

Representation

Draft Modification Report

0440 – Project Nexus – iGT Single Service Provision

Consultation close out date: 21 March 2014
Respond to: enquiries@gasgovernance.co.uk
Organisation: National Grid NTS
Representative: Martin Connor
Date of Representation: 21st March 2014

Do you support or oppose implementation?

Qualified Support

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

National Grid NTS recognises the potential benefits of harmonising the administration of iGT Supply Meter Points with Transporter Supply Meter Point administration, within the terms of this Modification.

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

No

Relevant Objectives:

d) Securing of effective competition - Accurate cost allocations arising from a single database and associated Supply Point Administration and settlement processes for GTs and iGTs should encourage effective competition and more accurate allocation of costs between Users.

f) Promotion of efficiency in the implementation and administration of the Code - Implementation of this modification will remove the generic LDZ Connected System Exit Point Network Exit Agreement (CSEP NExA), by placing the obligations within the Code. This should have the advantages of making the process more transparent and reduce the administration required to make changes effective.

The Modification Proposal should also provide a common approach to managing allocations, settlement and reconciliation processes downstream of the CSEP between iGTs and Users, which is consistent with large Transporters processes.

Impacts and Costs:

The Modification Proposal indicates Implementation costs of £4,000,000 - £8,000,000 with 'one-off' benefits of

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£2,140,000 – £3,740,000, and annual benefits of £5,610,000 – £6,915,000. This level of benefits looks high in relation to costs, and it is not completely clear that the ‘marginal’ benefits only have been properly identified for this Modification.

National Grid NTS believes that the basis of all initial capital and ongoing administration costs associated with the required changes to the Gemini system should be made available to those impacted by this proposal, as well as for other Nexus related Modification Proposals, via the completion of a Detailed Cost Analysis (DCA). National Grid NTS has previously requested that the UNC Panel and Proposer consider completing such a DCA. National Grid NTS considers that this is a necessary pre-requisite for consideration of Nexus related Modification Proposals in order that an accurate cost vs benefit assessment can be made by those responding to this consultation. National Grid NTS believes that the TPCR4 and RIIO-T1 allowances for Gemini Change Costs did not include any specific or incremental sums for delivering Project Nexus reforms.

Implementation:

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

National Grid NTS has concerns surrounding the level of industry change scheduled for implementation in time for Winter 2015 and as such has raised UNC Modification 0491 to delay Nexus Implementation. The changes currently planned for implementation in 2015 cover GB compliance with EU Third Package related Network Codes and Regulations, and also output from the current Gas Significant Code Review. If Nexus changes are implemented in 2015 it is imperative that there is careful assessment of any impact on other system changes.

Legal Text:

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

Yes

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

Given the considerable resourcing required across the industry in order to implement Project Nexus, a programme management approach to delivery would be highly beneficial.