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Meeting 03 - Change Overview Board (COB) Minutes
Tuesday 13 May 2014
31 Homer Road, Solihull B91 3LT

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Adam Carden	(AC)	SSE
Alan Raper	(AR)	National Grid Distribution
Alex Travell	(AT)	E.ON UK
Andy Miller	(AM)	Xoserve
Elaine Carr	(EC)	ScottishPower
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye Associates
Graham Wood	(GW)	British Gas
Hazel Ward	(HW)	RWE npower
Jayesh Parmar	(JP)	Baringa
Joanna Ferguson	(JF)	Northern Gas Networks
Jon Dixon	(JD)	Ofgem
Lorna Lewin	(LL)	DONG Energy
Nick Salter	(NS)	Xoserve
Phil Broom	(PB)	GDF Suez
Sandra Simpson	(SS)	Xoserve
Sean McGoldrick	(SMc)	National Grid NTS
Steve Edwards	(SE)	Wales & West Utilities
Steve Mulinganie	(SM)	Gazprom

Copies of meeting papers are available at: www.gasgovernance.co.uk/COB/130514

1. Introduction

LJ welcomed participants to the meeting.

2. Review of Minutes and Actions

2.1 Minutes

M Brandt (SSE) had requested a change to the previous minutes (page 4, under *'Changes to Xoserve's Systems - risk mitigation'*, paragraph 1) as follows:

"However, it was noted that not all organisations used the same operating systems so this might prove an obstacle to resolution, unless there was representation across all fronts that could recognise/reassure regarding any potential pitfalls/impacts relating to particular operating systems. <u>MB suggested that it was better to use the existing committees, ie PNUNC and UK Link Committee, rather than creating yet another industry group (which would never be fully representative) and if necessary they could meet ex-committee.</u> Views appeared to gravitate ~~back to using PNUNC in the first instance~~ to this proposal. Shippers were asked to check and provide appropriate contacts for PNUNC and Project Nexus."

The change was agreed and the minutes will be revised and republished. The minutes were then accepted.

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2.2 Actions

COB 0401: Shippers to provide a view on major initiatives occurring over the next 18 months.

Update: Provided. **Closed**

COB 0402: Xoserve to clarify assumptions, core actions, and initial criteria for 'go' positions on the Change Programmes (for review at the June COB meeting, or earlier if possible).

Update: To be provided for the July meeting (June meeting cancelled). **Carried forward**

COB 0403: Clarify process for addressing issues arising from logical analysis, including a decision-making schematic.

Update: Industry Meetings diagram provided; see 3.1.2, below. **Closed**

COB 0404: Shippers to check and provide appropriate contacts for PNUNC and Project Nexus.

Update: SS stated she was satisfied with the currency of current contacts. **Closed**

3. Strategic Plan

3.1 Short to Medium Term Planning Overview *(relates to deliverables that are essentially defined and due for delivery over the next 18 – 24 months) (dependent on Modification 0491*)

3.1.1 Dashboard Report – UK Link Programme

SS provided an overview of activities and achievements, together with Programme milestones and a summary of Risks and key dependencies. Priorities for May were outlined.

The Dashboard information had been shared at the UK Link Programme Industry Engagement Forum (UKLIEF) the previous day. Participants in that forum had raised concerns that the 3 month period for market trials may be insufficient and may be completed too late. It was queried that no iGTs were present at that meeting. AM confirmed that iGT parties will have the same visibility of risks/assumptions etc, and explained the engagement routes for iGTs. SS drew attention to UKLP Technology day planned for 03 June 2014 (and repeated on 05 June) and confirmed that organisations have been contacted regarding the attendance of appropriate representatives. Transporter IT representatives and third party developers were welcome to attend and should notify Xoserve of their intention to participate.

Moving on to consider Milestones, SS confirmed that the HLD finished late, but the DD started on time. Retention of green status for other dates was dependent on the outcomes of the DD (this assumed minimal customisation) and any issues will be discussed by PNUNC.

The Risks had been discussed at UKLIEF and the Dashboard reflected the three top risks. SS explained what actions Xoserve was taking to mitigate the degree of risk.

Risk 1 - Industry Readiness

Responding to questions, SS confirmed that an internal 'industry party readiness' matrix was maintained by Xoserve; different aspects were being monitored/measured to form a more holistic picture, eg data cleansing progress, understanding of requirements, whether registered to take part in market trials. Subjective views also played a part in judging the state of readiness. The matrix was a mix of red, amber and green at the moment, and this area remains a risk. It was commented that smaller parties may not start their developments for change as early as the larger parties, and may also consider acquiring

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'off the shelf' solutions/developments to address changes required – this in itself was a risk because it was highly likely that any such 'off the shelf' solutions would take time to develop and become available for acquisition.

A point of major concern might be reached if/when there is increasing recognition that parties have not signed up for market trials (Q1 2015). The degree of concern engendered by failures to sign will be dependent on whether the switch is contingent on all parties progressing together, or whether stragglers can be tolerated and accommodated. Once this is clarified an appropriate approach can be decided.

Risk 2 – Scope

SS confirmed that Base Requirements were in place as was the DD, and parties needed to be aware what was included in the Programme scope. It would be more reassuring to see industry modification changes slowing down; there was no scope for getting anything else into the baseline now, and there were constraints on areas such as analysis. It was understood that some modifications, for example because of political will, may be unavoidable, and some legacy changes would have to be accommodated. SE suggested updating the Mitigation column statement to reflect this.

LJ suggested it might be beneficial if an explicit reference to consideration of impacts on Nexus delivery were to be included in the New Modification and Workgroup Report templates. This was briefly discussed and it was agreed that these inclusions would be helpful to focus the attention of the Proposer and the Workgroup on this important point and highlight any areas of concern or to be taken into account.

Action COB 0501: *New Modification and Workgroup Report templates* – Include the following question: "Does this proposed modification affect the Nexus delivery and if so, how?"

 Risk 3 – Allocation of unidentified gas solution

This was discussed at the UKLIEF and no agreement was reached. The default will be to 1, under Modification 0432. This risk was really around not reaching a consensus, the value of 1 not being acceptable, and industry then pushing for delay/new modifications to be raised. Although a risk, LJ did not believed this to be a high level risk for Programme delivery for this meeting, and NS suggested it might be a good example of a 'go/no go' criterion. JD agreed with both LJ and NS, and referred to the type of issue that might be considered important. Some issues might be capable of mitigation through the Business Rules and will not impact the software; many things might be capable of being fixed after Day 1. HW reiterated that the length of time allotted to market trials and their timing was a larger concern and risk to the Programme; JD concurred with this view.

It was clear that for certain elements of Nexus it was fundamental for every aspect to be ready, and others could be addressed differently. It would be helpful to improve visibility, through a list or overview, by defining which elements were fundamental and which were not. SS offered to put together a 'strawman' for discussion at the next meeting.

Action COB 0502: Provide a strawman (defining which elements of Nexus are fundamental for every aspect to be ready, and which are not) for discussion at the next meeting.

LJ observed that the interaction between EU changes and Nexus appears to be the biggest risk. AT suggested capturing a generic risk for all these factors, ie interaction of other change programmes. The inability to be ready for trials was another big risk. It was suggested that an appendix be added to the Dashboard, summarising the other identified risks to assist the group in a more holistic understanding of the risks and enable reprioritisation where necessary. Any identified large internal risk to Xoserve that could jeopardise the Programme should also be highlighted on the appendix.

Action COB 0503: *UK Link Dashboard* - Add an appendix summarising other risks, including any major Xoserve internal risks identified.

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SMc observed it could be argued that 'go/no go' criteria would be unnecessary because of the fixed implementation date of 01 October 2015.

The Dependencies were then reviewed. It was reiterated that 'off-the-shelf' solutions provided by third parties might not be ready in time.

Change Portfolio: Timelines and Dependencies

A swim lane diagram was presented, illustrating the interactions between Nexus UK Link, Nexus Gemini, EU Reform, Faster Switching, SMART DCC Day 1 and SMART DCC Gateway (the change programmes identified at the last meeting and their dependencies); 2014 was the building phase and 2015 the testing phase. Both SE and AT found it to be a very helpful overview.

SS explained what was covered under UK Link changes; all of Xoserve's systems will be affected in some way.

SE observed that if there were no Dashboards providing visibility for the other change programmes was the group running a risk of missing anything, eg other risks? How could it be assured that these might be identified and addressed? SS believed that a separate Dashboard could be produced at Programme level to capture other information that the group might require, to give an oversight and help it to understand if it might need to take action at any point.

GE pointed out that his Shipper clients were most interested in what happens to Unidentified Gas – when does it start and what happens to it. These were the biggest questions/issues for Shippers in terms of readiness; it impacts the wholesale market and purchasing strategies.

It was commented that what had been provided so far was an initial oversight of Xoserve's change portfolio/system deliverables. An industry change portfolio might therefore be centred or focused on different things, eg market impacts. SS believed the documents could be evolved and modified as required. It was suggested that group participants could bring issues for preliminary discussion to this meeting and it was agreed to add a standing agenda item of 'Issues for discussion' for the next meeting. Any item to be so discussed should be raised in advance of the meeting with a brief accompanying explanation/ rationale, so that the group had ample time to read and come prepared for meaningful discussion during the meeting.

SM had already suggested the following items: Introduction of Demand Side Response (DSR) and Cash-out reform following falling out of the Gas SCR.

GE reiterated that Unidentified Gas was a big issue. Contracts were being discussed now which will run right up to Nexus, and parties need to know very shortly what will happen. NS referred to the dependency on the Modification 0491 decision. GE believed it would be better to push the date further out rather than closer in, and stressed that this has a significant effect on gas purchases currently being contemplated/made.

Action COB 0504: *Agenda* **- Add a new item 'Issues for discussion'.**

Action COB 0505: *Change Portfolio: Timelines and Dependencies* **– Add in the AUG modification.**

Action COB 0506: Produce a separate Dashboard to cover all other Change Programmes.

3.1.2 Summary of meetings/decision making/escalation framework

A diagram illustrating the potential interactions of various industry meetings was displayed and explained.

AT commented that the group still needed to understand the decision making process of the Xoserve programme – who were the key decision makers, where/when were decisions made?

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There may be a vacuum for certain decisions. JD observed that it needed to be worked out what decisions should go to which forum; there would be occasions when a decision that did not readily fit under the auspices of any existing forum would have to be made within this COB group. At what point do you reach the conclusion that something must be done about a recognised risk? A discussion ensued.

SM strongly indicated that he was not prepared to bear with a long period of prevarication in the knowledge that his organisation was suffering financially through any such period. He would therefore raise a modification to address what was needed.

PB stressed the positive aspects and believed the COB should be concentrating on achieving the implementation of Nexus rather than focusing on delay; red indicators on the Dashboard mean something has to be done.

SE observed that despite everything going 'live' on the day it could actually still fall apart. Risk is a key factor – what was the acceptable/accumulative level of risk?

It was noted that currently the COB had no decision-making powers.

NS believed it to be better to re-plan now rather than waiting to get to red status. SS described the UKLC – UNCC escalation route. JD indicated that it was important to avoid a longwinded process and/or a circular route. Any modifications raised would need to use the Urgent route, but Ofgem would prefer to avoid that process altogether. If the proper UNCC process was used and was demonstrated to be robust/rigorous then Ofgem may endorse the outcome.

SS commented that if the DD throws up anything not acceptable to industry then extra time will be required to be built in. JD observed that moving everything lock, stock and barrel would not be comfortable to Ofgem, and pointed out that some things may be capable of individual movement without affecting the whole. SS referred to the feedback relating to the proposed trial period – too short and too late. Xoserve would be looking at options to address/mitigate this but the UKLIEF may still not find the mitigation acceptable. This would then be brought to the COB.

SM reiterated that organisations should not be pressed into poor business strategies because recognised risks cannot be addressed in a pragmatic way; the present position in relation to Nexus is forcing this on parties. It should be decoupled from EU changes and the risks clearly addressed on their own merits.

GE asked what further information could be provided to give a better understanding of the position and significance of the risks. NS indicated that the programme was at amber at the moment; some risks were in Xoserve's gift to mitigate and some were outside its control. GE said that the rationale behind any red status needed to be clear. PB added that any 'domino effect' should be understood, and whether the risk was to a critical path. AT added that a view and an understanding of Xoserve's critical path would be useful.

GW indicated that British Gas was prudently working towards meeting the October 2015 implementation, regardless of risks, as were a number of other Shippers and Xoserve. However, it was noted that other Shippers were still not comfortable with October 2015 as being achievable, and it was clear that across the industry there was a wide range of confidence levels in the current plan. It was suggested that further information would be helpful regarding the following:

- A list of assumptions - to agree and to establish what the process will be to effect change should an assumption need to change

- Some objective criteria to review/utilise should action be required if circumstances change

- Views of Xoserve's expert service providers on what is achievable

- Shippers' ideal times/timescales for achieving milestones, eg testing.

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Xoserve felt that at this stage no further information could be usefully provided.

It was noted that the eventual transfer from 'old UK Link' to 'new UK Link' would be made in one move. AM drew attention to the fact that retention of any of the old systems or functionality was not possible, and therefore those parties who were 'not ready' may find themselves to be severely affected.

3.2 Short to Medium Term Planning Overview

Due to time constraints this item was not addressed at this meeting.

NS confirmed that he would address this through correspondence with the group.

3.2.1 Change Horizon

See 3.2, above.

3.2.2 Agreement on way forward

See 3.2, above.

4.   Any Other Business

4.1.   Relationship/interaction between the various industry groups and bodies

Covered under 3.1.2, above.

5.   Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

It was agreed to cancel the June meeting date. The next meeting will therefore take place on 07 July 2014 (see details below).

Change Overview Board (COB) meetings will take place as follows:

Date	Time	Venue	Programme
Monday 07 July 2014	**10:00**	Room 4, Energy Networks Association, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	To be confirmed
Monday 04 August 2014	10:00	Room 4, Energy Networks Association, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	To be confirmed
Monday 01 September 2014	10:00	Room 4, Energy Networks Association, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	To be confirmed
Monday 06 October 2014	10:00	Pink Room, ELEXON, 4th Floor, 350 Euston Road, London NW1 3AW	To be confirmed
Monday 03 November 2014	10:00	Room 4, Energy Networks Association, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	To be confirmed
Monday 01 December 2014	10:00	Room 4, Energy Networks Association, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	To be confirmed

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
COB 0401	07/04/14	4.0	Shippers to provide a view on major initiatives occurring over the next 18 months.	Shippers	**Closed**
COB 0402	07/04/14	4.0	Xoserve to clarify assumptions, core actions, and criteria for 'go' positions on the Change Programmes (for review at the ~~June~~ July COB meeting, or earlier if possible).	Xoserve (SS)	**Prior to 07 July 2014** **Carried forward**
COB 0403	07/04/14	4.0	Clarify process for addressing issues arising from logical analysis, including a decision-making schematic.	Xoserve (SS)	**Closed**
COB 0404	07/04/14	4.0	Shippers to check and provide appropriate contacts for PNUNC and Project Nexus.	Shippers	**Closed**
COB 0501	13/05/14	3.1.1	*New Modification and Workgroup Report templates* – Include the following question: "Does this proposed modification affect the Nexus delivery and if so, how?"	Joint Office (LJ)	**Pending**
COB 0502	13/05/14	3.1.1	Provide a strawman (defining which elements of Nexus are fundamental for every aspect to be ready, and which are not) for discussion at the next meeting.	Xoserve (SS)	**Prior to 07 July 2014** **Pending**
COB 0503	13/05/14	3.1.1	*UK Link Dashboard* - Add an appendix summarising other risks, including any major Xoserve internal risks identified.	Xoserve (SS)	**Pending**
COB 0504	13/05/14	3.1.1	*Agenda* - Add a new item 'Issues for discussion'.	Joint Office (LD)	**Pending**
COB 0505	13/05/14	3.1.1	*Change Portfolio: Timelines and Dependencies* – Add in the AUG modification.	Xoserve (SS)	**Pending**
COB 0506	13/05/14	3.1.1	Produce a separate Dashboard to cover all other Change Programmes.	Xoserve (SS)	**Pending**