

## Representation – Urgent Modification 0548

### Project Nexus - deferral of Implementation Date

**Responses invited by: 31 July 2015**

<b>Representative:</b>	Colette Baldwin
<b>Organisation:</b>	E.ON
<b>Date of Representation:</b>	30 <sup>th</sup> July 2015
<b>Support or oppose implementation?</b>	Qualified Support with Comments
<b>Relevant Objective:</b>	f) None

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

E.ON welcomes the introduction of the reforms brought in with Project Nexus and indeed would have liked to see the modification delivered to the original timeframe. This project delivers benefits to the customer through reforms to the settlement regime with individual meter point reconciliation and offers the opportunities of a more dynamic AQ reflective of customer's changes in consumption. Sadly a delay to the delivery of the project will also mean a delay to customers benefiting from these reforms.

We believe 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 (The Transporter Agency) it will be detrimental to the competitive market by, at worst, limiting a customer's ability to change to their preferred supplier, or in the very least, parties suffering from missing or out-of-date important supply point information, preventing the setting-up of accurate customer records.

However, we understand 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. Coupled with other essential project tools such as the system dress rehearsals and the Go/No-go criteria we feel more confident that the industry will move together to achieve this newly determined implementation date. We think 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 (urgent, if necessary). We are confident that the more robust project assurance will give greater transparency on industry progress for PWC and for Ofgem so that there should be no surprises in terms of achievement of the revised date, and that if there is a risk to the revised delivery date it will be identified earlier and enable the industry to work together to address it.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

We 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 our own project plans to be adjusted to the new timetable.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

As earlier indicated, we had a fully mobilised project with funding agreed to deliver these important changes to the originally planned date. This unfortunate delay has consequential costs for our business by having to extend the project through an additional 12 month period and we have already provided information to Ofgem, via PWC, of the additional project costs.

We also believe that it should have been reasonably foreseeable that the lack of robust project governance and strong project assurance for delivery 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 we challenge whether the cost of failure to deliver the project to the originally planned date should fall on customers.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

We think the legal text should include additional inclusion of changes to milestones dates or implementation date for the project should only be via a UNC Modification.

**Are there any errors or omissions in this Modification that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

We think that a review of the transition arrangements between the current AUGÉ arrangements and those to be put in place for the appointment of a new Unidentified Gas expert through the “Framework for the Appointment of an Unidentified Gas Independent Expert (UGIE)” under Modification 473 may need to be reviewed as during development the document only considered a potentially shorter delay of 6 months.

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