

Project Nexus c/o Jon Dixon
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22nd June 2016

Dear Jon,

Re: Project Nexus: Consultation on options for a successful implementation

Thank you for the opportunity to respond to this consultation which is made on behalf of National Grid Gas ('NGG') which owns and operates the gas Transmission System and also owns and operates four of the gas Distribution Networks.

We recognise and agree with Ofgem's view that consideration of the impact on customers is paramount when considering options for the effective transition to new central systems. Whilst Project Nexus has already been the subject of a number of delays and adjustments to scope, we believe that this should not influence a premature systems implementation which would increase the risk of adverse impacts on customers and competition. That said, timely implementation as soon as there is sufficient certainty that all such risks have been effectively mitigated would minimise implementation costs for all stakeholders.

Having considered the relevant information provided as part of Ofgem's consultation we agree with the PwC recommendation to "continue with programmed delay" (planning scenario C). We note this has a target 'go-live' date of 1st February 2017 with an implementation window lasting until 1st April 2017.

With reference to Ofgem's specific 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?* We would like to offer the following reply:

We understand and appreciate the reasons provided for deferring the Project Nexus Implementation Date and note that this action should ensure that Ofgem's objectives are met with a minimum impact on customers.

In the event of an Ofgem decision to continue with a programme delay, we can confirm that NGG would be able to realign our project plans to support achieving the key milestones identified within the planning scenario document.

We have also identified a number of considerations which Ofgem may wish to take into account:

- a. Noting that the proposed planning scenario C) target go-live date 'window' is from 1st February 2017 to 1st April 2017, NGG would prefer as early an implementation as possible i.e. the former date. This is to ensure Project Nexus is live prior to the Funding Governance and Ownership (FGO) phase 2 implementation date of 1st April 2017. Should Project Nexus be delayed beyond 1st April 2017 then FGO Phase 2 implementation would also need to be deferred. This is because the legal text developed for the proposed UNC Modification 0565/DSC arrangements is predicated on the UNC provisions pertaining to UNC Modification 0432 (Project Nexus) being in place. It would be impractical both now and nearer the time to develop transitional provisions for the intervening period due to the complexity of UNC drafting and risk to current FGO delivery. Consideration of this and other associated implications should be subject to further discussion with all relevant stakeholders.
- b. Notwithstanding a later implementation date, NGG would support efforts by all parties to achieve as much as possible by 1st October 2016, as any temptation to extend current plans for later delivery could put the revised date at risk. For the same reason, other than minor improvements, NGG would not support additional or previously de-scoped work being included in the extended period. NGG recognises that some additional activity required to facilitate all party readiness for February 2017 may need to be undertaken such as refreshing Market Trials data.

Finally we would like to confirm that, as we have done at every stage of the Project Nexus programme, we would be prepared to raise and progress any UNC Modification which may be necessary to accommodate a revision of the project timetable.

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

Yours sincerely,

[By e-mail]

Mark Ripley
Director, UK Regulation