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Re: Project Nexus – Response to Initial Consultation

Dear Martin,

Thank you for your invitation seeking response to Stage 3 Consultation for Project Nexus. National Grid Gas (Distribution) welcomes this opportunity for the industry participants to shape the requirements of the next generation of UK-Link.

First of all, we would like to thank xoserve for what has been an extensive and thorough consultation process to draw-out, consolidate and analyse existing issues and potential changes to the management of gas industry data. We believe the consultation has provided an excellent opportunity for industry participants to express their views on existing process and potential changes to both the UNC governed transportation regime and wider gas industry data management issues.

Issues Log

We agree with xoserve's view that the topics / areas of consideration can be split into two categories, that is, those that fall within the existing UNC governance arrangements and those that fall outside. Regarding the areas that fall under UNC governance, we see it entirely appropriate that these continue to be developed in the prevailing UNC development process. The main issue with respect to these topics is in terms of funding and implementation timing. Since the Distribution GDPCR concluded, there has been considerable discussion and development work undertaken to define exactly what "User Pays" means in practice. This development work has culminated in Modification Proposal 0213, which sets out to define the process and establish guidelines and mechanisms for splitting costs between UNC parties. Considering most of the issues collected during the consultation phase fall into the UNC governance process, we should look to the new User Pays process and guidelines to allocate incremental, (over and above like-for-like replacement), costs where they are triggered through the modification process.

With respect to the areas outside of industry governance, there can be no certainty how and when these will be developed. While it is clear that xoserve is best placed to manage data required by DNOs and NTS, it is not clear yet where a wider industry data manager would be best placed. We believe that there would be clear benefits in having a single data manager. The regulatory change required to put that in place is substantial and would require full industry support which to date has been forthcoming. Therefore, we do not believe xoserve should invest with the sole anticipation that a role in centralized data management would be forthcoming as a consequence of Project Nexus.

A more prudent approach may be to develop a technical design that could interface with other industry data managers that would allow for the uploading and downloading of data to meet regulatory and contractual obligations without undermining the core processes, namely a supply point register, supply point transactions and the invoicing of transportation services on UNC governed networks.

Consequently, we endorse consideration being given to how these peripheral data transactions could be facilitated, (where it is in the interests of transporters to do so), without compromising the delivery of core functionality.

Industry Change

On the basis that Project Nexus is not, by itself, going to change to the commercial regime, we believe that it is appropriate for xoserve to become embedded in the existing UNC modification process. Involvement should include assisting transporters and the industry with the development of processes and systematised solutions, as well as providing advice in relation to costs and implementation options.

As well as involvement in the modification process, we believe it is essential that xoserve are aware of the wider industry data management initiatives. While a single industry data manager would be beneficial to most parties, the likelihood is that xoserve could be one of a number of data managers and that they will be required to interface with other data sources. We believe that for the purpose of Nexus design, xoserve should ensure that the system is flexible enough to facilitate these interfaces, such that should any additional contractual or regulatory obligations be placed on transporters, these could be delivered with the minimum amount of development work and cost.

Governance

In terms of reporting progress against plans and for resolving technical issues that arise during the technical design phase of the project, these should be discussed and resolved through the UK-Link committee and, if necessary, escalated to the UNC committee.

In terms of issue relating to contractual obligations that arise during the build, these should be advised to transporters through the prevailing ASA management route, and subsequently pursued through the existing UNC development process.

Additionally, given the scale of the project, we believe it would be appropriate for a monthly report to be prepared for the UNC committee.

I trust you will find our comments helpful in forming your view as to how the design of the next generation of UK-Link and that our aspirations for the project and our requirements can be accommodated. We look forward to contributing to further stages of the Project Nexus consultation, once the responses to initial phase have been consolidated.

If you wish to discuss this response further, please contact Alan Raper on 01926 653559 (alan.raper@uk.ngrid.com).

Yours sincerely

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