

## Representation

### Draft Modification Report

#### 0491 – Change Implementation Date of Project Nexus to 1<sup>st</sup> April 2016

**Consultation close out date:** 01 April 2014  
**Respond to:** enquiries@gasgovernance.co.uk  
**Organisation:** EDF Energy  
**Representative:** Natasha Ranatunga  
**Date of Representation:** 01 April 2014

#### Do you support or oppose implementation?

Not in Support

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

Project Nexus has been developed over a number of years, the industry is finally at a stage where the benefits of implementation are well understood and have been agreed across industry as well as by Ofgem via the approval of UNC 432 and UNC 434. The Project Nexus related UNC modifications are estimated to deliver quantitative benefits of at least £11 million per year. The industry has been working collaboratively to ensure that it meets the 1 October 2015 deadline.

We are very disappointed that the issues and risks identified in UNC 491 have been raised just before Xoserve's development programme is due to commence. UNC 491 has already created a significant level of disruption and uncertainty to Project Nexus. The legal text for UNC 491 suggests a delivery date of 1<sup>st</sup> April 2016 or beyond which is unacceptable. As a result of UNC 491, UNC 467 has already experienced a setback whereby its progression to the UNC Panel for consideration has been postponed due to the high level of uncertainty on delivery dates.

The EU CAM network code will only apply at Interconnection Points; there are only two within GB. Project Nexus will have an impact on 21.5 million directly connected supply points and if UNC 440 is implemented a further 1.5 million iGT supply points. UNC 491 seeks to defer £11million of quantified benefit per year to later with no robust justification or analysis of the level of risk. We do note there is a risk of delay to Xoserve's programme and there is a requirement to comply with EU network codes but that in itself is not a reason to delay the implementation of Project Nexus without giving full consideration to all the potential options to mitigate the risk(s).

Furthermore, mass roll out of smart meters is due in 2015, delays to Project Nexus would mean a greater opportunity cost of not being able to use the data from smart meters in settlements; simply the gas settlement regime may not be fit for purpose to manage the data from smart meters. UNC 491 seeks to guarantee the delivery of system changes to meet National Grid Gas' EU CAM network code

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obligations, but it is to the significant detriment of GB industry-wide reform.

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

No

**Self Governance Statement:**

*Do you agree with the Modification Panel's decision that this should not be a self-governance modification?*

Yes

**Relevant Objectives:**

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

We consider that the implementation of UNC 491 would have a negative impact upon Relevant Objectives (c), (d) and (f) as the positive impacts upon the Relevant Objectives as identified in UNC 432 and UNC 434 would be delayed by a minimum of 6 months.

**Impacts and Costs:**

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

We had anticipated that there will be a number of changes required to our internal settlement and billing systems as a result of Project Nexus. Delaying the implementation of Project Nexus may result in increased costs being incurred internally.

**Implementation:**

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

We would welcome an early decision from Ofgem in order to provide industry with a greater level of certainty.

**Legal Text:**

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

Yes, the legal text would deliver the intent of the modification.

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

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

It is important that the industry is able to contribute to the development of suitable, cost-effective system solutions to deliver Project Nexus in a timely manner alongside Xoserve. We welcome Xoserve's increased level of industry engagement on its project plan, we hope that this continues throughout the systems development window to ensure that industry is able to manage in parallel its own internal systems and processes more effectively and efficiently.