

# Orsted

# Project Nexus

Driven by Ofgem, Project Nexus is steering large scale IT and process changes, to make sure that the UK gas industry can meet future demands for capacity and delivery.

Project Nexus goes live 1 June 2017.

## **What is Project Nexus?**

Driven by Ofgem, Project Nexus is steering large scale IT and process changes, to make sure that the UK gas industry can meet future demands for capacity and delivery. After much work and planning, Nexus 'goes live' on 1 June 2017.

## **Why are the changes happening?**

In IT terms, the existing industry central settlement systems are old and need to be replaced. In addition, the introduction of Automated Meter Reading (AMR) and Smart Metering means that the central system needs to receive, process and store more data than the current system can manage efficiently.

## **Project Nexus will:**

- Replace the central industry IT system. This is operated by Xoserve, the data service provider for the UK gas industry.
- Enable Gas Transporters (GTs) and Independent Gas Transporters (IGTs) to transfer information via Xoserve, so that data can be sent via one central system.
- Implement new business processes for gas settlement.

The programme has involved input from all industry parties including suppliers, GTs, IGTs, Daily Metering Service Providers (DMSP's) and Xoserve.

## **When will the changes take place?**

A transition period will take place across the gas industry from 23 May 2017 to 6 June 2017. This will allow Xoserve and all industry parties to update their systems for the 'go live' date on 1 June 2017.

### What does this mean for customers?

- Current customers: Your gas supply will continue as usual through the transition period and we do not expect you to be affected by these changes.
- Customers changing supplier: If you are changing supplier during the transition period (23 May 2017 to 6 June 2017), the switching process may take a little longer than usual.

### What are the benefits of Nexus?

As well as replacing an old system, the changes will:

- Increase the system's ability to receive and store daily meter readings
- Support the rollout of smart meters
- Enable more effective reporting
- Deliver more efficient processes
- Support faster switching
- Enable more flexibility in system updates

### Additional changes

The system upgrade and increased availability of AMR data are being used as an opportunity to deliver the following improvements:

#### 1. Formula year Annual Quantity (AQ) and Supply Offtake Quantity (SOQ):

- The annual review of the AQ and SOQ used for transportation charges will take place each April, to fall in line with the change in GTs charge tariffs. This new timing replaces the current October cycle.
- The Formula Year AQ and SOQ will be fixed from 1 April to 31 March each year and will be used to calculate transportation charges. The Formula Year AQ and SOQ will, in most cases, be based on the rolling AQ and SOQ from 1 December the previous year.

#### 2. Rolling AQ:

To enable more accurate demand estimation and forecasting, Xoserve will be able to calculate a new "rolling" AQ on a more frequent basis. This is subject to us sending a valid meter reading to Xoserve and is dependent on the settlement class that is set.

#### 3. Independent Gas Transporters:

IGT's will be able to store and transfer information via the central IT system which suppliers can then access. This will improve the efficiency of IGT and shipper processes.

#### 4. Meter settlement classes:

Four classes have been created to improve the accuracy and effectiveness of system demand balancing and settlement for Daily Metered (DM) and Non Daily Metered (NDM) meter points. You don't need to do anything but please be aware of the new classes.

Settlement class	Metering and reconciliation basis	SOQ basis	Ratchet charge for SOQ breach?
1	Daily datalogger readings provided by DMSP to Xoserve and shipper	Customer nomination (increase at any time, reduction only allowed from 1 October - 31 January)	Yes
2	Daily readings provided by shipper to Xoserve within 24 hours		

#### Get in touch

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<b>3</b>	Batches of daily readings provided by shipper to Xoserve at least monthly	Annual Xoserve review effective 1 April using December rolling AQ and profile formula	No
<b>4</b>	Monthly or annual reading dependent on size provided by shipper to Xoserve		

Please note that for the go live date on 1 June 2017, Xoserve will apply these classes to existing meters as follows:

- DM meters with an AQ above 58.6 GWh will be allocated to Class 1.
- DM meters with an AQ below 58.6 GWh will be allocated to Class 1. We will then need to transfer these meters to an alternative class within 6 months and in most cases, we expect to transfer them to Class 2.
- NDM meters will be changed to Class 4.

#### **Managing class changes**

We will manage changes between classes according to customer product, reading availability and balancing requirements. Please note the following:

- We will advise you of any changes made by Xoserve to or from class 1 based on AQ.
- We will agree with you any change to or from classes 3 and 4 to class 2.
- Changes from classes 3 or 4 to classes 1 or 2 will be similar in many ways to the current change between NDM and DM and will therefore require a new contract. SOQ booking and ratchet charges apply to classes 1 and 2.
- Any change from class 4 to classes 2 or 3 would be subject to us having appropriate arrangements in place for those meters with an AMR service provider.

#### **Unidentified Gas (UIG)**

To increase accuracy, the following changes will be made to the way that UIG is calculated:

- A share of unidentified gas will be allocated between classes and volume bands for each Local Distribution Zone and shipper. This replaces the old AQ based Allocation of Unidentified Gas charge.
- To align with this change, customers with Transportation Pass Through (TPT) charges will be invoiced on a p/kWh basis instead of the current p/day basis.

**If you have any questions about Project Nexus, we are happy to help. Please get in touch with your Account Manager.**