sets a worrying precedent. The uncertainty created by proposing an untested implementation date will add uncertainty and ultimately cost to our delivery programme.

DONG Energy	Qualified Support	f - positive	<ul style="list-style-type: none"> • The modification provides no certainty on the milestones dates for the market trials and no clear structure on how the dates can be changed. This places unfair legal obligations on shippers. • They would like to see any amendment to the Project Nexus implementation date to follow existing governance procedures via the modification process, to ensure all industry parties have the opportunity to be consulted before Ofgem makes a decision. • Would like to see the modification implemented as soon as possible to provide the industry with certainty of the Nexus implementation date.
EDF Energy	Qualified Support	f - positive	<ul style="list-style-type: none"> • Supports UNC 0548 because completing all Nexus requirements by 1 October 2015 is now no longer achievable for the Gas Transporters and Shipper Users. If the UNC obligations for Nexus applied from 1 October 2015 the UNC would no longer reflect how the industry operates; it would be difficult to administer and understand. Therefore, implementation better facilitates Relevant Objective 'f'. • Believes that the one year delay will provide greater confidence to all industry parties that Project Nexus will be delivered successfully. • It is important to highlight that UNC 0548 commits parties to adhere to: <ul style="list-style-type: none"> ○ the PwC Implementation Plan; ○ deadlines for L2 and L3 market trials entry readiness criteria; ○ L2 file structure trials; and ○ L3 functional and L4 multi-party market trials. • The above have not been agreed by the Gas Transporters and Shipper Users and will not be in place before implementation. This raises the risk of committing parties to deadlines and criteria that have not been circulated or received full industry assessment or agreement. • The Industry has not had sight of PwC's Implementation Plan, as a result it is difficult to verify whether the legal text is consistent with the description of the trials in PwC's Implementation Plan. • They do not believe that the legal text accurately reflects what has been agreed at industry meetings, however UNC 0548, does deliver the intent of the

			<p>solution which is to deliver a later Nexus Implementation date that has been agreed by industry.</p> <ul style="list-style-type: none"> • According to the legal text, procedures to change the dates are set out in the PwC Implementation Plan and may only be changed with the approval of the Authority. At this stage there is no industry agreed PwC Implementation Plan with procedures to change milestones, the entry readiness criteria has not been detailed and it is not clear how the Authority will make changes. It is important that these are determined now with cross-industry support.
E.ON UK	Qualified Support	None	<ul style="list-style-type: none"> • Believes that improving the project governance with the inclusion of PwC (providing project assurance) to ensure that all parts of the market are ready for the change is vital. Unless all parties are able to communicate with the central service provider it will be detrimental to the competitive market. • Understands the necessity for the delay to ensure that the Transporter Agency is able to deliver the project in an inclusive and robust manner, as well as the need for milestones to be included within the Code to give focus and transparency to the steps all parties must achieve to deliver the project successfully. • Is more confident that the industry will move together to achieve this newly determined implementation date. It is therefore important that any changes to these milestones or the actual implementation date are only agreed following an industry consultation via the UNC modification process. • Would like the certainty of the revised date to be clearly communicated as quickly as possible and support the earliest introduction of a new implementation date to enable project plans to be adjusted to the new timetable. • Believes that it should have been reasonably foreseeable that the lack of robust project governance of such a large and important change affecting the entire market would run into problems. Ofgem must now consider how this additional cost should be funded, and they challenge whether the cost of failure to deliver the project to the originally planned date should fall on customers. • A review of the transition arrangements between the current AUGE arrangements and those to be put in place for the appointment of a new Unidentified Gas

			<p>expert through the “Framework for the Appointment of an Unidentified Gas Independent Expert (UGIE)” under Modification 0473 may need to be considered as during development the document only considered a potentially shorter delay of 6 months.</p>
Gazprom	Qualified Support	None	<ul style="list-style-type: none"> • Believes the modification should focus solely on the change of date from 1st October 2015 to the 1st October 2016 as supported by the Project Nexus Steering Group • It is important that the revised Nexus Go Live Date is updated as soon as reasonably practicable as the current date in Code is now superseded. • Is concerned that the modification now included “addendums” which go beyond the scope of an agreed date change to include checkpoints many of which, in particular those relating to market testing, are yet to be ratified and empowering Ofgem to be able to change the date unilaterally. The Urgent nature of the modification precludes the ability to properly consider the appropriateness of these addendums.
National Grid Distribution	Support	f - positive	<ul style="list-style-type: none"> • Believes that the measures identified within the modification are fundamental to the timely implementation of Project Nexus on 1st October 2016 • It should be observed that the element of UNC 0434 relating to retrospective Meter Readings undergoing Market Trials on the UNC 0432 timeline is not separately identified in the modification. However, given that this is clear in this detailed PwC plan, which this modification contemplates, they consider the level of detail required under the UNC to be sufficient for its purpose. This is to identify the fundamental steps which the industry are required to meet to enable implementation of Project Nexus • Considers that UNC Parties should devote a high degree of priority to ensure that Project Nexus is delivered on the revised implementation date. In respect of this they have designated Ofgem as being the sole organisation empowered to authorise any changes to the implementation timetable. Notwithstanding this they anticipate Ofgem would take into full account the views of PwC, the Project Nexus Steering Group and UNC Parties prior to sanctioning change.
RWE npower	Qualified	f - positive	<ul style="list-style-type: none"> • Whilst supporting this modification and its intent to

	Support		<p>change the Go-live date of Project Nexus, they feel it goes beyond the simple change of Implementation date that was envisaged.</p> <ul style="list-style-type: none"> • They are concerned that the modification states that implementation date is "<i>1st October 2016 or such other date determined by the authority (rather than the existing reference to the UNCC.)</i>" • There needs to be a clear process to be followed by Ofgem, including consultation with the Project Nexus Steering Group and with support from the Programme Assurance Manager to make the decision objectively. This should then be followed by a formal urgent modification to prevent any bypass of established governance routes. Without this, party's right to appeal under the code will be removed. • Shippers are asked to agree to milestones on a best endeavours basis when the PWC Implementation Plan has not been published. It is not in our opinion a principle of good governance to create unclear obligations on parties. The testing steps required in this modification lack detail and therefore it is difficult for a Gas Shipper to know what they are agreeing to deliver as best endeavour. • It is also imperative that Xoserve works collaboratively with the industry in the early stages of any further design work as designs developed in isolation are likely to result in later rework and changes to build that are not only costly but also likely to cause further delays to the programme. • This modification should be implemented as soon as possible following Ofgem decision to enable Gas Shippers to build their systems effectively and give certainty to the costs associated with this. • As drafted RWE npower is unable to give a view on the legal text as wording such as the described "exceptional event" are not defined terms and seem provide a carte blanche for future implementation date changes.
Scotia Gas Networks	Support	f - positive	<ul style="list-style-type: none"> • Are disappointed that a new implementation date is required considering the extensive work undertaken to achieve the original deadline, they fully support the modification and are committed to the timely implementation of this project. • Agree that the modification can be implemented

			immediately following Authority decision to do so.
ScottishPower	Qualified Support	f - positive	<ul style="list-style-type: none"> • Has some significant concerns around the solution and requirements outlined within this Proposal: <ul style="list-style-type: none"> ○ As yet the industry has not seen the “PWC Implementation Plan” referenced in the modification, so are unable to agree or disagree with what is proposed. ○ Would expect that any further change to the implementation date would be subject to another UNC modification and as such have the normal transparency, rigour and justification. ○ This modification allows the Authority the autonomy to vary the Nexus Implementation Date, then it has the effect of removing the Licencee’s right to appeal under the Energy Act 2004. • Would like to see the modification implemented as soon as possible to give certainty to those building systems to interface with the Nexus system. • As the “PWC Implementation Plan” has not been provided as yet, and cannot give a view on whether the legal text will deliver the intent of the Solution. • There is no recognition in the modification that Xoserve have not been able to confirm that they can deliver the entire Nexus solution for 1st October 2016.
SSE	Qualified Support	f - positive	<ul style="list-style-type: none"> • Supports the intent of this modification to defer the implementation of Project Nexus to October 1st 2016 and to put in place proper milestones relating to market testing. • Nothing in this modification prevents the Authority from bringing forward the date of Project Nexus implementation from 1st October 2016. Given the scrutiny being given to Project Nexus by the CMA, should testing go much better than expected, this is not a possibility that can be totally ruled out and gives uncertainty to Parties. Certainty is required around the go live date due to the large re-planning exercise involving considerable resources and costs should the implementation date change. • The Implementation Date needs to be fixed date with a high level of rigour around it. • Retrospective updates and unique site functionality needs to have the same implementation date as the Project Nexus Implementation Date. Milestones should

			<p>be added into the plan for the design and build of this functionality and testing programmes linked to them.</p> <ul style="list-style-type: none"> • The PwC Implementation Plan has not yet been finalised and so the modification is creating an obligation on parties by referring to a document that hasn't yet been created which is not good governance. • The legal text in section 9.2.3 places a best endeavours obligation on Parties to complete systems trials, which are too strong a legal burden, especially given that the plan has not yet been finalised. • Should be implemented as soon as possible to give assurance to the industry of the revised Project Nexus implementation date.
Wales & West Utilities	Qualified Support	f - positive	<ul style="list-style-type: none"> • The legal text references the "PwC Implementation Plan". This is unnecessary as the dates are in the modification and it is poor practice for the UNC to reference a document that is not a UNC related document or a statutory document or other controlled document. • The solution seeks to amend the implementation date to "1st October 2016 or such other date as may be determined by the Authority". Believes that any further modification to the implementation date should be subject to the same UNC modification process as currently required for such changes. By doing so, any future changes would capture industry views on any further delay, enabling a more transparent decision process. • Supports implementation at the earliest possible opportunity in order for detailed plans to be drafted to achieve the proposed project implementation date.
Winchester Gas	Support	f - positive	<ul style="list-style-type: none"> • A decision on this modification is needed as soon as possible to ensure they have certainty in regards to the dates we are working to.

Representations are published alongside the Final Modification Report.

9 Panel Discussions

The Panel Chair summarised that this modification proposes to amend the Project Nexus Implementation Date in General Terms Section C to 1st October 2016 or such other date as may be determined by the Authority and it removes the existing reference to the UNCC.

In addition, for the period prior the Project Nexus Implementation Date, a number of 'milestone' definitions

and dates are to be included in UNC to support and focus a coordinated delivery by all industry parties. The milestone dates may be subject to amendment in accordance with the review procedures set out in the PwC implementation plan, however these may only be changed with the agreement of the Authority. The modification places a “best endeavours” obligation on UNC parties to meet these milestones.

Members considered the representations made noting that, of 14 representations received, 4 supported implementation, 9 offered qualified support and 1 was not in support.

Members considered the representations received and noted that the majority of respondents supported or offered qualified support to implement this modification as the main intent was to confirm the implementation date for the UK Link Replacement programme by amending the Project Nexus Implementation Date from 1st October 2015 to 1st October 2016.

Members noted that this modification potentially has consequences for smaller Shippers as the “best endeavours” obligations may have a disproportionate impact on smaller Shippers as their systems have little or no impact on the UK Link Replacement programme. Members considered this was a matter for the Project Nexus Steering Group (PNSG) to address. One member added that he considered that there were dependencies between parties that would impact on such parties’ ability to meet this best endeavours obligation.

Members also noted that concerns had been raised concerning the “best endeavours” obligations to comply with the dates and milestones set out in the PwC plan, as the plan has yet to be published or considered by industry participants. Members felt this was an issue that could be addressed in the appropriate industry implementation forums once the plan was published.

Members further noted the concerns raised in representations that Ofgem would be able to change the implementation date without consultation with the industry. Members heard that this step was intended to alleviate any ‘stalling’ effect that such modifications could have; it was reported at the recent PNSG meeting that Ofgem would only take such a course of action after due consideration by, and a recommendation from, PNSG. Members urged Ofgem to consider how best to confirm to the industry their expectations should a decision to implement this modification be taken. In addition, Members noted the concerns of some respondents that they would potentially lose their rights of appeal should the Authority make a change to the implementation date without using the UNC Modification process and they requested the Authority to consider this impact on any consultation arrangements they employ.

One member believed that the report had so far failed to consider the ‘lost’ opportunity costs arising from the delay proposed by this modification, though he recognised that the existing modification process had been followed. Members considered that consumer interests was something the industry and Ofgem should keep explicitly to the fore in any further such decisions.

Members considered the relevant objectives, agreeing that implementation would further objective f) by mitigating a significant risk to the UK Link Replacement programme. This would increase industry confidence of timely implementation of the proposed ‘Project Nexus’ regime on 1st October 2016. However, some members felt that relevant objective d) was also furthered as the change to the Project Nexus Implementation date prevents the inappropriate implementation of systems at a time the industry would be unprepared which would be damaging to consumers and competition.

Members voted unanimously to recommend implementation of Modification 0548.

10 Recommendation

Panel Recommendation

Having considered the Modification Report, the Panel recommends:

- that proposed Modification 0548 should be made.