



Project Nexus

Implementation Steering Group

2 June 2015

Note:

Since this document was issued on 01/06/15, an issue has arisen with respect to the readiness of the market trials testing environment for 05/10/15. An impact assessment is currently being conducted by Xoserve.

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1. Executive Summary

1. Executive summary

Background:

- Following the decision made at the 1st May 2015 Steering Group to defer the 5th October 2015 go-live, we have focused since on establishing the options for a new go-live date.

The approach we have taken:

- We have worked with Xoserve to understand when retrospective amendments and unique sites are planned for delivery. We have also understood the outcome of their 'left to right' re-planning performed to date for market trials.
- We have revisited our assessment of project plans to better understand when parties are planning to complete their internal solutions (**page 23**).
- We have held a number of one-to-one conversations with shippers, GTs and iGTs that have asked to relay their thinking on a new go-live date and market trials. This has been supplemented by three teleconference meetings to allow a broader range of participants to share their views .
- 28 organisations** impacted by Project Nexus have attended these discussions and forums.

Go-live date findings:

- Through our discussions with Xoserve, we have identified two options for Nexus go-live for consideration by the Steering Group and their constituents.

- Option 1** is the earliest go-live date for a single release that includes retrospective amendments and unique sites. This is based on the assumptions and timeline set out on **page 12**.
- Given the extended timelines estimated for **option 1**, we believe that a split release should (**page 14**) be considered. Core functionality is delivered in 'release 1', subsequently followed by retrospective amendments / unique sites as 'release 2'. This has not been subject to detailed planning by Xoserve and thus a finalised go- live date for the 2nd release cannot be confirmed.

Option 1: single release

*Subject to
industry buy-
in into market
trials approach*

Key mile stone	Date
L2 market trials start (core)	1 st September 2015
L3 / L4 market trials start (core)	5 th October 2015
Retro / unique sites delivery into market trials	8 th February 2016
Market trials end	4 th to 11 st April 2016
Earliest go-live date	1 st June 2016

Option 2: dual / split release

*Note: subject
to detailed
planning by
Xoserve*

Key mile stone	Date
Market trials start (core)	As Option 1
Market trials end (core)	31 st January 2016
Earliest go-live date (core)	1 st April 2016
Retro / unique sites market trials and go-live date	To be determined

1. *Executive summary*

Go-live findings continued:

- Whilst addressing market feedback that three months of market trials is insufficient, the two options are built on the ‘facilitative’ market trials approach proposed by Xoserve. As noted below, market participants are not yet aligned on whether this approach is sufficient.
- The dates of any ‘release 2’ under **option 2** cannot be estimated with any certainty at this stage. Our experience suggests that a stabilisation period of at least six months would be required between ‘release 1’ and ‘release 2’.
- Given the critical dependency on Xoserve, we recommend that their independent assurance provider reviews their re-planning to the favoured option and reports the findings to the Steering Group.
- Participants raised a fundamental number of questions regarding the scope, approach and extent of the market trials approach that suggest that this is not consistently understood.
- We have summarised these on **page 22** and recommend that these are clearly addressed in the revised market trials approach document that Xoserve are preparing.
- Based on our experience of similar industry changes, a more prescriptive approach is required to ensure that market trials achieves its objectives. As a minimum, more prescriptive guidance and monitoring is required around data file format testing and process scenario testing.

Other findings – enhancing the market trials approach:

- There is a fundamental mismatch in expectation between Xoserve’s facilitative approach and the prescriptive ‘command and control’ approach that many participants believe is required to de-risk a change of this nature.
- For example, some participants expect test scripts to be prescribed, whereas the Xoserve approach is for participants to design their testing to the level that they feel is sufficient.
- This is addressed in part by the additional governance rigour incorporated into the proposed market trials and go-live readiness assessment framework. In addition, Xoserve will need to adapt their market trials approach (e.g. specifying the mandatory data files and scenarios for Level 2 , Level 3 and Level 4 trials).
- To fully meet industry expectation, we believe that the scope and extent of market trial coordination activity will need to be increased to cover the gap that currently exists. This needs to be carefully balanced with the ability to start Level 3 and Level 4 trials on 5th October 2015.

1. *Executive summary*

Key recommendations for the Steering Group:

- Below we set out a clear set of recommendations for consideration by the Steering Group. We have identified the relative level of effort that we believe is entailed to execute these actions and the level of impact we expect on the risk profile of the UK Link Replacement Programme and Nexus go-live.

#	Recommendation	Responsible	Relative effort to implement	Impact on risk profile
1	Steering Group members to canvas support from their constituents for the two proposed options for a new Nexus go-live dates. Feedback is to be given to the next Steering Group meeting on 15 June 2015 , with the objective of approving a preferred go-live date at this meeting for inclusion in the UNC.	Steering Group, market participants	Moderate	High
2	<p>Xoserve to update their market trials approach to reflect the preferred go-live option and approach. The revised document should address the following:</p> <ul style="list-style-type: none">The feedback and questions raised to PwC by market participants (summarised on page 22);Specification of the critical data flows that are mandatory for inclusion in Level 2 trials, together with a clear approach to testing and monitoring the progress of testing; andSpecification of the process scenarios that link to the market critical processes and that are therefore mandated for Level 3 / Level 4 market trials. This should include a description of how the completion of this testing will be monitored between Xoserve and PwC.	Xoserve, PwC	Moderate	High / moderate
3	Xoserve's independent assurance provider should review the Xoserve delivery plans for the approved go-live date to highlight the level of risk associated and the current progress being made towards the market trial start date of 5th October 2015 . The findings should be reported to the Steering Group.	Xoserve	Moderate / low	High

2. Market trials start date

2. Market trials start date – Level 2

Based on the rationale below, we recommend that **Level 2 (file format) market trials should start on 1st September 2015** for a period of 4 weeks. In addition:

- **Level 2** trials should be completed prior to an organisation starting **Level 3** and **Level 4** trials; and
- A more prescriptive approach is required, with files mandated for testing based on their significance to market processes.

Level 2 market trials should be completed prior to starting Level 3 (process) and 4 (change of ownership).

- Common consensus that the data file format testing is a critical component requiring significant rigour in execution.
- Broad agreement that successful completion of data file format testing should be an entry criteria for Level 3 and Level 4 trials. This will keep these phases from being contaminated by data file format issues.
- A more prescriptive approach should be taken, with mandated data files for verification (see below).

Level 2 market trials duration is 4 weeks, with 'exception only' support in October.

- Xoserve 'left to right' plan of 4 weeks to conduct Level 2 trials.
- Participants did not raise concerns with this time period, beyond requesting support, by exception, for parties that are unable to test in September.
- An extended duration would divert Xoserve resources from other critical activities, such as user acceptance testing and 'core' delivery.

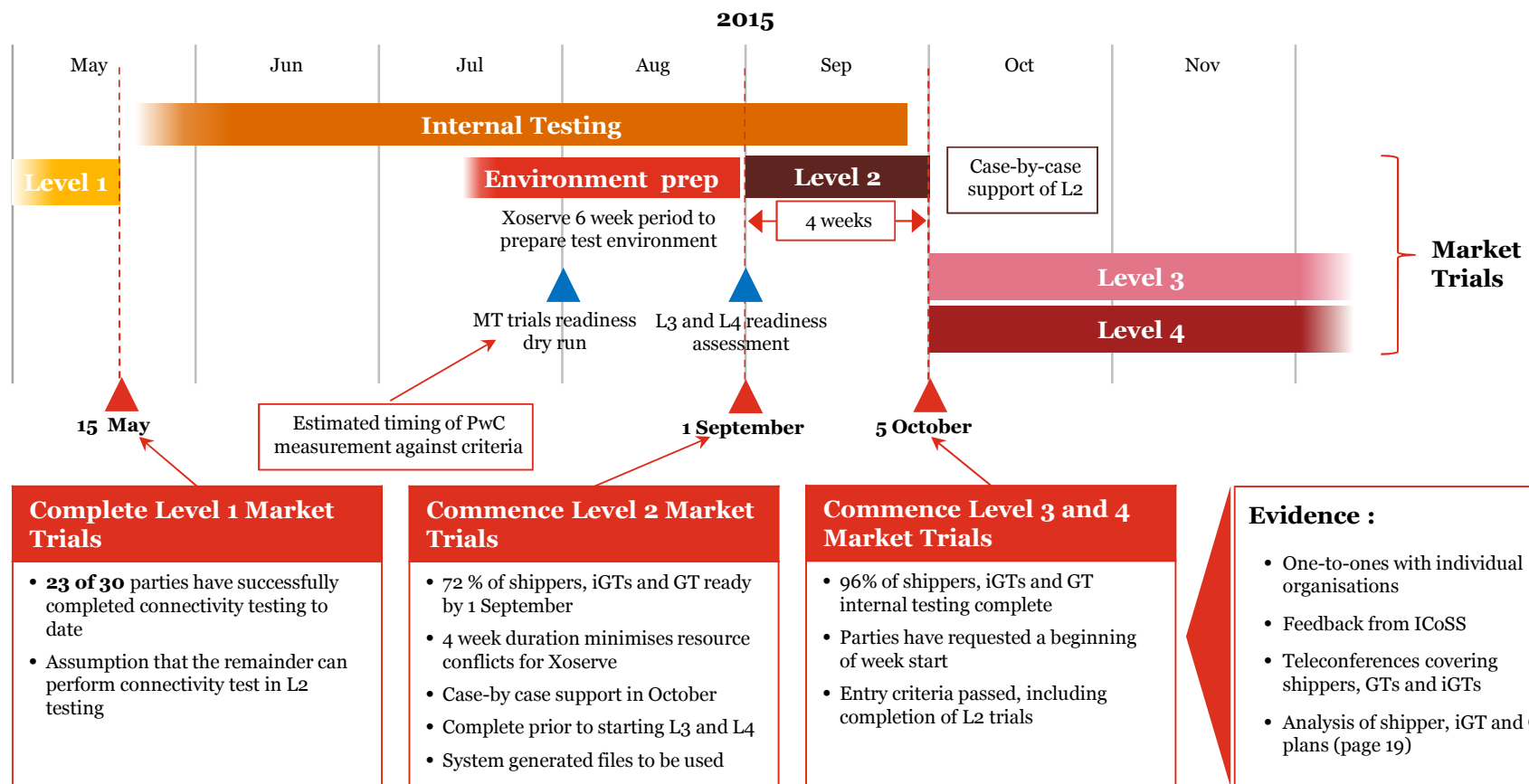
Level 2 trials should be started earlier than 1st October 2015.

- Common consensus that Level 2 should start as soon as is possible. The majority (including Xoserve) stated that they can support Level 2 trials during September.
- Parties will use either manually generated files or system generated files from their test environments for L2 trials. We recommend the latter approach as it more closely replicates 'real life'.
- 72% of organisations plan to complete internal testing by the end of August (**page 23**), suggesting this is a valid start date*.
- Some provision may be needed to support any organisations that run late in October – but this would be on an exceptional, case-by-case basis.

2. Market trials start date – Level 3 and 4

Based on the following rationale, we recommend that **Level 3 and 4 trials should start on 5th October 2015**.

- 96% of organisations will have completed their internal solution testing by 30th September 2015 (see **page 23**); and
- The majority can support L2 market trials during September 2015.

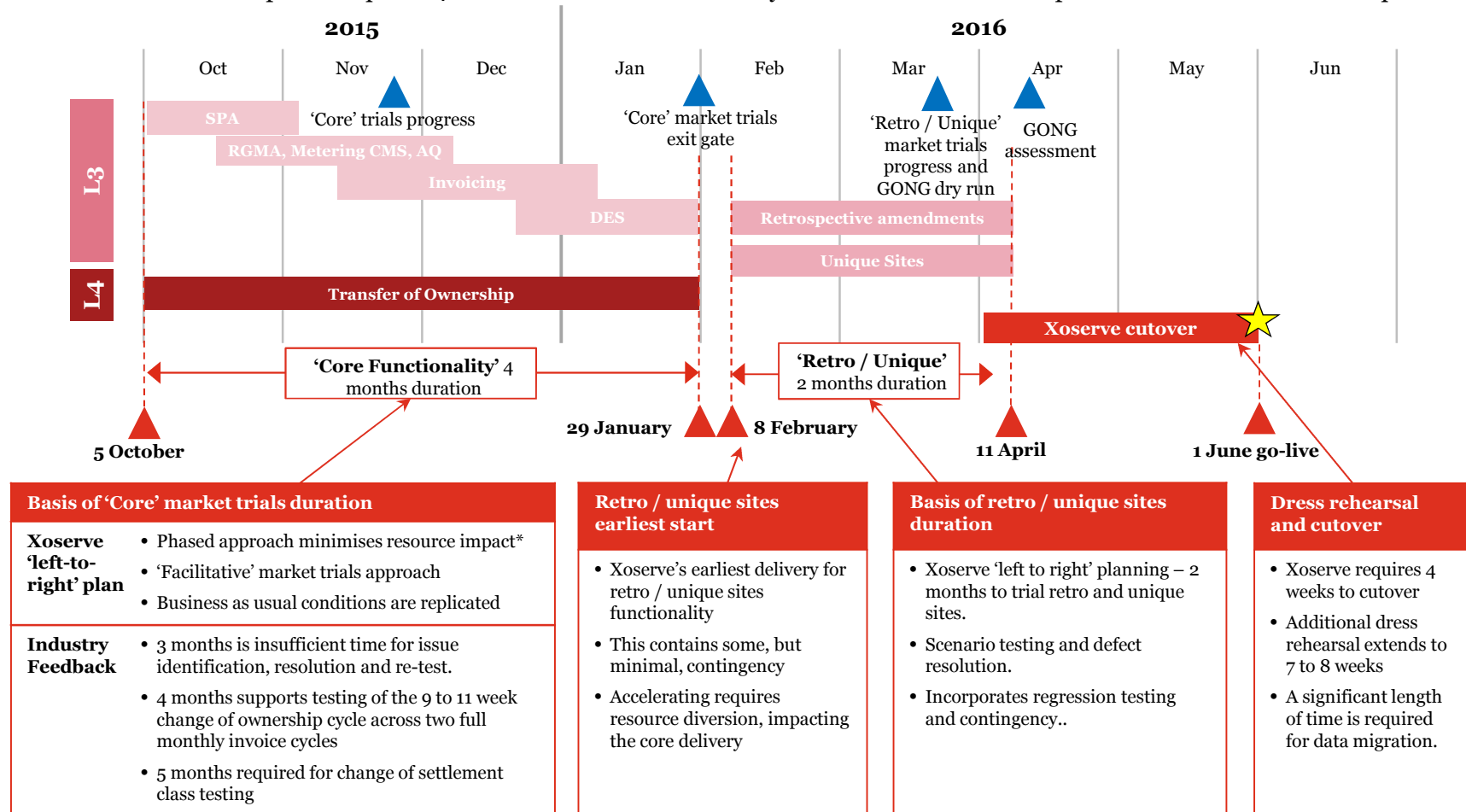


3. Market trials duration and go-live

3. Market trials duration and go-live – option 1 (single release)

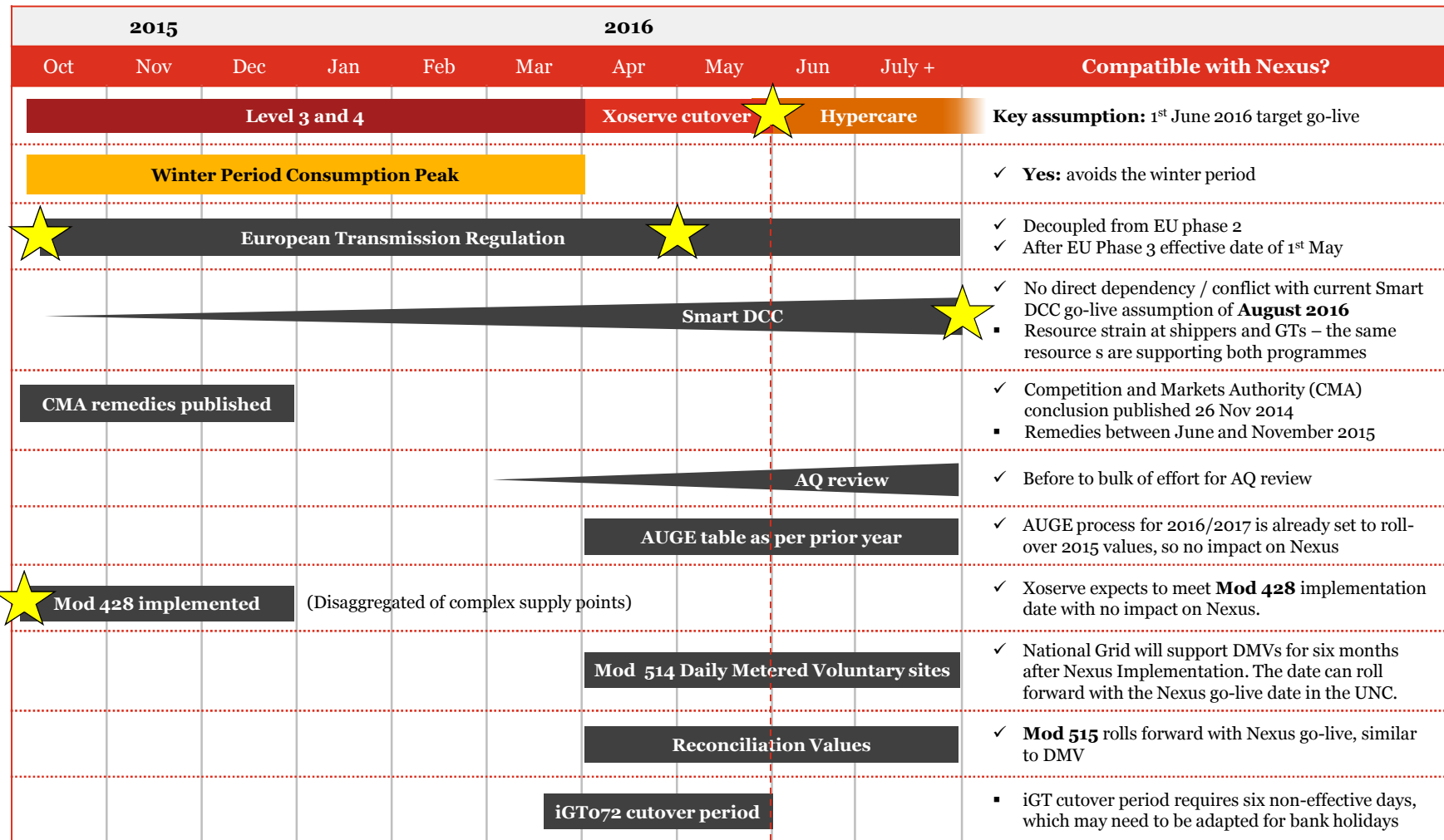
Level 3 and 4 market trials conducted over 8 months with an earliest go-live on 1st June 2016:

- Market trials for retro / unique sites starts on **8th February 2016**, when build / test of this functionality is scheduled to complete.
- A valid market trials phase requires 4 months for 'core functionality' and 2 months for retrospective amendments and unique sites.



3. Compatibility of Option 1 with other industry changes

Option 1 is not directly dependent on other industry changes or processes. However, there is likely to be resource conflict s with the Smart DCC implementation across shippers and GTs.

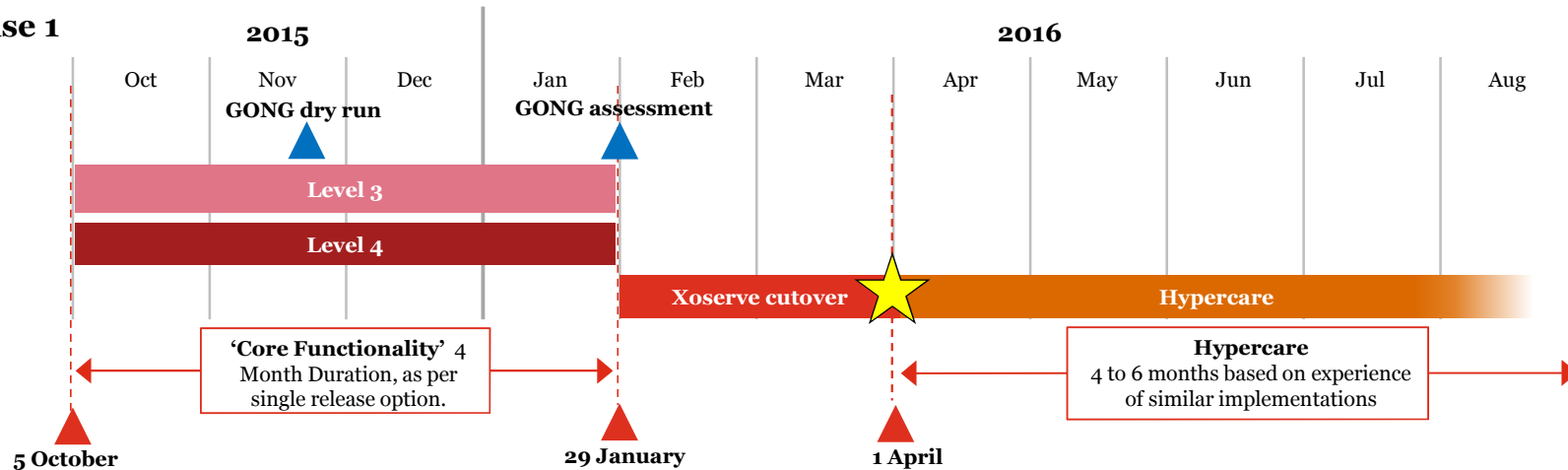


3. Market trials duration and go-live – option 2 (split release)

Go-live is split into two releases , **with ‘core functionality’ earliest go-live 1st April 2016** and Release 2 at a date to be confirmed, but likely to be at least 6 months after release 1.

Release 1

‘Core’

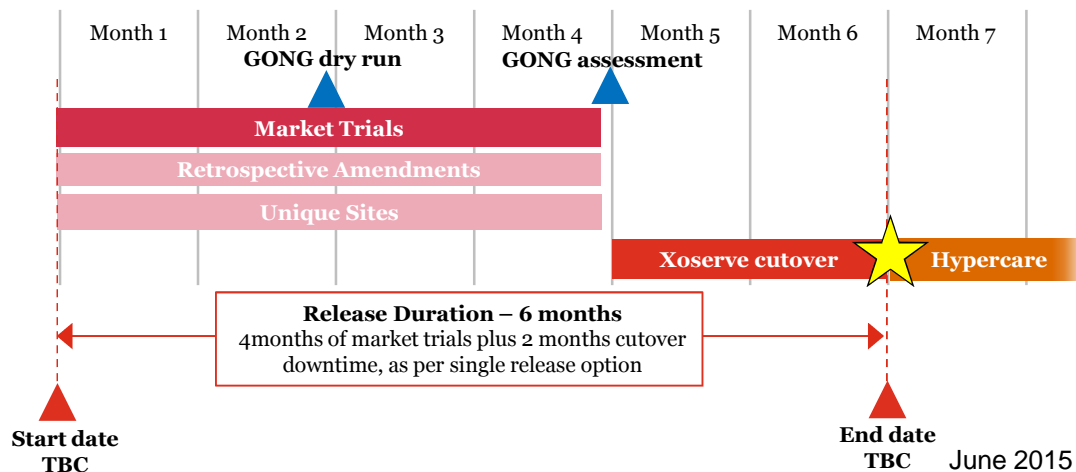


Release 2

‘Retro / Unique’

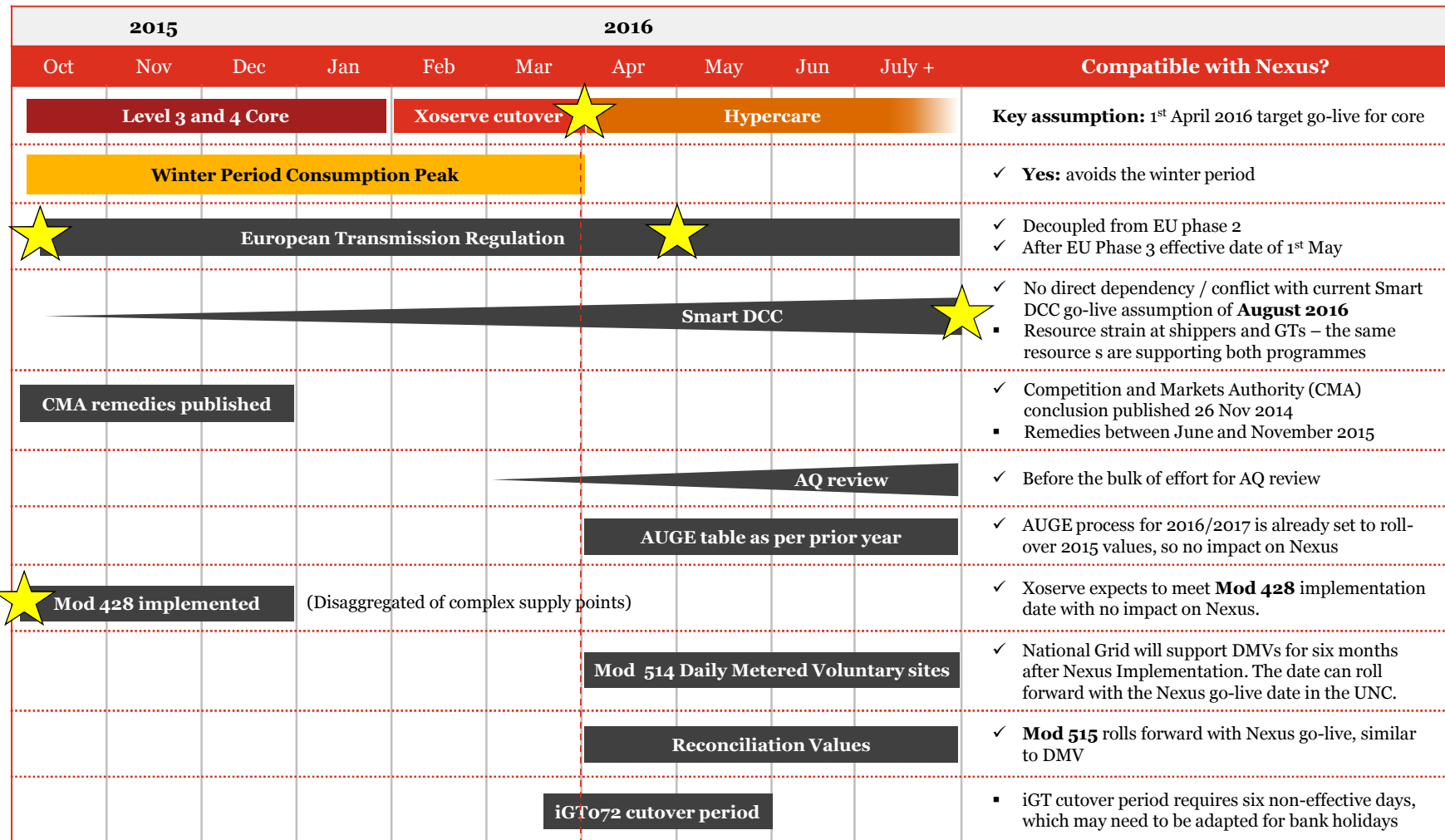
Timing dependencies

- | | |
|---------------------|---|
| Start Date | <ul style="list-style-type: none"> Updated Xoserve delivery plans for ‘retro / unique’ build and test Resource conflicts of parallel running development and support with Release 1. Alignment with other industry changes |
| Go-live date | <ul style="list-style-type: none"> Dependent on duration and intensity of Release 1 Hypercare and stabilisation Release 2 go-live occurs once Release 1 has exited Hypercare |



3. Compatibility of Option 2 with other industry changes (Release 1)

Option 2 – Release 1 is not directly dependent on other industry changes or processes. However, there is likely to be resource conflicts with the Smart DCC implementation across shippers and GTs.



3. *Compatibility of Option 2 with other industry changes (Release 2)*

[Placeholder] – To be provided in an updated version w/c 8 June 2015

Option 2 - Release 2 compatibility with other industry changes. Information currently being collated and validated with Industry experts

2016					2017					Compatible with Nexus?
Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
To be confirmed										

3. *Advantages and issues of the two go-live options*

- Both options delay benefits beyond the timescales originally expected, with extended development effort and cost across all parties involved.
- Based on our discussions over the last month, there is a clear industry preference for **Option 1**.

	Key advantages	Key issues
Option 1 – single release Earliest go-live = 1 st June 2016	<ul style="list-style-type: none"> • A single release of functionality lowers planning and scheduling complexity • A strong industry preference for a single release • No direct conflict or dependency with other industry changes • Most participants are building their solution to incorporate retro / unique sites from day 1 • One cutover / transition plan is more efficient 	<ul style="list-style-type: none"> • Market trials period is complicated by the later delivery of unique sites / retro and will require careful change control and regression testing • Go-live two months before Smart DCC planned go-live. Resources likely to be supporting both • Go-live is dependent on successful delivery of retrospective amendments / unique sites at a late stage in market trials
Option 2 – split release R1 (core) earliest go-live = 1 st April 2016 R2 earliest go-live = TBC	<ul style="list-style-type: none"> • Earliest benefits realisation on the delivery of the 'core' • De-risks and simplifies the Xoserve delivery of the core functionality 	<ul style="list-style-type: none"> • Does not meet the preference for a single release • A gap of at least 6 months is likely to be needed to stabilise release 1. This could be longer if significant defects are encountered across the industry • Potential risk that release 2 may never be delivered if focus is lost • Regression testing prior to release 2 go-live • Parties may need to 'unpick' or workaround functionality that has already been developed and is not used in release 1

3. Market Trials Duration – Risks and Contingencies

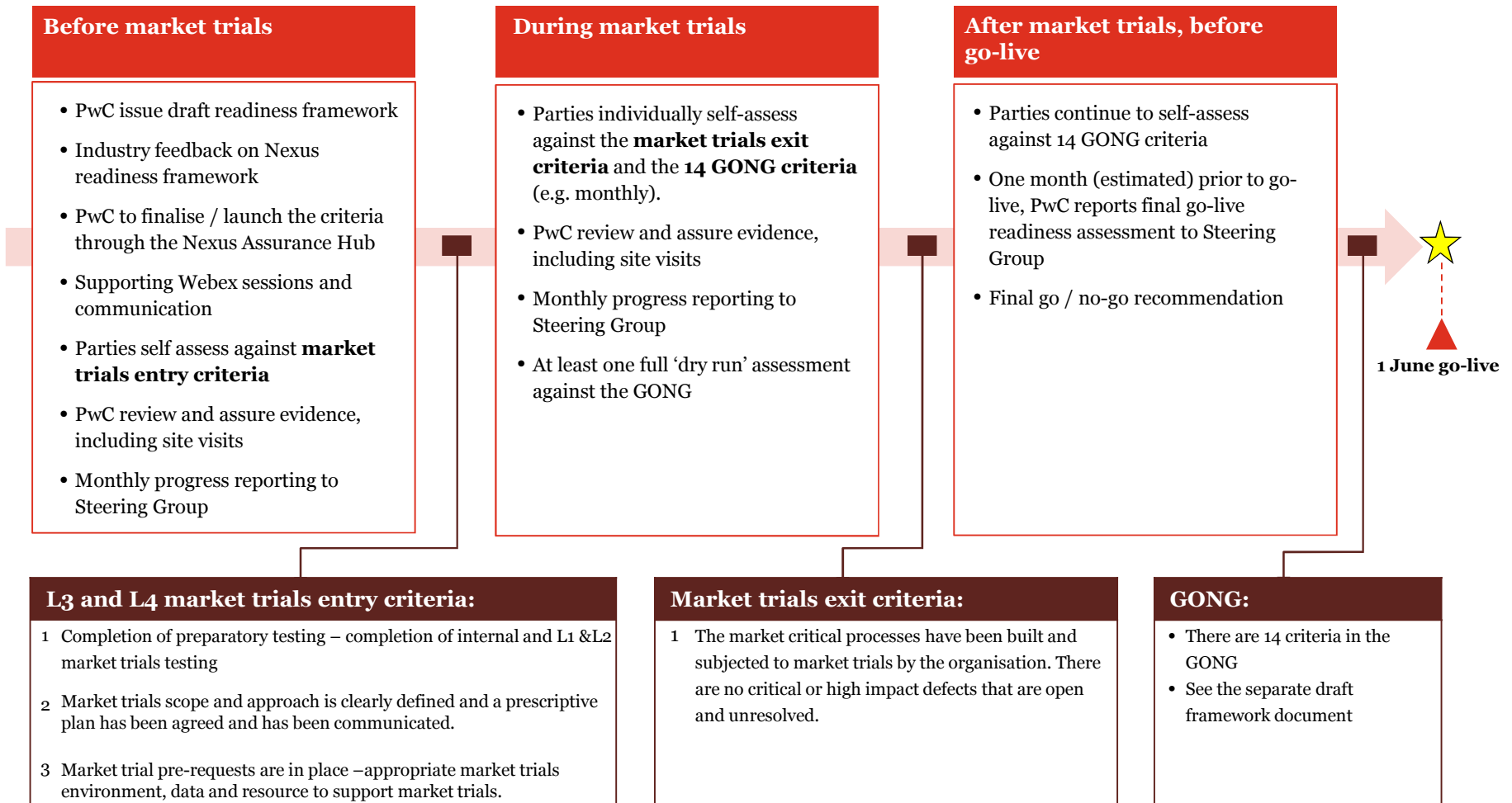
[Placeholder] - *To be provided in an updated version w/c 8 June 2015*

Risks to the completion of Market Trials in line with the proposed timelines for option 1 and option 2 and potential contingencies in place. Information currently being collated and validated with Xoserve.

4. Market trials governance

4. *How we will assure the key milestones: market trials entry, exit and go-live*

- We are issuing a draft go / no-go and market trials entry / exit criteria framework for feedback from market participants. This will play a key role in providing transparent data on the progress each organisation is making towards Nexus go-live.



Appendices

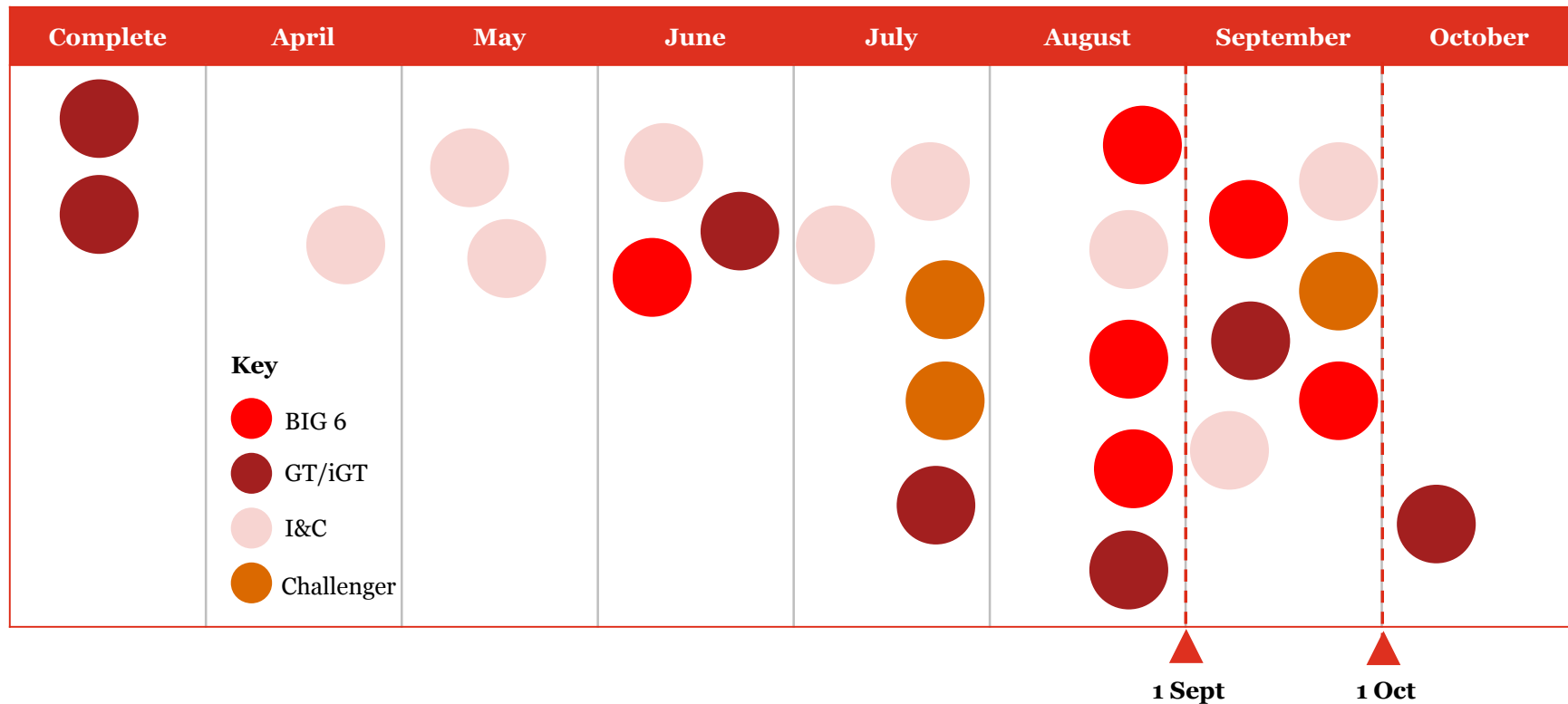
A1. *Constructive feedback received on market trials approach*

- Market participants have raised a range of questions suggesting the current ‘facilitative’ approach to market trials is not universally and consistently understood. In some cases, there is a fundamental difference of opinion on whether this approach is sufficient.
- In addition, further questions have emerged as a result of the 1st October 2016 go-live deferral and the later delivery of unique sites and retrospective amendments.
- Based on our experience, these are valid questions and have a bearing on the duration and effectiveness of market trials. Xoserve are generally aware of these points below and believe the majority will be addressed in a revised market trials approach.

Area	Market questions	Impact – why is this important ?
1. Data file format testing	<ul style="list-style-type: none"> • Several participants highlighted that a ‘gold standard’ set of data files would be useful to test against (we concur with this view) • Can market trials (Level 2) be more rigorous and prescriptive? 	<ul style="list-style-type: none"> • Participants are able to validate their data file design with a higher level of confidence.
2. Level 3 and Level 4 market trials – core functionality	<ul style="list-style-type: none"> • Can more prescriptive guidance be given on test scenarios and guidance? • Is there sufficient provision for testing of end-to-end processes, with re-work for defects? • Has the impact of downtime over the Christmas period been factored into the plan? 	<ul style="list-style-type: none"> • Participants require absolute clarity on these aspects in order to determine if the proposed period of market trials is sufficient.
3. Defect management	<ul style="list-style-type: none"> • What provision is made for re-work following defect resolution? • How much contingency is in the plan? • Can a secondary support SLA be provided? 	<ul style="list-style-type: none"> • It is important that sufficient time is factored in for re-work and defect resolution prior to go-live.
4. Unique sites and retrospective amendments	<ul style="list-style-type: none"> • What scenarios and process areas are expected to be validated in market trials? • What will the primary and secondary support model periods / SLAs be during this period? • What is the approach to ensuring that appropriate regression testing is built in? 	<ul style="list-style-type: none"> • Participants require absolute clarity on these aspects in order to determine if the proposed period of market trials is sufficient.

A2. Market trials start date – analysis of shipper, GT and iGT plans

Our analysis of the scheduled completion dates for shipper, iGT and GT internal testing suggests that Level 3 and Level 4 market trials cannot start before the **5th October 2015**. This assumes that organisations keep to their current project plans.



Our analysis takes into account the scheduled completion date for Internal Testing of **25 organisations**. This is based on the 27 plans we have received to date, 2 of which have no end-date specified

# Organisations	72%	96%
Supply Points	70%	95%
Annual Quantity	66%	95%