

Scottish Power's response:

We have been looking through the Xoserve paper this afternoon, with a view to completing it. However when you look at the questions it is quite problematic to be able to do so and equally we cannot see the rationale for the figures that Xoserve has populated.

We have the following questions, which we would appreciate getting feedback from Xoserve so that we can consider completing the option assessment, although we think it is still going to be difficult:

- On question 1 in the matrix we believe that this can only be answered by Xoserve
- Question 2 "What would be the impacts of failure to achieve" – we are unsure what is meant by "impact" – is this cost, business process or customer? Also on the scoring by Xoserve we think that these are the wrong way round between options 1 a&b and options 2 a&b – e.g. surely delivering the EU change late is of higher consequence than trying to deliver both in time for 1st October 2015?
- Question 4 – how were these figures arrived at? Please see our note below regard resources
- Question 6 and 7 – should Shippers be considering this from their business or the implications to the customer of lost benefit?
- We are unable to comment on the matrix, without a view of what "later" means in 1B and what timescale is envisaged by "then" under option 2

We are also particular concerned about some elements in the paper and seek feedback from Xoserve

- Where is it set down that changes to Gemini are "prohibited" from 1 October to 31 March?
- It appears that Xoserve are saying that Nexus could never be delivered for 1st October 2015 – 5.16 (c) "Option 2A carries less risk than Option 1A because of the sequenced delivery of Project Nexus requirements and EU reform, but a greater risk than Option 1B because it does not make more time available for the development and delivery of Project Nexus/new UKLINK..."
- What has Xoserve done to look at available resource? We do not hold with the view that there is no gas industry resources available in the market that could aid an on time delivery for 1st October 2015. Albeit this may come at a cost, we would not just expect Xoserve to discount this option with a short statement that it cannot be done, in particular as there is a good 18 months before delivery and with the associated customer benefit that Nexus is expected to deliver
- 5.8 (b) references the Faster Switching developments as adding risk due to the uncertainty of requirements, it was our understanding that Xoserve have said that if Faster Switching can be delivered this year then there is no impact to Nexus – could you therefore explain what the risks are here?
- Similar 5.8 (a) references the EU changes as adding risk, but this change has been known for quite sometime
- Also on option 1A 5.8 (a) talks about "The minimal contingency in the development and delivery plan for new UKLINK to enable recovery in the event of slippage in the delivery of project milestones..." - we were unaware of the minimal contingency until the last meeting, again we would like to understand what can be done to mitigate this situation

Continued overleaf....

Xoserve's Reply to these Questions:

Thanks for your questions, some of which relate to clarification on the completion of the questionnaire and some seek clarification / additional information regarding Xoserve's own response.

It's helpful to be made aware of the areas of challenge regarding Xoserve's response and I anticipate these being the subject of discussion on 3rd March.

I've endeavoured to address your questions about completing the questionnaire in the table below:

Question	Response
<ul style="list-style-type: none">On question 1 in the matrix we believe that this can only be answered by Xoserve	<p>We believe that it is possible that respondents other than Xoserve will identify dependencies for them between delivery of Nexus / the UK Link Programme and EU reforms and / or between these and other deliverables.</p> <p>If respondents identify no such dependencies, the question can be scored accordingly.</p>
<ul style="list-style-type: none">Question 2 "What would be the impacts of failure to achieve" – we are unsure what is meant by "impact" – is this cost, business process or customer?	<p>This question is endeavouring to assess what the impact for the respondent would be of having set out to deliver against a particular delivery option and, at a later stage, having to re-plan the target delivery. The impacts could be wide ranging, including the examples mentioned.</p>
<ul style="list-style-type: none">Question 6 and 7 – should Shippers be considering this from their business or the implications to the customer of lost benefit?	<p>The intention is that each respondent considers the implications for their own organisation.</p> <p>In the round, customer benefits must be considered. I suggest that we will need to be clear as to whether customer benefits are expected to arise from, say, a shipper benefiting and passing it on, or whether there is a direct customer benefit.</p>
<ul style="list-style-type: none">We are unable to comment on the matrix, without a view of what "later" means in 1B and what timescale is envisaged by "then" under option 2	<p>Xoserve has worked on the basis of 'later' meaning April 2016 for Option 1B and similarly, April 2016 for the 'then' under options 2A and B.</p>