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Ref: Project Nexus: statutory consultation on licence modifications and further
consultation on UNC modifications to introduce IGT Single Service Provision

Dear Jon,

Thank you for the opportunity to respond to this consultation, which is made on behalf of National Grid Gas (Distribution and Transmission).

Project Nexus

We concur with Ofgem's comments in 'Background' regarding the present costs and inefficiencies of the present Independent Gas Transporter (iGT) services relating to Supply Point Administration and which impact adversely on customer switching. We would also draw attention to the disadvantages of the current energy settlement and reconciliation arrangements which rely on timely and accurate data provision between iGTs and Gas Distribution Networks (GDNs) in accordance with the LDZ CSEP NExA (NExA). The consequences of failure of relevant data flows are that an increase in Unidentified Gas (UG) existing on the GDN network is likely.

We believe the present commercial arrangements between Shipper, iGTs and Gas Distribution Networks (GDN) which are predicated on the NExA to be flawed and while we have sought and implemented incremental improvements over several years, our view is that only root and branch change, as advocated by the 'Single Service Provision' arrangements, are likely to provide an enduring solution. The new regime will ensure that the Shipper will have much more control of settlement data submission; the existing arrangements rely on data sourced from iGTs who have limited incentive to provide such to the relevant GDN.

We also expect that the innovative nature of the proposed iGT Arrangements Document and accession by the iGTs to the Uniform Network Code (UNC) coupled with elimination of the NExA will provide a more robust contractual framework leading to a greater level of accountability and transparency of arrangements to the benefit of all parties.

Proposed GT Licence Standard Condition 11: 'Agency'

We note that the proposed Licence condition largely replicates Standard Special Condition A15 'Agency' (SSC A15). We are broadly supportive of the proposed changes.

We have a small number of comments; i.e.

Paragraph 6, Line 2: Reference should be 'paragraphs 4 and 5 of this condition'.

We note a minor typographical spacing error in Paragraph 2 line 4 i.e. 'systemsby'.

For information National Grid presently levies a CSEP administration charge¹ to Shippers in respect of all LDZ CSEP Supply Points. We believe that this should be re-set to zero with effect from the Project Nexus Implementation Date. This is because the LDZ CSEP administration charge is intended to reflect the cost of the additional data processing required by Xoserve under the existing offline Supply Point data management arrangement for LDZ CSEPs.

UNC Modification Proposals 0440 and 0467

As proposers of the above Modification Proposals we welcome Ofgem's 'minded to' opinion expressed within the consultation. We remain supportive of implementation of both Modification Proposals being key components of the proposed 'Project Nexus' UNC regime. We have no further comments to make in addition to those already provided within our representations in respect of each Proposal²

We believe firmly that the benefits of Modification 0440 in particular are substantial and amply warrant the significant time and effort expended on its development.

We note that iGT UNC Modification Proposal iGT039 appears to be approaching completion of its development and look forward to Ofgem's decision on all of the component parts of the Single Service Provision framework.

If you would like to discuss any points made within this response, please contact me on 07778 150668 or at chris.warner@nationalgrid.com

Yours sincerely,

Chris Warner
Stakeholder Implementation Manager

¹ [DN Charges Statement April 2014](#)

² [UNC Modification Proposal 0440 - NGD representation](#); [UNC Modification Proposal 0467 - NGD representation](#); [UNC Modification Proposal 0440 - NTS representation](#)