Representation
Draft Modification Report

Modification 0491: Change Implementation Date of Project Nexus to 1st April 2016

1. **Consultation close out date:**   1st April 2014

2. **Respond to:**   enquiries@gasgovernance.co.uk

3. **Organisation:**   Gazprom Energy
   Bauhaus, 5th Floor
   27 Quay Street
   Manchester

4. **Representative:**   Steve Mulinganie
   Regulation Manager
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   07590 245 256

5. **Date of Representation:**   1st April 2014

6. **Do you support or oppose Implementation:**
   We Support Implementation

7. **Please summarise (in 1 paragraph) the key reason(s) for your position:**
   The fundamental linking of Project Nexus and EU Changes into one Project introduces a level of risk in the joint project which is incompatible with a reasonable and prudent operator

8. **Are there any new or additional Issues for the Modification Report:**
   Since our response to the Nexus Modifications 2 additional industry changes have been confirmed which are proposed for implementation around the same time as the proposed implementation date. These are the Theft Risk Assessment Service which is scheduled for December 2015 and the introduction of Demand Side Response scheduled for winter 2015.

9. **Self-Governance Statement Do you agree with the status?**
   We agree that the modification is not Self Governance

10. Relevant Objectives:
How would implementation of this modification impact the relevant objectives?

We agree with the proposer that de-linking Nexus and EU Changes removes the high dependency and thus risk of any delay adversely affecting both projects, particularly as no contingency exists in the current plan, and therefore the proposal better facilitates relevant objectives c & g.

11. Impacts & Costs:
What analysis, development and on-going costs would you face if this modification was implemented?

We do not see any specific costs arising from the implementation of this proposal. Indeed we believe implementation of this proposal would de risk both the Nexus and EU Change projects which could avoid significant costs should both projects have to be subsequently rescheduled.

12. Implementation:
What lead times would you wish to see prior to this modification being implemented, and why?

We would like to see a decision made ASAP so that all industry participants can determine the impact on existing project plans.

13. Legal Text:
Are you satisfied that the legal text will deliver the intent of the modification?

We have not reviewed the Legal Text provided

14. 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.

In our responses to the Nexus modifications we highlighted our concerns over the industry program congestion during Q4 2015. The number of major projects scheduled for delivery during this period creates material risk. Further we are concerned that taking forward a high risk plan which delivers at the start of the Gas Year may create market risk and could have unintended consequences should we enter a tight winter and experience volatility.

We have also heard concerns from Xoserve regarding the appropriateness of attempting to deliver a full SAP implementation in 21 months instead of the preferred 24 months. This approach means that the Nexus Project already has no contingency within the project plan and thus any delay in any item on the critical path will impact on the overall delivery date. Xoserve have themselves in the report on delivery options in February 2014 expressed a preference for Option 2B which delinked Nexus and EU Changes. This proposal was supported by the majority of respondents to the consultation. Additionally Baringa notes in their assurance report in December 2013 highlighted the risk of concurrency already in the Nexus Project Plan and noted that the plan itself had been developed to fit with the proposed implementation date.