

PROJECT NEXUS - MODIFICATION 0550 - LEGAL DRAFTING - EXPLANATORY TABLE

INCENTIVISING CENTRAL PROJECT DELIVERY

TRANSITION DOCUMENT

Notes

1. This table is based on the draft legal text for Modification 0550 published on the Joint Office website on [].
2. Modification 0550 relates to incentivising the central project delivery of Project Nexus.
3. The text is to be inserted into Transition Document Part IIC as a new paragraph 22.

Transition Document Part IIC	Topic	BRDs	Explanation
22.1	Delay in implementation of Modifications 0432 and 0440	-	<p>States that the provisions of this paragraph 22 shall apply in the event that:</p> <p>(a) a modification (Delay Modification) is made which delays the implementation of Modification 0432 (<i>Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform</i>) and Modification 0440 (<i>Project Nexus – iGT Single Service Provision</i>) beyond the Project Nexus Implementation Date (which is currently 1 October 2016)¹;</p> <p>(b) the reason for the Delay Modification is due to the implementation of the</p>

¹ Modification 0548 (*Project Nexus – deferral of Implementation Date*) deferred the Nexus Implementation Date from 1 October 2015 until 1 October 2016.

			<p>Transporter's Agency UK Link replacement programme being delayed due to a specific act of the Transporters; and</p> <p>(c) Ofgem determines that the need for the Delay Modification is due to limb (b) above being satisfied (i.e. the delay is caused by a specific act of the Transporters).</p>
22.2	Delay period	-	<p>Defines the "delay period" as the period from 1 October 2016 until the earlier of:</p> <p>(a) the day before the revised implementation date for Modification 0432 and Modification 0440; and</p> <p>(b) 30 November 2016.</p>
22.3	Daily delay charge	-	<p>States that for each day in the delay period the Transporters shall pay each shipper the "daily delay charge"; which is calculated by:</p> <p>(a) dividing £2,500,000 by the number of days in the month on which the day falls (i.e. either 31 days for October or 30 days for November);</p> <p>(b) multiplying the result of the calculation in (a) by:</p> <p>the number of Supply Points identified on the Supply Point Register on 1 October 2016 divided by the number of Supply Points for which the shipper is the registered.</p> <p>This calculation will result in each shipper being entitled to receive a payment based on the proportion of Supply Points to which it is registered as compared to the overall number of Supply Points.</p>

22.4			<p>Where the calculation of the daily delay charge for the last day in the delay period (last delay day) results in the aggregate daily delay charges payable to a relevant shipper being less than £100:</p> <ul style="list-style-type: none"> (a) the aggregate daily delay charges payable to each relevant shipper shall be rounded up to £100 (uplift amount); and (b) in order to fund the aggregate amount of uplift amounts without breaching the overall £5,000,000 cap, the amount payable to each other shipper shall be reduced by an amount based on the proportion of Supply Points to which it is registered as compared to the overall number of Supply Points.
22.5	Charitable donation		States that where, as per the provisions of paragraph 22, the Transporters are liable to pay daily delay charges, they shall also make a charitable payment of an amount equal to the aggregate daily delay charges payable by the Transporters.
22.6	Invoices and payment		States that daily delay charges shall be invoiced and payable in accordance with TPD Section S (Invoicing and Payment).
22.7	Not a Compensation Rule		States that paragraph 22 is not a Compensation Rule for the purposes of paragraph 10 of TPD Section V.