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Your Reference: UNC Modification Proposal 0573

UNC Modification Proposal 0573 - Project Nexus – deferral of implementation of elements of
Retrospective Adjustment arrangements

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Urgent Modification Proposal which, as proposer, National Grid Gas Distribution (NGD) would like to support.

Do you support or oppose implementation?

Support

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)?

NGD believes that the measures identified within the Modification Proposal are fundamental to facilitating the timely implementation of Project Nexus on 1st October 2016.

Implementation

This Modification Proposal can be implemented with immediate effect.

Impacts and Costs

NGD has raised and led development of the majority of UNC Modifications pertaining to Project Nexus. This included Modification 0432 which established the Project Nexus Implementation Date (PNID). Most recently we raised Urgent Modification 0548 which was implemented on 14th August 2015. This deferred the PNID for a period of 12 months to 1st October 2016.

We are disappointed that it has been necessary for this further Urgent Modification Proposal to be raised. Despite the best efforts of the Transporter Agency, Xoserve, it has proven to be the case that continuing with the RAASP SAP development to existing timelines is untenable and gives rise to an unacceptable risk to timely implementation of the overall UK-Link replacement programme.

As proposers of this Modification we concur with the unanimous decision of the Project Nexus Steering Group (PNSG) that the RAASP element of UNC Modification 0434 should be deferred so that undivided attention can be given to delivery of the 'core' elements of Project Nexus being those changes associated with ensuring implementation of Modifications 0432, 0434 (Updated Meter Readings) and 0440 on the PNID. We note in particular that the decision to defer building the SAP systems solution for RAASP had the effect of moving the overall programme status from 'Red' to 'Amber'.

We also note that a series of workarounds based on current processes for automated Meter Information updates and manual consumption adjustments have been identified and discussed within the Project Nexus UNC Workgroup. There appeared to be broad support from attendees for this contingency.

We would observe that Transporters will incur significant costs as a consequence of RAASP deferral.

Legal Text

NGD is satisfied that the drafting contained within the Modification Proposal meets the requirements of the Modification.

Are there any errors or omissions in this Modification that you think should be taken into account?

We have not identified any errors or omissions within this Modification Proposal.

Please provide below any additional analysis or information to support your representation

We do not believe any additional analysis or information is necessary over and above that already provided by PwC and Xoserve and reported to the PNSG.

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

We have identified that in the event that this Modification Proposal is implemented it will be necessary to amend the implementation timetable for Project Nexus set out in Transition Document Part II(C). We intend that in the event this Modification Proposal is approved by the Authority, NGD will submit a formal GT Licence 'consent' request under Standard Special Condition A11 of the GT Licence. This would seek Authority approval to realign the timetable to reflect RAASP deferral.

We also note that it will be necessary to raise a 'transitional' Modification Proposal to facilitate arrangements for retrospective invoice adjustments. We note that Modification Proposal 0529 was recently rejected by Ofgem and we will bring forward an appropriate replacement once a decision is forthcoming on this Urgent Modification Proposal.

We trust that this information will assist in the compilation of the Final Modification Report. Please contact me on 01926 653541 (chris.warner@nationalgrid.com) should you require any further information.

Yours sincerely,

Chris Warner
Stakeholder Implementation Manager, Distribution