

Bob Fletcher
Project Nexus workgroup chair
Joint Office of Gas Transporters

23 December 2013

British Gas views on Project Nexus Modifications 432 and 434

Dear Bob,

British Gas strongly supports the implementation of Project Nexus and the related modifications that are needed to bring it into effect including 432, 434, and other modification associated with this project.

Project Nexus stands to deliver significant benefits for shippers including:

- A more equitable allocation of energy and costs through the introduction of a rolling annual quantity (AQ) and the addition of individual meter point reconciliation to the small supply point sector.
- The introduction of a single service provider for both large and independent gas transporters
- Efficiencies through automation of processes and the replacement of the ageing UK link system.
- A suite of services and products that: are suitable for a world where most supply points will have smart metering, take into consideration the greater granularity of data that will be available through smart metering and enable shippers and suppliers to offer innovative products to end consumers.

Though this response is only addressed at two of the suite of Nexus modifications, we wish to note that the planned concurrent implementation of all relevant modifications related to Nexus is vital to realise the full efficiency potential of implementing multiple changes at once.

This is the right time for wholesale changes to the UK link systems as it accounts for the rollout of smart metering and takes advantage of the efficiency gains made from implementing significant changes simultaneously. Once these modifications are implemented then any further large scale changes are unlikely achieve the cost efficiency advantages that the current programme will deliver. For this reason it is imperative that the Nexus suite of modifications is delivered as single package, though this may involve a staged implementation process.

The planned implementation deadline of 1 October 2015 is challenging but achievable. We note that both industry participants and Xoserve are committed to this delivery date and it is important that this momentum is maintained and we hold fast to this date.

We note that there are already some large scale industry reform options being discussed at various working groups that may threaten to derail the Nexus implementation programme. We consider that it is possible to manage these other changes to ensure that the Nexus implementation date does not slip.

Our reasons for supporting modifications 432 and 434 are included in the attached responses. We have set out the benefits and costs of implementing each modification but not the underlying

financial figures. These figures were provided separately to Xoserve and Ofgem in a confidential and commercially sensitive manner.

If these modifications are approved by Ofgem, we commit to continue working with industry, Xoserve and the Joint Office throughout the transition and implementation of Project Nexus. If you have any questions on this response please feel free to get in touch.

Regards,

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