



Jon Dixon
Ofgem
9 Millbank
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22nd June 2016

Dear Jon

Thank you for the opportunity to comment on the Nexus papers issued on 2 June 2016, outlining different scenarios under which Project Nexus can be delivered.

Flow Energy has committed skilled resources to deliver this project to the original scheduled date(s) of October 2015 and 2016. As a business Flow Energy has made a number of decisions based on these delivery dates (not directly linked to Nexus) and the move to a (likely) new date (2017) will create additional costs.

Having considered all the options presented, and listened to the recent information regarding industry readiness given by PwC, we believe the most credible date Nexus should be delivered to benefit the whole industry is 1st April 2017.

There are a number of reasons behind this recommendation. At the outset, we wish to make it clear Flow Energy will be ready in good time for any earlier date than April 2017. With sufficient support from Xoserve, we still believe we could meet any 2016 implementation date, however, our experience of Nexus to date provides us insufficient confidence to aspire to any earlier set of dates.

Rationale for date

Sufficient time for full regression testing

April brings different DN Transportation charges so potentially cleaner start from charging perspective

Moving out of winter period which is regarded as not been ideal for large scale implementation issues.

Provides early certainty with fixed dates for all businesses to plan.

Any other dates between April and October 2017 are not in our view demonstrably beneficial. Any selection of April 2017 in the next few weeks, should have a stated contingency of October 2017. This will allow businesses to fully consider if and how they should utilise the summer 2017 AQ Review (if it were to be October 2017).

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There is a balance to strike between delivering Nexus swiftly and risk free, and allowing more time at the risk of losing momentum. Flow Energy are very keen to ensure momentum is sustained but are more concerned that even the Option C dates may be ambitious for some organisations in the industry, where progress is acknowledged as slow and problematic. We would rather have a realistic date than a date which was potentially achievable but with a fair degree of risk attached

We are mindful of the information communicated about Xoserve's challenges with integrating the SAP product to deliver Nexus. We welcome this type of feedback which assists greatly when communicating internally and trying to gain a better and fuller understanding of why delays are taking place.

Irrespective of the date selected for Nexus go live, there are some extra considerations we believe are key to sustaining confidence and building trust in this project.

All Nexus (current and previously deferred) areas to be timetabled for delivery

Consideration as to how defect management is communicated to shippers. This is a discreet and relatively complex area, which is not for this response but we believe would benefit from a root and branch assessment of what is reported, how it is reported and most importantly how shippers can best use this information to ensure their own testing is robust going forward.

Due consideration to be given to the additional costs which many parties are now continuing to bear. Flow Energy did NOT support UNC Modification 0565 which sort to recover costs from Large Transporters (Xoserve) if Nexus was not delivered in October 2016. Whichever new date is sanctioned by Ofgem in 2017, it must in our view carry a legitimate and proportionate incentive for its timely and appropriate delivery.

Should a 2017 date be selected, we would also recommend that some of the current fortnightly reporting be relaxed. We fully recognise the need for a comprehensive view of Shippers readiness but this needs to be balanced, to allow organisations to 'get on with the job' and not constantly have to update where they are in the programme. As a 'Challenger' shipper our skilled resource is limited and is best served working with Xoserve and carrying out system testing etc.

We have discounted any option suggesting an implementation date in 2016 having assessed overall industry readiness. Neither of the two scenarios (A or B) seem credible given the time for all participants to show sufficient capability in any GONG assessment, and they do ask a couple of fundamental questions that need addressing and communicating

- (i) Is there a critical mass of industry participants that need to be Nexus ready before implementation can go ahead? Clearly Xoserve need to be ready, but how many shippers and/or IGTs?



- (ii) If not all participants need to be ready, what contingencies does the industry perceive necessary to manage those not in a position to manage all Nexus flows.

In closing we would like to reiterate that Flow Energy will be ready for any date selected providing the relevant support from Xoserve continues.

We welcome the recent increased focus and transparency the deep dive has given to Nexus readiness and I trust the points raised in this letter will be given due consideration.

Kind regards

Yours Sincerely

Robert Cameron-Higgs

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