

Representation

Draft Modification Report

0513 Urgent - UK Link Programme (Project Nexus) - independent project assurance for Users

Consultation close out date: 03 September 2014
Respond to: enquiries@gasgovernance.co.uk
Organisation: Scottish Power
Representative: Elaine Carr
Date of Representation: 03 September 2014

Do you support or oppose implementation?

Qualified Support

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

Scottish Power fully supports a requirement to carry out an independent piece of work to ensure that Industry parties are in a position to deliver the Nexus solution by the 1st October 2015 implementation date.

However we have a number of concerns in relation to this modification and associated timescales:

- Firstly we have a concern about the confidentiality of the information to be provided to the agency, given that it is proposed that it will be provided to Ofgem in non-anonymised form. Whilst we appreciate that Ofgem have to understand the position in each Shipper organisation, it could be the case that this information would be subject to a request under the Freedom of Information Act and come into the public domain. Under the current modification there is no provision to prevent this. In reviewing the modification variation this still remains an issue, although it is somewhat mitigated by the retention limitations suggested (3 months) this still remains a risk.
- We feel that an assumption has been made that when Xoserve finalise the 'detailed design' phase, that Industry parties will be in a position to move forward on planning their own internal build. There will certainly be an increased ability to plan with certainty following this phase. However, although we appreciate the early visibility that Xoserve are providing of the draft formats it will be the finalised version of the file formats which will underpin the new regime for parties. These file formats are not scheduled to be available in their initial format until the 30/09/14. Moreover the file formats will not be available in their finalised form until ratification at UK Link Committee either at their October or November meetings. In addition there is the potential that the UNCC will also need to consider the file formats if there is failure to reach agreement by members at the UK Link Committee. We therefore feel that it may be unachievable to provide a meaningful report within the timeframe of the 01st December. In particular this is because full system impacts will not be able to be assessed by Shippers until the fully confirmed file formats are available, which could be as late as November/December. There is also a forward looking risk that is not addressed in this modification in that there is no assurance that that all parties will build and deliver their

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solutions (IT and processes) to meet the business rules as interpreted via the legal text.

- There is no detail in the modification as to how parties will be required to demonstrate readiness other than a vague reference “this might include statements and analysis concerning the state of IT systems and supporting processes and evidence of readiness”. Scottish Power feel that this ties into the point above and would have concerns around the ability of parties to be in a position to provide a meaningful assessment of readiness if file formats are only available 1 month (or even less) before the report is due, and feedback on changes are potentially still in the process of being signed off by members of the UK Link Committee.
- We also have a concern that parties may utilise this assurance process to suggest a lack of readiness to support the case for a delay in the current implementation date of 01/10/2015, given that there has already been a modification to try and delay implementation. We would therefore expect that there should be adequate provision within the study to challenge assertions made by Parties as to why they may be unable to make the implementation date. In addition it will be important that the agency selected for the assure work are knowledgeable of programme management and IT delivery of significant scale to be able to probe the answers provided by Parties.
- Scottish Power are concerned that it is only suggested that this piece of work be carried out at a single point in time, early in the process. We would have liked to have seen a more encompassing solution, taking a forward looking view of the deliverables and the need for at least 1 additional review of readiness at a later date in the pre-Nexus project timeline to gauge progress of Parties. It does not necessarily follow that if a party does not demonstrate readiness in December that they will not be ready for go live and vice versa. To have only 1 checkpoint in the process may provide a negative signal that is misleading, and nothing to signal when improvements are evident. ScottishPower has for many months pointed out that it is important to monitor readiness and progress against the Project Plan to enable the industry to consider mitigating actions should there be issues identified that may result in delays. Given the substantial benefits to consumers from the Nexus Project, it is incumbent on industry to ensure that any issues are considered and mitigation strategies explored and implemented where is proportionate to do so.
- We would also query the use of a modification for tackling an issue that is not amending the Code and is being used purely to address funding of an activity that the industry wish Ofgem to undertake. By contrast, in the extensive and prolonged discussions about the funding of an independent study of settlement risk in relation to the Performance Assurance regime, the Joint Office cautioned against using a modification to meet the funding need¹. It would seem appropriate that given the scale of this project and other significant projects focused on the gas industry that it might be more prudent to look at an enduring solution within the Code that could provide assurance more generally over time.

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

None identified

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

Scottish Power believe that although this modification seeks to provide assurance from parties that they will be in a position to deliver their own UK link replacement

¹ Performance Assurance Workgroup Minutes July 2014 Action PA0601 - <http://www.gasgovernance.co.uk/sites/default/files/Minutes%20PAF%20010714%20v2.0.pdf>

solutions in line with the implementation date of 01/10/15, we believe that the production of one report in December 2014 does not satisfy this criteria.

Impacts and Costs:

What analysis, development and ongoing costs would you face if this modification were implemented?

Scottish Power would incur no additional costs if this modification were implemented, as the assessment against internal systems and processes is an integral part of the existing project plan, however as stated above there may be issues that are in transition that we may be unable to provide a consolidated response in the timescales

Implementation:

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

We would support an independent report on the initial view of the industry's readiness to be available in January 2015, and also to be extended to incorporate an additional review in April 2015.

Legal Text:

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

No Comments

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

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.

No additional comments