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Sent: 25 February 2014 22:33
To: .box.xoserve.CR.Comms **Cc:** Baker, Martin R; Salter, Nick J; Johnson, Sharon
Subject: RE: Consultation on Change Programme Delivery Options

British Gas Response Xoserve consultation on Change Programme Delivery Options

Whilst we appreciate and welcome the effort Xoserve is making to consult with industry on its approach to change delivery, we have found it difficult to populate the Option Assessment table in a meaningful way. We have therefore set out our response below:

British Gas remains committed to the delivery of Project Nexus at the earliest possible opportunity, which we acknowledge is currently 1st October 2015. Over the past 12 months there has been continued dialogue on the delivery of Nexus and the industry has been keen to obtain ongoing assurance from Xoserve on ability to deliver to this date.

Whilst we acknowledge that all of the Options detailed within the consultation carry varying degrees of risk in terms of delivery, we do not believe that any detailed evidence has yet been provided by Xoserve to support the contributing risk factors identified. Without these risks being properly evidenced and evaluated we continue to be of the opinion that Option 1A should not be discounted and should remain as the 'target' implementation date, particularly given the ongoing assurances over delivery timescales that we have received. For example, it would be helpful to understand the nature of the risks involved in parallel delivery of EU changes and Nexus changes. The consultation suggests that the risk is introduced by simple resource contention, which in our experience should be possible to address relatively easily. There is no suggestion, for example, of code contention or the possibility of technical debt being introduced by this approach, which in the first instance may be more difficult to manage (although not

insurmountable) and in the latter case, may introduce additional cost, which is likely to be outweighed by the benefits afforded by Nexus.

It has been stated by Xoserve that opportunities to mitigate risks (for Option 1A) are very limited in their nature and their likely effectiveness; however the absence of detailed supporting evidence on the nature of risk and opportunities to mitigate does not adequately demonstrate this. Risks and impacts of delayed implementation also needs to be considered and what has not been articulated is the level of risk to the industry and consumers, associated with the delay of more robust and equitable gas settlement arrangements and the impact upon competition in the supply market.

We note comments recently published by Ofgem, within their recent letter to market participants entitled 'Industry role in creating market conditions necessary to support realisation of the benefits of smart metering' dated 6th February 2014, where Ofgem referenced Project Nexus and noted: *'While this work has been constructive, progress has been slow and gas settlement systems have remained largely unchanged since the start of domestic competition. The changes proposed by Project Nexus are critical to deliver a more accurate allocation of costs and to support competition between gas suppliers.'* We concur that the delivery of the overall Project has taken a long time to achieve and that potential further delays are unwelcome due to the criticality of the new arrangements that Project Nexus will introduce.

In summary we do not support any Option which seeks to delay the implementation of Project Nexus past the current target delivery date of 1st October 2015, until such time that it has been clearly evidenced and demonstrated that this delivery date cannot be achieved by Xoserve, or that the risks or costs introduced are unacceptable to the industry. In the event that there is a justifiable reason for not being able to deliver by 1st October 2015, it would be essential that any delay is minimised, with new dates grounded upon best possible delivery timescales.

Finally, we would like to comment upon a statement made within Xoserve Options Assessment Paper dated 17 February 2015. 5.8(d) makes reference to *'the increasing risk to the delivery of contracted services in the event that further resources are diverted from operational or customer facing roles and towards project delivery activities.'* We do not accept that there are or should be circumstances where the delivery of day to day, business as usual services, provided by Xoserve are impacted by the delivery of change and would like to understand the rationale for this statement. Project Nexus has been developed and progressed over many years and the target date of implementation has also been known by Xoserve for a considerable time. It is therefore completely unacceptable for there to be any potential or actual risk to Xoserve day to day operational or customer facing roles and British Gas would be extremely concerned if Xoserve standards of service slipped during this or any other period of change implementation.

Regards.

Graham