

## Representation

### Draft Modification Report

#### 0434: Project Nexus – Retrospective Adjustment

**Consultation close out date:** 06 January 2014  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** British Gas  
**Representative:** Tabish Khan  
**Date of Representation:** 23 December 2013

#### Do you support or oppose implementation?

Support

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

This modification would automate a largely manual process that may be needed at a much larger scale in the future as smart metering rolls out. This will result in a more cost-efficient management of any errors that occur and quicker updating of this data will ensure more accurate allocation of gas and therefore costs between shippers.

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

All of our reasons for supporting this modification have been included within the Project Nexus workgroup report and within the other sections of this document.

#### Relevant Objectives:

*How would implementation of this modification impact the relevant objectives?*

We consider that this change will facilitate relevant objectives d) and f).

#### **d) Securing of effective competition between users**

Accurate allocation of costs is a fundamental part of effective competition. This process will result in greater data granularity and accuracy within central systems, by making it easier to shippers to correct identified errors.

This will lead to more accurate cost allocation between shippers. Greater transparency of costs will enable shippers to pass these costs on to end consumers with greater cost-reflectivity. Both of these benefits should further competition between shippers.

#### **f) Efficiency and implementation of the Code**

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The Uniform Network Code (UNC) places requirements on both shippers and transporters (including those discharged by Xoserve on their behalf). This modification will automate and streamline a currently laborious and manually intensive process, thereby resulting in a more efficient operation of the Code.

### **Impacts and Costs:**

*What analysis, development and ongoing costs would you face if this modification were implemented?*

Both the costs and benefits of this modification for British Gas have been provided to Xoserve and Ofgem on a confidential and commercially sensitive basis.

But we have summarised the costs and benefits below without figures attached, so that this response may be published:

### **Benefits**

This modification would automate a process that is currently manual. This will deliver the following benefits:

- Where asset data and supply point data needs to be updated on the central register this could be carried out in an automated fashion with subsequent correction to charges occurring automatically, as opposed to the current manual process, thus saving on FTE.
- Following a shipper agreed read, this modification would automate the consequent inter-shipper disputes process which is manual and laborious in terms of cost adjustments between shippers. As the associated modification 432 will result in a greater number of reads being entered into settlement, this process is likely to increase. This modification would automate this process and thereby provide a more efficient mechanism for resolving these instances, leading to accurate and timely cost allocation.

### **Costs**

- There will be an IS cost associated with transitioning from a manual to an automated retrospective updates process, but this cost will be minimal and greatly outweighed by the benefits.

### **Implementation:**

*What lead-time would you wish to see prior to this modification being implemented, and why?*

In line with the other related Project Nexus modifications, we support and can meet the proposed implementation date of 1 October 2015

### **Legal Text:**

*Are you satisfied that the legal text will deliver the intent of the modification?*

We consider that the legal text is aligned to the business requirements document and the modification report, and will therefore deliver the intent of the modification

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

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*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*

No further comments