

# **Project Nexus**

## **Impact Assessment:**

### **Delay to Project Nexus Implementation Date**

#### **A report for the Project Nexus Workgroup**

Version	Date
0.4	19 <sup>th</sup> July 2016

## **1. Introduction**

This document has been prepared on the basis that the Project Nexus Implementation Date (PNID) will be delayed and therefore will not be 1<sup>st</sup> October 2016.

This document provides the high level impact assessment of the implications of the change to the Project Nexus Implementation Date (PNID).

The assessment is split into 2 sections:

1. Topics related to processes undertaken by Xoserve directly or Modifications
2. Topics Related to Industry & Regulatory Change

## 2. Topics that may be impacted by PNID

### 2.1 Topics related to processes undertaken by Xserve directly or Modifications

Topic	Description / impact	Solution options	Impact by delayed implementation	Actions
New demand estimation formula to go live with Mod 0432	This will go live with Modification 0432	None	Demand Estimation team are developing DAFs etc for current & new demand estimation formula. DESC confirmed implementation is not gas year dependent	None
Mod 0467 - iGT Data Preparation database and data preparation exercise	The iGT data preparation exercise commenced in January 2015 and was scheduled to be completed by 1 <sup>st</sup> October.	No change to existing solution principles, however, changes to the frequency of reports from iGTs (monthly, weekly and daily) may need to be made.	The iGT data preparation exercise will continue to the new PNID.	None
Mod 0445 Amendment to the arrangements for Daily Metered Supply Point Capacity	Mod 0445 Implementation date is stated as 05:00 on 1st October 2015 - no relationship with Mods 0432 or 0434 dates. Mod 0478 which fills the gap for SOQ reductions below BSSOQ until Project Nexus, has an end date of "Project Nexus Go Live Date"	New Mod required to extend the service for the period prior to new PNID.	Mod 0445 cannot be delivered until PNID. Mod 0478 expires on 06.00 on "Project Nexus Go Live Date".	Check if the legal text needs to be amended to PNID?
Mod 441 & Mod 514 Continuation of Daily Metered (Voluntary) service until the implementation of Project Nexus Mods	Mod 0514 supersedes 0441. Text aligned to new PNID	Limited to reissue of implementation notice	DMV service continues until 6 months after new PNID	GTs to issue a revised Implementation notice?

Topic	Description / impact	Solution options	Impact by delayed implementation				Actions
Formula Year AQ (FY AQ)	New process to be implemented with Mod 0432. The Formula Year AQ effective from 1 <sup>st</sup> April is a snapshot of the AQ at as 1 <sup>st</sup> December the previous year.		PNID	Snapshot date for Formula Year AQ	Date next snapshot taken (date)	Date effective	
			1 <sup>st</sup> October 2016	1 <sup>st</sup> October 2016	1 <sup>st</sup> December 2016	1 <sup>st</sup> April 2017	
			1 <sup>st</sup> February 2017	1 <sup>st</sup> October 2016	1 <sup>st</sup> December 2017	1 <sup>st</sup> April 2018	
			1 <sup>st</sup> March 2017	1 <sup>st</sup> October 2016	1 <sup>st</sup> December 2017	1 <sup>st</sup> April 2018	
			1 <sup>st</sup> April 2017	1 <sup>st</sup> October 2016	1 <sup>st</sup> December 2017	1 <sup>st</sup> April 2018	
Annual AQ process	AQ process commences in January for 'trial calc' & continues until 1 <sup>st</sup> October when the new AQ is effective. <ul style="list-style-type: none"> <li>MOD640 - assumption that Shippers can challenge threshold crossers until 31/12/2016</li> <li>Backstop date - 2016 dates if no AQ2017</li> <li>BSSOQ calculations for 2016 to be applied 01/10/2016 until PNID</li> <li>Capacity reduction widow closes 31st January 2017</li> <li>Ratchet season overlaps new implementation dates</li> </ul>	Perform another AQ review before PNID	PNID	Snapshot date for Formula Year AQ	Date next snapshot taken (date)	Date effective	A Mod would be required to perform another AQ review before PNID
			1 <sup>st</sup> October 2016	1 <sup>st</sup> October 2016	1 <sup>st</sup> December 2016	1 <sup>st</sup> April 2017	
			1 <sup>st</sup> February 2017	1 <sup>st</sup> October 2016	1 <sup>st</sup> December 2017	1 <sup>st</sup> April 2018	
			1 <sup>st</sup> March 2017	1 <sup>st</sup> October 2016	1 <sup>st</sup> December 2017	1 <sup>st</sup> April 2018	

Topic	Description / impact	Solution options	Impact by delayed implementation				Actions
			1 <sup>st</sup> April 2017	1 <sup>st</sup> October 2016	1 <sup>st</sup> December 2017	1 <sup>st</sup> April 2018	
AQ Appeals process	<ul style="list-style-type: none"> <li>LSP AQ Appeal window re-opens 14/09/2016 - clarification required on end date and when last AQ change can be applied to legacy system</li> <li>SSP AQ Appeal window re-opens 01/10/2016 - clarification required on end date and when last AQ change can be applied to legacy system</li> </ul>						Appeal window will re-open. Date Appeal window closing TBC once PNID known
AQ Amendments process	Amendments process opens 1 <sup>st</sup> June & closes 13th August.						None, Amendment window will not re-open as PNID pre 1 <sup>st</sup> June
AUG arrangements			AUG arrangements will continue until PNID when Mod 0473 AUG arrangements will be effective.				None
Mod 0516: Information provision by large Customers to aid understanding of site characteristics	Mod introduces a 'Site Characteristics Register' maintained by the GTs for large gas customers (Class 1 LDZ sites only) to provide information to the gas transporters for use in emergency plan and constraint management						None. Implementation stated in Mod is PNID
Retrospective Updates	RAASP functionality due to be delivered October 2017						Mod to amend implementation date?

Topic	Description / impact	Solution options	Impact by delayed implementation	Actions
Mod 0523 Facilitation of 'faster switching' for Shared Supply Meter Points	Introduces faster switching timescales for SSMP's			None. Implementation stated in Mod is PNID
Mod 515 – Resolution timescales for SRVs & USRVs	Existing process to continue as per UNC.	Legal text states that this Mod is implemented at PNID	None, current process would continue	None. Implementation stated in Mod is PNID
Gas day, change to 05:00hrs will still take place on 1st October 2015	Continue with delivery		None	None
Gemini	As Gemini and UKLP delivery are separate no issues are expected			None
CSEP processes	Continue as is. New transition arrangements and dates will be proposed once the PNID is confirmed		None. Process will remain as is until UKLP implementation	None, existing arrangements continue
All query processes and offline databases remain	Continue as is	No impact		None, existing arrangements continue
AQ end of year reconciliation (Mod 640 process)	Supply points that have moved from SSP to LSP on 1st October 2016 are subject to a reconciliation process. AQs can be Appealed until 31st December.	The adjustment is calculated on 31st December. This is an annual event following the annual AQ review process.		TBC once PNID is confirmed
Mod 514: DMV continues	DM read obligations remain with the GT for a maximum of 6 months from PNID.	No impact		None

Topic	Description / impact	Solution options	Impact by delayed implementation	Actions
Mod 451AV Individual Settlements For Pre-Payment & Smart Meters	Continue service, conceptually may be issues with start and end dates of adjustments	No impact		None
AUGE	Current table applies until 31 March 2016. UNCC agreed in November 2014 not to commence the 2015 process to develop a Statement and Table for 2016/17.	Risk of later implementation already considered by UNCC. Current table will be rolled over or amended by UNCC to apply for the period from 1 April 2016 until Mod 432 implementation.		In hand with UNCC
iGTs	Will need to keep existing systems running	None		None
0450B – Monthly revision of erroneous SSP AQs outside the User AQ Review Period	Falls away at PNID			None
Mod 0473 - Allocation of Unidentified gas		None		None. Implementation of Mod stated as PNID
Mod 0527 - Implementation of Annual Quantity arrangements (Project Nexus transitional modification)	Migrate from the existing UNC Annual Quantity (AQ) 'backstop' calculation arrangements			None, legal text covers transitional period prior to & post Implementation date

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Mod 0528 - Implementation of Supply Point Administration, gas allocation and settlement arrangements (Project Nexus transitional modification)	Transitional arrangements required to move from the existing regime to the new arrangements under Mod 0432			Implementation Date in legal text states 'Nexus Implementation Date'
Mod 0573 - deferral of implementation of elements of Retrospective Adjustment arrangements				Legal text states: A User may not submit a Retrospective Data Update in accordance with TPD Section M4.3 on a Day prior to 1 October 2017



## 2.2 Topics Related to Industry & Regulatory Change

Topic	Description / impact	Solution options	Impact by delayed implementation	Actions
FGO	Should Project Nexus be delayed beyond 1st April 2017 then FGO Phase 2 implementation may also need to be deferred. This is because the legal text developed for the proposed UNC Modification 0565/DSC arrangements is predicated on the UNC provisions pertaining to UNC Modification 0432 (Project Nexus) being in place. It would be impractical both now and nearer the time to develop transitional provisions for the intervening period due to the complexity of UNC drafting and risk to current FGO delivery. Consideration of this and other associated implications should be subject to further discussion with all relevant stakeholders (NGG consultation response)		<p>Funding changes so that Shippers and IGTs as well as GDNs and NTS pay Xserve for services</p> <p>New contractual arrangements between industry participants</p> <p>Significant changes to the UNC and IGT UNC legal text to implement these changes</p>	TBD
Performance Assurance Framework	Mod 0520A: Performance Assurance Reporting		Mod introduces low level reporting arrangements for the key industry inputs which impact accurate settlement allocation. Reporting defined for both pre & post PNID.	None. Implementation stated in Mod is PNID
Priority Services register	Sharing of vulnerable customer information within and between gas, electricity (and water) industries		Changes due to be implemented June 2017. This would have provided 8 months following October 2016 to assess & make the changes required. A delay to the October 2016 Nexus implementation date may threaten the June 2017 implementation date for the changes to the new vulnerable customer arrangements	TBD

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CMA remedies	<ul style="list-style-type: none"> <li>• Development of new licences</li> <li>• Significant amendments to codes</li> <li>• The design of new strategic modification processes – from DECC's strategic policy statement to code modifications and systems delivery</li> </ul>		None	None
DCC implementation	Implementation of DCC & smart metering arrangements		All functionality & reporting will be implemented into existing UKLink therefore no impact	None
Central Registration Services				TBD
NGGD Separation				TBD
Faster switching programme				TBD