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21 June 2016

Re: Project Nexus: Consultation on Options for a Successful Implementation

Dear Jon,

I am writing to you in response to the letter dated 2 June 2016 from Rob Salter-Church concerning the consultation on the options for a successful implementation of Project Nexus. ES Pipelines Utilities Group, ESPUG, holds four iGT Licences and this response should be read as representing all four Licenced Companies, these include:

ES Pipelines Ltd  
ESP Pipelines Ltd  
ESP Networks Ltd  
ESP Connections Ltd

We are grateful for the opportunities provided by both Ofgem and PWC to discuss and consider the detailed proposals set out in the document set published on the 2<sup>nd</sup> of June. We welcome the confirmation from PWC that the Project is considered "fit for purpose" from a Design and Build perspective and share the concerns over the current Delivery and Implementation plans.

In regard to the consultation question - Do you agree that the Authority should re-plan the approach to go-live and agree to "continue with a programmed delay", with a new implementation date between 1 February 2017 and 1 April 2017? ESPUG is cautiously supportive of the proposed Option C scenario which recommends a re-plan for the approach to go-live and a proposed delivery between 1 February 2016 and 1 April 2017.

Our reservations are due to the increased costs that the extension of the project will impose on all parties. Under the current charging methodology iGTs cannot recover these costs and they will need to be borne by the Licencees. It is therefore critical that any further re-plan has cross industry support and that all parties are committed to the revised delivery date to ensure no further slippage on this project. We would propose that a detailed implementation plan including proposals for dress rehearsals should be clearly defined, communicated and agreed with industry in order to ensure the delivery of the project on the agreed implementation date.

Ofgem will need to encourage parties to continue to progress through market trials as a first step towards a co-ordinated implementation, and we understand that this may include the use of penalties should parties fail to make appropriate progress. We would urge Ofgem to ensure that a holistic view of what parties are able to achieve, taking into consideration external dependencies, is considered whilst making any such assessments of performance.

If either Option C or Option D is taken forward, a period of detailed planning to agree a precise go-live date will need to follow the outcome of this consultation. Experience to date, and in other cross-industry projects, would suggest that retaining a period of contingency in the plan, with clear arrangements for how and when it might be called upon, would be advisable.

Yours sincerely

Vicki Spiers  
Business Operations Director

p.p.

A handwritten signature in black ink, appearing to read "Mark", is written over the "p.p." text.