

By email



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Dear colleague

### **Disaggregation of multi-meter supply points**

We have today published an open letter<sup>1</sup> confirming that there will be a delay to the implementation of Project Nexus, previously scheduled for 1 October 2015. This follows the advice and recommendation of the PwC, which was appointed to provide independent project assurance. PwC reported that whilst parties were focused on delivering their internal systems by 1 October 2015, and in some instances sooner, very little or no provision had been made for adequate testing, transition and contingency. The open letter sets out next steps, including the process by which an alternative implementation date will be determined.

Beyond the issues covered in the open letter, we are aware that a delay to the Project Nexus implementation date will have consequences for many processes which are directly and indirectly associated with the replacement systems and/or the 1 October 2015 date. One issue which was raised at the Project Nexus Steering Group and subsequently at the Change Overview Board meeting of 11 May 2015,<sup>2</sup> was the disaggregation of multi-meter supply points.

Whilst the vast majority of supply points have a single meter, some currently have several. In July 2013 the Authority accepted modification UNC428: 'Single Supply Meter Points',<sup>3</sup> which prohibited any new multi-meter supply points from being created. UNC428 also required that any existing multi-metered supply points should be disaggregated and reconfirmed as single meter supply points. Whilst the implementation date of Project Nexus was not at that time known, UNC428 referenced that date as an absolute deadline by which work should be completed.

It may be several more weeks before the revised implementation date for Project Nexus is known. However, we do not consider that this re-planning exercise should have any direct bearing on the scheduled disaggregation of supply points. Our decision on UNC428 was based on the cost-reflectivity of charging, removing what had become an inappropriate subsidy of such aggregated sites. The implementation date for Project Nexus was only relevant insofar as it provided an absolute deadline by which disaggregation work must be undertaken. This was because, subject to our decision on UNC428, the new systems would not be built to accommodate multi-meter supply points. We further understand that that many multi-metered supply points have already been unbundled since our UNC428 decision, and many more have been scheduled with the relevant customers.

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<sup>1</sup> [www.ofgem.gov.uk/ofgem-publications/94880/nexusopenletter18may2015-pdf](http://www.ofgem.gov.uk/ofgem-publications/94880/nexusopenletter18may2015-pdf)

<sup>2</sup> [www.gasgovernance.co.uk/sites/default/files/Minutes%20COB%20110515%20v1.0.pdf](http://www.gasgovernance.co.uk/sites/default/files/Minutes%20COB%20110515%20v1.0.pdf)

<sup>3</sup> UNC428: [www.gasgovernance.co.uk/sites/default/files/UNC428D.pdf](http://www.gasgovernance.co.uk/sites/default/files/UNC428D.pdf)

It is therefore our view that the end of the transition period should remain 1 July 2015, and that GTs should intervene to ensure that any sites which have not been disaggregated by that date are reconfirmed as individual meter points by 1 October 2015.

Yours sincerely

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