

Representation - Draft Modification Report UNC 0609

Transitional arrangements for gas settlement and replacement of Meter Readings, (Project Nexus transitional modification)

Responses invited by: **5pm on 06 April 2017**

To: enquiries@gasgovernance.co.uk

Representative:	Colette Baldwin
Organisation:	E.ON Energy Solutions Ltd
Date of Representation:	6 th April 2017
Support or oppose implementation?	Qualified Support
Relevant Objective:	d) Negative f) None

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

Support for the modification is qualified because, the inability of Xoserve to carry on its usual approach it takes to mitigation of the risk from erroneous data during the AQ Review may lead to data being used when Nexus is implemented that would have been prevented from having affected the live AQs that will go live.

When Nexus was to be implemented in October there was very little risk to the industry that sites that normally feature in the “Warnings Report” would have gone live with an AQ that hadn’t been subject to the validation processes that Xoserve normally adopt to protect the market. When Nexus was again delayed, this issue was brought to the Distribution Workgroup. The industry was advised a subset of the normal activities undertaken in the AQ Review for a June implementation date would still go ahead. We accepted those assurances, however they turned out to be incorrect.

The risk those sites present can only be mitigated now to a lesser degree. If you are the current shipper you can take steps to address missing/erroneous metering data, however if you are not, you are limited to what actions the previous shipper may take. The validation rules and the replacement rules will also only protect the market to a degree, subject to the meter reading validation rules isolating the market by use of the market breaker tolerances. A number of sites will have data that will inevitably be used to calculate rolling AQs that are suspect – but are accepted. The consequences for some shippers may be disastrous, impacting both security requirements and cash flow.

Having said that, it is now not possible for Xoserve to undertake the work in the wider landscape of Nexus delivery and therefore our support is pragmatic and qualified.

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

Clarity on decisions affecting Nexus delivery should be delivered as quickly as possible.

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

No additional costs over and above those already provided for in Nexus delivery

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

Yes

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

No

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

The Warnings Report that Xoserve provide each year as part of the AQ Review process, which is based on their assessment of AQs that have calculated but present a risk to the industry. There is significant amounts of energy and supply points that continue to present risks that may still contaminate settlements as they are unshackled from this validation activity.