

UK Link Programme Deferral of Retrospective Asset and Supply Point Updates and Unique Sites Systematisation for the Project Nexus Industry Steering Group

Executive Summary

Xoserve is enabling the Project Nexus UNC Modifications (432, 434 and 440 plus IGT UNC Modification 39) through the delivery of replacement systems, the 'UK Link Programme'. Through regular progress reports, Xoserve has informed stakeholders of the programme challenges and in March we communicated that we would be unable to deliver all functionality in these modifications for 1st October 2015.

Retrospective Adjustments and Unique sites are both complex areas of functionality and design which require significant levels of customisation and have therefore presented delivery challenges in the programme. Xoserve has concluded that in order to continue to aim for a 1st October 2015 implementation for the core SPA and settlement and on boarding of iGT elements of the Project Nexus modifications (modifications 432 & 440) it is essential to defer elements of the delivery and that Retrospective Adjustments Asset and Supply Point Adjustments and the on line solution for Unique Sites is the only acceptable options which met the criteria.

There would be minimal detrimental effect on the Unique Sites services and the existing Retrospective update process would continue in the interim until the new retrospective adjustment functionality is implemented.

This approach would not guarantee deliverability of the 'core' for 1st October, but would allow Xoserve and the wider industry to continue to aim for delivery of the vast majority of the Project Nexus benefits in the 1st October 2015 timeline.

Feedback was sought on the merits of the proposed partial deferral and this was discussed at the Project Nexus Steering Group on 30th March. The Group raised a number of questions regarding how Xoserve had concluded that a partial deferral was necessary and represented the best option. This paper responds to those questions.

Xoserve recommends the proposed approach of deferring Retrospective Asset and Supply Point Updates and the Unique Sites systematisation from the 1st October 2015 delivery to allow Xoserve and the wider industry to continue to aim for delivery of the vast majority of the Project Nexus benefits in the 1st October 2015 timeline.

Introduction

In March 2015, Xoserve wrote to the industry explaining that in order to achieve the UK Link Programme implementation, incorporating the delivery of the Project Nexus requirements, by 1st October 2015 the deferral of two areas of functionality would be required.

The industry responded with mixed feedback, highlighting risks and impacts within their own organisations. Some parties supported the deferral with others opposing it and preferring a deferral of the full programme.

At a meeting of the Project Nexus Industry Steering Group it was raised that the Xoserve paper did not explain fully why the deferral of elements of Retrospective Adjustments and Unique Sites systematisation was required. Xoserve was asked to set out the case for deferring these elements of functionality, explaining why this course of action is necessary, the options Xoserve had considered in concluding that these areas need to be deferred and why it is more beneficial than deferring the full programme implementation.

This paper aims to give the background and context to the proposal to defer these items of functionality in order for the Project Nexus Industry Steering Group to make a recommendation to Ofgem. This paper does not explore the “mechanics” of the deferred solution in any depth as this work is being undertaken with the industry through the Project Nexus UNC Workgroup.

The Project Nexus Industry Steering Group requested the paper consider the following options:

1. Delivery of all functionality by 1st October 2015
2. Partial delivery of functionality by 1st October 2015
3. Deferral of all functionality to a future date

Background & Context

In February 2014, as part of the Senior Stakeholder Forum, Xoserve raised an industry risk on the timescales available for delivering the UK Link Programme for October 2015. This was followed by a risk assessment consultation with the industry and a subsequent UNC Modification was raised by National Grid Transmission to move the date of the implementation of the Nexus modifications and UK Link Programme to 1st April 2016. The outcome of the risk assessment and subsequent modification was that although significant risks were identified, there was no clear evidence, at that point, to support a move in the implementation date.

Through regular reporting at the Change Overview Board (COB) and other industry engagement forums, Xoserve has communicated progress and risks regarding delivery of the new UK Link system, through which the 'Project Nexus' UNC Modifications are scheduled to be given effect from 1st October 2015.

The reporting has demonstrated that whilst all critical dates for industry participants have been met, in order to meet the target go-live date, the delivery programme features ever-increasing parallelism, and associated risk profile. Xoserve's independent assurance partner's report in late 2014 recommended conducting a review of options to de-risk the Programme, a recommendation endorsed by the COB.

One of the recommended risk mitigation options was to identify and consider feasibility of functional areas which could, if required, be deferred from the core implementation. Xoserve undertook an options analysis exercise, the outcome of which was shared with the industry via COB and feedback sought on the risks and benefits of deferring Retrospective Asset and Supply Point Adjustments and the systematisation of Unique Sites functionality.

1. Deliverability of All Functionality for 1st October 2015

The UK Link Programme has always contained a high level of risk with limited contingency in order to meet the mandated 1st October 2015 go live date. The programme commenced logical analysis without the requirements being fully finalised and has continued at a pace to enable the October 2015 go live date.

Whilst the programme has continue to meet the critical dates for industry participants, delivering file formats for review by September 2014 and completing “to be” process walkthroughs by December 2014, delays have been faced in; closing out design in key areas, infrastructure build, data loads and quality issues which have led to ever-increasing parallelism between streams and increasing risk profile.

Additional resourcing and targeted phasing of build, system test and system integration testing has enabled progress to continue despite this level of parallelism in the plan. Delivery priorities have already been made and reported through the COB and UKLIEF, for example the delivery of external industry reports and only critical internal Xoserve reports for 1st October 2015 delivery with other internal reports being phased in subsequent deliveries.

Further issues have impacted progress more recently in the test cycles of the programme. System Integration Testing (SIT) has been back loaded and overlaps with the UAT phase of the programme. While the UAT phase commenced on time, early problems were encountered with the data load activities which led to a delay in commencing the execution of UAT scenarios. UAT is currently 3 weeks behind schedule with mitigating options being considered to continue to meet the UAT completion date of 29th June 2015 to avoid any further overlap with the Market Trials phase.

Retrospective Adjustments and Unique Sites have consistently lagged behind the core delivery plan due to the complexity of requirements in these areas and the consequent time it has taken to finalise the design. Resources which could have been used to focus on bringing Retrospective Adjustments and Unique Sites back in line with the core plan have been deployed onto the testing and data streams in order to continue to keep momentum for the delivery of modifications 432 and 440, containing the key Nexus benefits, in October 2015.

The UK Link Programme Team has increased significantly from late summer 2014 to a point where 270 Wipro resources are deployed on the programme as well as all possible Xoserve Subject Matter Experts and business resources and a significant number of Xoserve project staff. Further resourcing increases will provide limited benefits as the functional complexity of Retrospective Adjustments and Unique Sites drives the need for key resources with specific knowledge within the business and application teams. Releasing further resources from the Xoserve business team would put the day to day services we deliver under an unacceptable level of risk.

Given the timeline challenge for the programme, redeploying scarce resources currently dedicated to targeting the core delivery is high risk and consequently the delivery of all functionality to a 1st October Go Live date is not possible.

2. Partial Delivery for 1st October 2015

Xoserve Options Analysis

In 2013, Xoserve undertook an exercise to determine the high level approach for implementing the functionality being delivered as part of the UK Link Programme considering the benefits and constraints of delivering a phased functionality implementation. The exercise determined that the vast majority of the new business processes being delivered through new UK Link systems belong together as an integrated and interdependent ‘package’ – from the supply point administration (SPA) process, through energy allocation and settlement, read and asset updates to energy and transportation invoicing and reconciliation, including the ‘onboarding’ of SPA arrangements for IGT sites. Splitting the implementation of this ‘package of functionality’ would, in fact, create significantly increased effort and risk to ensure legacy and target UK Link Systems were kept in sync with new interfaces required to be built between the two systems.

Retrospective Adjustments, Unique Sites, Rolling AQ and iGT services were possible candidate areas for delivery on different timescales. The conclusion of the early assessment was that there was little opportunity to deliver a phased implementation approach, in particular rolling AQ and IGT Single Service Provision had to remain part of the integrated ‘package’.

In December 2014, given the increasing risk profile of the UK Link Programme, Xoserve’s independent assurance partner recommended Xoserve undertake a feasibility assessment on options for scope deferral as a mitigating option to preserve the 1st October 2015 delivery and the substantial completion of design activities at this point improved our ability to assess these options.

Xoserve revisited the previous analysis and reaffirmed the conclusion that the vast majority of the new business processes and subsequent UK Link System design must remain together as an integrated package, although the previous candidate areas of Retrospective Adjustments, Unique Sites, Rolling AQ and iGT Services were assessed at a more detailed level.

The criteria used to assess the respective contingency options are shown below. Each of the candidate contingency options was assessed against these criteria.

Internal Programme Perspective: Does this de-risk delivery for 1st Oct 2015?

- Does it make the timeline more certain?
- Does it reduce parallelism and free up resources to support wider delivery?
- Does it enable an improved focus of key resources?
- Is the complexity and level of customization disproportionate in comparison to the functionality delivered?

Industry Perspective: Is this acceptable to the Industry?

- Does it require more work for the Industry?

- Will it significantly detract from value delivered for the 1st Oct 2015 Go Live?
- Does the core delivery still deliver significant benefit as per the Nexus requirements?
- Does it reduce the risk of core solution delivery?

Consequential Change Impact: Does the consequential change outweigh the benefit?

- Are the consequential changes needed to de-scope small in comparison to the de-risking benefit?
- Can it be delivered separately from core functionality?
- Is there minimal consequential change to existing processes to ensure continued services to industry?
- Is there minimal consequential change to new processes (e.g. file formats)

The analysis concluded that Retrospective Asset and Supply Point Adjustments and Unique Sites systematisation were the only acceptable contingency options available which met the criteria above.

Ref	Candidate Options	Assessment
1.	Retrospective Adjustments	For the vast majority of scenarios users can continue to operate current processes. Key candidate to de-risk 1 st October delivery which has lagged behind the core delivery life cycle due to the high levels of complexity and customisation. Effort being applied at this stage is disproportionate to the functionality being delivered and will demand additional resources for both UAT and Market Trials.
2.	Unique Sites	Current off-line processes operate with minimal volume of supply points affected. Minor changes to current processes and file flows. Some files previously deemed as not necessary will need to be reinstated.
3.	iGT Single Service Provision	Was initially considered to be a key candidate; however this area yields the greatest benefits of the Nexus modifications and is fully integrated with the core SPA and settlement design and test cycles. As a result, this option is neither achievable nor beneficial to remove from day one scope.
4.	Rolling AQ	This area of functionality was an early consideration, however it is an integrated component of the core functionality and deferral would demand greater resource allocation to analyse and redesign core functionality which is not achievable in the timescales.

Deferring of elements of Retro & Unique Sites to 4-6 months after core implementation

For Unique Sites, the existing processes and service would continue. This includes the current processes for registration, amendment, reconciliation and invoicing. However, new processes relating to meter read validation and rolling AQ would not be applicable for Unique Sites until the revised implementation date. Annex 1 contains a slide-deck providing further information on the scope, process and interface impacts.

The table below describes these in brief.

Process	Description	Summary Impacts
Registration	Continue with current process	<ul style="list-style-type: none"> Continue with current communications for SPA activities No automated flows for the supply point enquiry function The new SPA file formats include records & data specific to US will remain but will not be used for Unique Sites SPA activities Shippers will continue to use existing flows and method for SPA activities
Read and Energy Calculation	Continue with current process	<ul style="list-style-type: none"> The new validations on the energy will not be performed on the reads for Unique Sites, existing validations will continue Consumption adjustments will continue to be raised by the Shipper/DMSP via the current route Read files submitted by the DMSP to continue as is.
Rolling AQ Process	Continue with current process	<ul style="list-style-type: none"> The AQ calculated in October 2015 will be applied and used to set the applicable EUC The rolling AQ process will not be performed
Billing	Transportation charges for Unique Sites will continue to be issued separately.	<ul style="list-style-type: none"> Transportation charges for Unique Sites will continue to be issued separately.
Reporting	The existing reports will continue for Unique Sites	<ul style="list-style-type: none"> Portfolio reports will be issued as per current process and timescales.

The introduction of elements of new Retrospective Update functionality as part of the 1st October Go Live would be deferred. This means that new functionality delivered via the RTO and RTR files to replace previously installed, exchanged or removed meter assets will not be available. However, the current RGMA flows will continue in addition to the current query processes to enable financial adjustments where required. The table below describes this.

Process	Description	Summary Impacts
Retrospective Updates	Asset updates will continue to be submitted as per the current process	<ul style="list-style-type: none"> Submission of a retrospective update (update previous to the latest read recorded) will not be accepted Current process of submitting an asset update via the ONJOB & ONUPD to continue Consumption Adjustment will be required for the period for a financial adjustment to be processed The new retrospective update file will not be implemented on 1st October 2015
	Replacement of meter reads will be implemented as per Modification 0434	<ul style="list-style-type: none"> No impact & replacement reads will be submitted on the meter read files

Delivery of the deferred functionality would take place 4-6 months after the core functionality go live, planned for 1st October 2015, assuming a normal level of Post Implementation Support activity. Contingency dates for the core implementation are currently 'planned' for 1st November and 1st December 2015 with 1st January 2016 being acknowledged as unacceptable for an implementation date.

Therefore the earliest opportunity to implement the deferred functionality, considering the transition principles of 1st of a calendar month, is 1st February 2016. It is anticipated for an implementation on this scale, some issues will be faced for all parties post implementation and the ability for the industry to support these post implementation activities in parallel with a Market Trials phase for the deferred items must be considered.

The proposed option of deferring elements of Retrospective Adjustment functionality and the Unique Sites systematisation allows for the continuation of targeting the mandated 1st October 2015 for the core elements of the Nexus requirements which deliver the vast majority of the associated benefits. It enables the key benefit of single service provision for GT and iGT services.

There would be minimal detrimental effect on the Unique Sites services and the existing Retrospective update process would continue in the interim until the new retrospective adjustment functionality is implemented.

The deferral of this functionality will result in a requirement for Xoserve and other industry parties to commit resources and costs to the continuation of the programme until the deferred items have been implemented, however this commitment to resources and costs will be less than the alternative of deferring the entire programme.

As reported, the delivery of the UK Link Programme on 1st October 2015 has always been a constrained timeline and therefore contains a high degree of risk. The partial deferral of Retrospective Adjustment functionality and Unique Sites systematisation removes only one element of this risk profile. Even with this mitigation, the programme continues to contain significant risk levels for 1st October 2015 delivery.

Feedback from some industry participants has been that this deferral will result in elements of rework for those organisations well advanced in their delivery lifecycle, although others have reported there are no impacts to their organisations. Shippers have also raised concerns that removal of this functionality introduces a risk that not all impacts have been captured and therefore issues may be encountered during Market Trials or at Go Live of the core functionality.

3. Deferral of all functionality to a future date

A number of shipper responses to the Xoserve paper on deferring elements of Retrospective Adjustments and Unique Sites systematisation stated a preference to defer the delivery of all functionality to a later date. A full assessment and re-planning activity has not been undertaken and therefore at this stage there is no firm alternative implementation date, although suspending the whole programme at this stage to re-plan would be likely to result in a substantial delay.

Deferring all functionality would provide both Xoserve and industry participants additional time to perform a detailed planning exercise to propose a new delivery date which would outline the point at which Xoserve would have completed sufficient testing of the full solution and allowing contingency to be built into the plan. A revised approach to Market Trials could be considered and planned for, taking industry feedback on the appropriate scope and timelines. Once this re-planning exercise had been completed, it would give the industry clarity and increased confidence in the overall delivery plans.

The deferral of the full solution would mitigate a number of the risks raised by shippers in response to Xoserve's deferral paper of having to manage both "old and new" ways of working during the period between implementations. Shippers had also raised concerns that if agreed, the deferral does not guarantee a 1st October 2015 delivery for the core functionality and therefore they may be required to defer the complete solution once they had already commenced work on splitting out the deferred functionality and the deferral of the full solution would mitigate this risk.

The deferral of the full solution from 1st October 2015 would likely result in further industry change congestion in 2016 and the implementation of the full solution would require to be managed alongside EU Phase 3 and the introduction of the DCC/SMART Metering programme. The option of full deferral is also likely to have a significantly increased cost impact on all organisations when compared to the cost of deferring only elements of Retrospective Adjustments and Unique Sites. It also delays the key Nexus benefits until such a time as the programme is implemented.

Conclusion

Xoserve recommends the proposed approach of deferring Retrospective Asset and Supply Point Updates and the Unique Sites systematisation from the 1st October 2015 delivery to allow Xoserve and the wider industry to continue to aim for delivery of the vast majority of the Project Nexus benefits in the 1st October 2015 timeline.

Annex One – Retrospective Adjustments and Unique Sites Deferral Description



Retro Unique Sites
Deferral 9th April V2.