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14th March 2014

Your Reference:UNC Modification Proposal 0440

UNC Modification Proposal 0440 - Project Nexus – iGT Single Service Provision

Dear Bob,

Thank you for your invitation seeking representations with respect to the above Modification Proposal for which National Grid Gas Distribution (NGD) as Proposer would like to support.

Do you support or oppose implementation?

Support

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

As proposer NGD advocates implementation of this Modification Proposal on the basis that we believe the proposed regime provides for vastly improved arrangements governing the allocation, settlement and reconciliation of Supply Point data at unmetered Connected Systems Exit Points (CSEPs).

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

We have not identified any such issues.

Self Governance Statement:

We agree that this Modification Proposal should be not be subject to self-governance procedures given its material effect on consumers.

Relevant Objectives:

Standard Special Condition A11.1 (d): Securing of effective competition between relevant Shippers and relevant Suppliers.

NGD concurs with the comments in the Draft Modification Report concerning the accuracy in allocation of costs to Users. Under the present arrangements predicated on the LDZ CSEP NExA, allocation and settlement data for gas consumed on an iGT network is provided to the Transporter's agent, Xoserve by the iGT. There is little incentive for the iGT to provide such data given that it is not needed for the iGT's own systems and processes for the purposes of their billing Users for gas used on the iGT network. Consequently allocation errors and anomalies arising from the untimely or non-provision of data by iGTs (typically though shortfalls arising from both iGT and Large Transporter processes) gives rise to Unidentified Gas which is then borne collectively by Users through aggregate Meter Point Reconciliation.

The new arrangements largely (but not wholly) remove the iGTs from the data provider role. The User is then able to use common systems and processes to interact directly with Xoserve. This is clearly a significantly more economic and efficient approach which would be expected to result in improved accuracy of energy allocation, settlement and reconciliation of gas consumed downstream of the CSEP.

Standard Special Condition A11.1 Relevant Objective (f): Promotion of efficiency in the implementation and administration of the Code.

NGD agrees with the statement in the Draft Modification Report concerning elimination of the LDZ CSEP NExA. The governance of this document is ambiguous and potentially disenfranchises iGTs from having a say in terms which directly affect them. We believe that the structure of the existing regime is fundamentally flawed and while over time improvements have been made, our opinion is that little further progress can be made in the absence of 'root and branch' overhaul.

We envisage significant benefit arising from implementation of the proposed iGT Arrangements Document (iGTAD) and believe that the inclusion of iGTs as a UNC party would ensure their full involvement in future development of relevant provisions. Notwithstanding this, it is important that iGTs, in their role as a voting UNC Modification Panel member ensure that they are fully conversant with and involved, where appropriate, in all UNC matters, including those not directly impacting them. This is particularly relevant given the necessity to ensure that the balance of Modification Panel opinion and input is maintained.

Impacts and Costs:

We concur with the statement in the Draft Modification Report concerning the funding of this Modification Proposal and we have no further comment in this respect.

Implementation:

This Modification Proposal can be implemented with effect from 1st October 2015 upon direction by the Authority. Our agent Xoserve is presently undertaking comprehensive analysis on the likely systems and process impacts and is engaging fully with the industry to ensure the required programme timetable is met. Notwithstanding the above, we note that the proposed Project Nexus implementation date is presently subject to review and challenge under UNC governance.

Legal Text:

NGD has provided legal text and is satisfied that the drafting as published by the Joint Office within the Draft Modification Report meets the requirements of the Modification Proposal.

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

We note that iGT Modification Proposal 0039 'Use of a Single Gas Transporter Agency for the common services and systems and processes required by the iGT UNC' continues to undergo development under iGT UNC governance. Noting that the Proposal was raised in August 2011, we would urge early conclusion of this work given the close association this Proposal has with UNC Modification Proposal 0440.

We trust that this information will assist in the compilation of the Final Modification Report.

Please contact me on 01926 653541 (chris.warner@nationalgrid.com) should you require any further information.

Yours sincerely,

Chris Warner
Network Code Manager, Distribution