

Representation – Urgent Modification 0573

Project Nexus – deferral of implementation of elements of Retrospective Adjustment arrangements

Responses invited by: **16 February 2016**

To: enquiries@gasgovernance.co.uk

Representative:	Huw Comerford
Organisation:	Winchester Gas Distribution
Date of Representation:	15 th February 2016
Support or oppose implementation?	Opposed
Relevant Objective:	f) Negative

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

Whilst we accept there is no alternative other than to delay retrospective adjustments to enable core functionality to be delivered we oppose this modification. There are two main reasons for this concern:

- 1) The lack of commitment that an October 2017 date will be adhered to considering there will still be development needed to deliver missing core functionality. Additional assurance is needed on whether this October 2017 date is deliverable.
- 2) The significant concerns around Xoserve's proposed interim solution of using the consumption adjustment process. This process is currently only used for LSPs and we believe that Xoserve might not be able to cope with the increased number of queries that will result from this function being opened up to the SSP market. Given the potential for a significantly increased number of queries, this could result in an increased resolution time for consumption queries this in turn could have a knock on effect for Shipper cash flows and therefore have a negative effect on competition on the market place.

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

No Comment

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

We will incur additional costs that will be a result of the administration needed to raise consumption queries that should have been part of an automated process, if all the relevant functionality was delivered at once.

In addition, if, as raised above, Xoserve is unable to manage the numbers of manual adjustments requested, shippers will be required by default to bear the costs of this failure on an ongoing basis until Xoserve responds to the query. The associated costs may be significant and reduce Shippers ability to align transportation costs with supply.

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

No Comment

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.*

No Comment

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

As stated above we have considerable concerns regarding the proposed interim solution. We believe that Xoserve must be required to monitor carefully the number of adjustments they need to work along with the resolution times and if this becomes clear the process is not working then bring forward and facilitate a better option. Given this is the second delay in as many years we expect a commitment from Xoserve that retrospectivity will be delivered on time and that any more delays are unacceptable.