

Project Nexus Steering Group Minutes

Tuesday 14 April 2015

via teleconference

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andy Sinclair	(AS)	PwC
Angelita Bradney	(AB)	Ofgem
Chris Warner	(CW)	National Grid Distribution
Gareth Evans	(GE)	Waters Wye Associates
Hazel Ward	(HW)	RWE npower
Jeremy Adams Strump	(JAS)	Ofgem
Jeremy Guard	(JG)	First Utility
Mike Harding	(MH)	Brookfield Utilities
Sandra Simpson	(SS)	Xoserve
Sean McGoldrick	(SM)	National Grid NTS
Stuart Cook	(SC)	PwC

Copies of all papers are available at: www.gasgovernance.co.uk/NexusSG/140415

Andy Sinclair (PwC lead) can be contacted at andrew.j.sinclair@uk.pwc.com or 07725 829033.

1.0 Introduction

LJ welcomed all to the meeting and reminded that 'Chatham House Rules' were to apply to general discussion.

2.0 Update from (PA/M)

PwC gave an overview of the progress made and summarised the level of industry engagement achieved so far. Response levels were encouraging.

3.0 Potential Deferral of Unique Sites and Retrospective Adjustments

Xoserve reported that this had been discussed at the Change Overview Board (COB) on 14 April 2015. It was reiterated that the aspiration for delivery of all components for 01 October 2015 could not be maintained, and that potential deferral of two elements (Unique Sites and Retrospective Adjustments) remained under consideration. Xoserve confirmed that work was not being progressed on these two elements; effort and focus was now being directed on the remainder of the programme.

It was noted that the report had been reviewed, and that many COB participants felt there was insufficient detail (justification) for a modification, should one be raised. COB had suggested that more information on the analysis performed to establish why Unique Sites and Retrospective Adjustments were candidates for deferral and why other elements had been discounted. However Xoserve may be able to offer further detail to provide sufficient explanation. It was noted that Unique Sites and Retrospective Adjustments were not as integrated as the bulk of the functionalities. Concerns were expressed relating to resources (finite) and how these were to be deployed.

The next steps might be to prepare a modification (possibly requesting urgent procedures) to defer certain elements of Retrospective Adjustments but not all (address data and asset

data). Legal drafting would reflect this, and a different date would be included. The aspiration to defer Retrospective Adjustments would not necessarily need to cover Unique Sites (not in Modification 0432, not in scope of a contractual change).

COB recognised that a modification would be required for either partial or full deferral, and there were views that it should offer both options. CW, as potential proposer, indicated that it would not offer full deferral.

It was observed that deferral of these two elements did not necessarily guarantee delivery of the remaining core system; it was questioned by what margin would the potential success of delivery of the remaining elements be improved? Could it be measured as high, medium or low?

LJ clarified that the Programme, as it stands in its current scope, is at RED status. Accepting partial deferral may change the status to AMBER, but still with significant risks. It is still a very high risk Programme. It was recognised that any point a number of severe issues/risks may materialise that may stop the Programme, and that these would be addressed if/as/when they occur. These could be encountered through the testing periods (for instance, not externally penetration tested yet), or through other dependencies; examples were given.

Referring to the Baringa Q1 Assurance Report, Xoserve summarised the findings and the contingency dates proposed. Regular checkpoints (end of June, July, August etc) were suggested to reassess and assure of the continued viability of delivery.

LJ summarised the position so far and asked members for views. A brief discussion ensued, with members offering diverse comments and observations from the standpoints of their sphere of representation. One member observed that SSP delivers benefits and should be promoted. Another member relayed concerns regarding the cut off for Transportation charges and reliance on poor AQs if Retrospective Adjustments was postponed - the position might be marginally worse than was current. A third member believed the level of failure should be considered - Unique Sites was an important element to non-domestic suppliers - and believed that full deferral was the best course, remaining of the opinion that 01 October 2015 was not viable and partial deferral did not alter this. Ofgem questioned if this was the right time to consider full deferral. The third member reiterated that partial deferral implied that 01 October 2015 was achievable, and there was no certainty that it was. The position with respect to AQs in the event that Retrospective Adjustments did not go in was discussed. The standard process will be running; adjustments can be made for reads (not address and asset data).

A fourth member indicated that views were mixed in respect of the significance of deferral. Deferral was not liked, but accepted as necessary and may reduce the risk. Most concerns centred on there not being enough detail in the report to justify deferral - implications on the wider community needed consideration, and also the impact on data integrity of not going live on 01 October 2015.

A fifth member stressed that any deferral would need real planning with consideration for impacts elsewhere, and not just the choosing of an arbitrary date. The other members supported this, and Xoserve and the PA/M indicated they would give consideration to appropriate dates to minimise adverse impacts to other areas.

Ofgem remarked that partial deferral would enable conservation of other Programme elements and maximise the anticipated benefits, with any issues to be mitigated as they arose.

Xoserve reiterated there was no advantage in it saying it cannot deliver for 01 October 2015 and actually can - it cannot deliver everything for 01 October 2015; the option is to deliver the vast majority for 01 October 2015, with contingency dates for November and December.

Noting that empirical data was requested and that it takes time and effort to produce such evidence to support a modification, LJ asked the views of the Steering Group. It was believed this was required to support a robust case for deferral and enable assessment of a modification. It was needed to provide reassurance that mitigating options had been fully assessed/considered/discounted. Previously meeting the date of 01 October 2015 had been deemed to paramount; if this was no longer of such importance then perhaps other actions should be considered. It was pointed out that Xoserve was not looking after the delivery of anything other than the UK Link Programme, but was taking other areas into account, while trying to deliver a product to the highest level and quality possible.

LJ then asked the Steering Group to consider the recommendation to decouple Unique Sites and Retrospective adjustments from the core system delivery to allow the core to go-live on 01 October 2015. LJ summarised the votes cast.

Voting Member	Constituency Representation	View
Chris Warner	Gas transporters - distribution	Support
Gareth Evans	Industrial and commercial shippers	Oppose
Hazel Ward (alternate A Travell)	Large, mixed-portfolio shippers	Support
Jeremy Guard	Small, new entrant shippers	Oppose
Mike Harding	Gas transporters - independent	Support
Sean McGoldrick	Gas transporter - transmission	Support

It was recorded that the Steering Group supported the recommendation, with 4 votes in favour and two votes against.

4.0 Draft Readiness Criteria (PA/M)

An initial draft of proposed 14 Readiness Criteria (people, process, systems, data oriented) was presented for consideration by the group. PwC gave a brief explanation of each criterion and how they might be applied/validated. Different scenarios/outcomes were possible depending the eventual assessment of level of criteria fulfilment.

It was suggested that the group should review the draft Readiness Criteria and submit any comments on the framework to PwC (AS) by 24 April 2015, with a view to approving the criteria at the next meeting.

Action SG04: All parties to review draft Readiness Criteria and submit comments to PwC (AS) by 24 April 2015.

5.0 Any Other Business

5.1 Baringa Readiness Report - Matters Arising

LJ reported that COB had asked Xoserve to provide its response to this report, and this was to be reviewed at the next COB meeting on 11 May 2015. Members agreed that this was an appropriate response and deferred further consideration until the response is available (expected at 11 May meeting).

6.0 Actions Outstanding

SG01: Circulate to members the suggested text of a communication to constituents introducing the data gathering approach and requirements (PwC).

Update: Completed. **Closed**

SG02: Provide evidence and supporting documentation to inform the vote on deferral of Unique Sites and Retrospective Adjustments (Xoserve).

Update: Provided. **Closed**

SG03: JD to provide JG with a list of relevant constituents.

Update: Provided. **Closed**

7.0 Agenda and Diary Planning

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

The agenda for the next meeting (01 May 2015) was discussed, and it was agreed to include the following items:

- Update from PA/M
- Overall Programme Plan
- Approval of draft Readiness Criteria.

Confirmation of intention to attend and any meeting papers for publication should be provided to the Joint Office no later than Wednesday 22 April 2015.

Unless otherwise notified, Project Nexus Steering Group meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:00, Friday 01 May 2015	Ofgem, 9 Millbank, London SWIP 3GE	<ul style="list-style-type: none"> • Update from PA/M • Overall Programme Plan • Approval of draft Readiness Criteria.
13:00, Monday 11 May 2015	Teleconference, approximate start time no earlier than 13:00 (<i>following Change Overview Board meeting</i>)	<i>To be confirmed</i>
10:00, Tuesday 02 June 2015	Ofgem, 9 Millbank, London SWIP 3GE	<i>To be confirmed</i>
10:00, Monday 15 June 2015	Teleconference	<i>To be confirmed</i>
10:00, Wednesday 01 July 2015	Ofgem, 9 Millbank, London SWIP 3GE	<i>To be confirmed</i>

10:00, Monday 13 July 2015	Teleconference	<i>To be confirmed</i>
Monday 03 August 2015	Ofgem, 9 Millbank, London SWIP 3GE. Approximate start time no earlier than 13:00 (<i>following Change Overview Board meeting</i>)	<i>To be confirmed</i>
10:00, Monday 17 August 2015	Teleconference	<i>To be confirmed</i>
10:00, Tuesday 01 September 2015	Ofgem, 9 Millbank, London SWIP 3GE	<i>To be confirmed</i>
10:00, Monday 14 September 2015	Teleconference	<i>To be confirmed</i>

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
SG01	31/03/15	3.0	Circulate to members the suggested text of a communication to constituents introducing the data gathering approach and requirements (PwC).	PwC	Closed
SG02	31/03/15	6.0	Provide evidence and supporting documentation to inform the vote on deferral of Unique Sites and Retrospective Adjustments (Xoserve).	Xoserve	Closed
SG03	31/03/15	7.0	JD to provide JG with a list of relevant constituents.	Ofgem	Closed
SG04	14/04/15	4.0	All parties to review draft Readiness Criteria and submit comments to PwC (AS) by 24 April 2015.	ALL Parties	Pending