

Workgroup Terms of Reference

0550 – Project Nexus: Incentivising Central Project Delivery

Date referred from Panel: 20 August 2015

Background – Why Change?

Please refer to: <http://www.gasgovernance.co.uk/0550>

Solution

The solution proposes to introduce a backstop date for Project Nexus Go-live in order to give the industry more assurance that core delivery will be achieved and incentivise the delivery by the Transporters Agent. This backstop date will be the Project Nexus Go-live date as at the implementation date of this modification.

It is also proposed that liquidated damages will be applied to the Gas Transporters if they fail to deliver the Nexus solution to the revised timeline and budget. This incentive will take the form of payment to Shippers who have met both the initial and the revised implementation dates (as noted in the PWC report).

Topics for Discussion

- Understanding the objective
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the modification
- Assessment of implementation costs
- Assessment of legal text
- Review previous industry precedents (electricity industry)
- How will damages be identified/proven.

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice