

Stage 01: Modification

At what stage is this document in the process?

0537:

Change of Project Nexus Implementation Date to 1st April 2016

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

This modification proposes to change of Project Nexus Implementation Date to from 1st October 2015 to 1st April 2016 with no phased implementation.



The Proposer recommends that this modification should be:

- be treated as urgent and should proceed as such under a timetable agreed with Ofgem



High Impact:

Users, Transporters' Agent, Transporters

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7 Legal Text	7	 Andrew .green@totalgp.com
8 Recommendation	8	 01737 275554
About this document:		Transporter: Chris Warner National Grid Distribution
The Proposer recommends that this modification should follow urgent procedures based on the timetable below:		 chris.warner@nationalgrid.com
The Proposer recommends the following timetable:		 01926 653541
Panel Recommendation on Urgency	01 May 2015	Systems Provider: Xoserve
Ofgem Decision on Urgency	05 May 2015	 commercial.enquiries@xoserve.com
Consultation commences	05 May 2015	
Consultation Close-out for representations	18 May 2015	
Final Modification Report presented to Panel	19 May 2015	
UNC Modification Panel recommendation	21 May 2015	

1 Summary

Is this a Self-Governance Modification?

Self-Governance procedures are not proposed as this modification is likely to have a material impact on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes as it is proposing changes to the implementation date of Project Nexus systems.

Is this a Fast Track Self-Governance Modification?

No because it would not meet the self-governance criteria

Why Change?

At the Change Overview Board meeting on the 14th April, it was acknowledged by Xoserve that they could no longer deliver a complete Project Nexus solution for 1st October 2015. In light of this confirmation the project dashboard was subsequently changed from Amber to Red. Understanding Ofgem's previous rejection of Modification 0491 - Change implementation date of Project Nexus to 1st April 2016, the proposer therefore believes circumstances within the industry (detailed in the following paragraph) have changed sufficiently to require a programme re-plan. Any phased delivery of critical functionality such as updates to metering information as proposed under Modification 0536 - Project Nexus – deferral of implementation of elements of Retrospective Adjustment arrangements, would lead to a deterioration in data quality and would adversely impact end consumers. Meter asset data is critical to accurate and timely billing and suppliers are likely to see a rise in complaints if underlying asset data quality is not maintained.

At the Project Nexus Steering Group meeting held on the 14th April after the Change Overview Board, the group discussed a phased implementation and two thirds of the Shipper constituents voted against a phased implementation.

The UK Link Programme (incorporating Project Nexus changes) implementation timeline has become unachievable due to a combination of programme slippage and other delays. The mitigation strategy of introducing more and more parallel running into the program and impact this has on the test window and Shipper projects means that the proposer does not believe that the industry can achieve full system delivery on the 1st October 2015.

This modification seeks to keep existing full Nexus functionality (as set out in the Nexus UNC Modifications 0432, 0434 and 0440) intact without a phased delivery approach. Additionally the proposal provides for a more realistic industry testing program available for no more than 5 months and which will allow Shippers to appropriately test systems and provide the relevant assurance to the market prior to Go Live. As such there needs to be a change to the focus of the 1st October 2015. Rather than Go Live there should be a full delivery of the UK Link System so that industry testing can commence from this date. Industry Go Live should then be rescheduled to 1st April 2016.

Due to the current stage of industry IT system development and the urgent need for certainty before we proceed into later project stages including testing which is currently scheduled to start in June this modification should be given URGENT status.

Solution

The Project Nexus Implementation Date is currently set out in the General Terms Section C and defined as the 1st October 2015. This date should be changed to 1st April 2016.

Relevant Objectives

c) Efficient discharge of the licensee's obligations

This modification proposal would remove the risk associated with failure to deliver a stable and fully tested suite of IT systems by 1st October 2015

d) Securing of Effective Competition between Shippers

There is a risk that if industry processes have major implementation issues relating to an unrealistic programme plan that does not allow for sufficient testing then competition between shippers will be impacted, especially the ability to change supply using robust supporting data and subsequent ability to service customers.

(f) Promotion of efficiency in the implementation and administration of the Code.

A problematic implementation of such a large and multi-party change to core industry systems would be damaging to the industry and end consumers and the current implementation timescale is unachievable for full Project Nexus functionality.

Implementation

No specific implementation date is proposed but it is recommended that implementation is as soon as possible after a decision is made by Ofgem so that cost of multiple industry change programmes is minimised

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This modification impacts the Project Nexus Implementation Date.

2 Why Change?

At the Change Overview Board meeting on the 14th April, it was acknowledged by Xoserve that they could no longer deliver a complete Project Nexus solution for 1st October 2015. In light of this confirmation the project dashboard was subsequently changed from Amber to Red. Understanding Ofgem's previous rejection of Modification 0491, the proposer therefore believes circumstances within the industry (detailed in the following paragraph) have changed sufficiently to require a programme re-plan. Any phased delivery of critical functionality such as updates to metering information as proposed under modification 0536 would lead to a deterioration in data quality and would adversely impact end consumers. Meter asset data is critical to accurate and timely billing and suppliers are likely to see a rise in complaints if underlying asset data quality is not maintained.

At the Steering Group meeting held on the 14th April after the Change Overview Board, the group discussed a phased implementation and two thirds of the Shipper constituents voted against a phased implementation.

The UK Link Programme (incorporating Project Nexus changes) implementation timeline has become unachievable due to a combination of programme slippage and other delays. The mitigation strategy of introducing more and more parallel running into the program and impact this has on the test window and Shipper projects means that the proposer does not believe that the industry can achieve full system delivery on the 1st October 2015.

This modification seeks to keep existing full Nexus functionality as set out in the Nexus UNC Modifications 0432, 0434 and 0440 intact without a phased delivery approach. Additionally the proposal provides for a suitable Industry testing program available for no more than 5 months and which will allow Shippers to appropriately test systems and provide the relevant assurance to the market prior to Go Live.

As such there needs to be a change to the focus of the 1st October from Go Live to full delivery of the UK Link System with Industry Go Live to be rescheduled to 1st April 2016.

To require the Shipper community to re-plan their projects at this very late stage and de-scope functionality for phased delivery as would be needed under Modification 0536 is not realistic. Any change to the scope for delivery on 1st October should have come at a much earlier stage and so the only option now is to change the implementation date to one that is achievable, whilst maintaining the benefits of full existing Nexus functionality. A phased delivery would put even more pressure on the current extremely stressed implementation plans and this attracts unacceptable risk for the industry. This is because resource would be required to re-plan projects and “unpick” elements of functionality and plan for work-arounds. This change requirement would impact projects and contribute to delays.

Further to the above, the existing test window does not now allow enough time for the industry to test sufficiently and it needs to be re-planned and extended. It is extremely unlikely that all shipper systems will be completed and ready for testing at the same time so there should be a re-planned and extended test window with more flexibility to allow for shipper systems coming online at slightly different times.

Reason for Request for URGENT status:

Due to the current stage of industry development and the urgent need for certainty before we proceed into later project stages including testing which is currently scheduled for June this proposal should be given URGENT status

3 Solution

The Project Nexus Implementation Date is currently set out in the General Terms Section C and defined as the 1st October 2015. This date should be changed to 1st April 2016

Suggested re-planning business rules:

For the avoidance of doubt the following suggested business rules have been provided to indicate how the additional development time allowed by the change to the Project Nexus Implementation Date, could be utilised to achieve implementation on 01 April 2016. These business rules would not be implemented as part of the legal text for this modification:

Subject to advice from and assessment by the Project Assurance function appointed by Ofgem to advise Project Nexus Steering Group and UNC committee to ensure that any plan is achievable by all industry parties:

- The UK link programme should be re-planned with the Project Nexus Implementation Date changed from 1st October 2015 to 1st April 2016.
- The existing industry testing window of June 2015 to August 2015 should be cancelled and “handed back” to Xoserve so that their system development can be successfully completed with all agreed Nexus functionality delivered for Shippers to commence testing with Xoserve.
- Xoserve UK Link system should be fully complete (system test, BIT and UAT) by 1st October 2015 and available for industry testing
- 1st October 2015 will be the start of the new test window which should run for 5 months from 1st October 2015 to 1st March 2016.

- The implementation and cutover window would take place in March 2016
- UK Link Programme cutover with full Nexus functionality including full retrospective adjustment functionality on 1st April 2016.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	No User Pays service would be created or amended by implementation of this modification and it is not, therefore, classified as a User Pays Modification.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.	N/A
Proposed charge(s) for application of User Pays charges to Shippers.	N/A
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	N/A

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	Positive
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None

f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Reason

For objectives (c), (d) and (f) there is too much risk with the implementation plan to achieve a 1st October 2015 implementation date.

c) Efficient discharge of the licensee's obligations

This modification proposal would help to mitigate the risk associated with failure to deliver a stable and fully tested suite of IT systems by 1st October

d) Securing of Effective Competition between Shippers

There is a risk that if industry processes have major implementation issues relating to an overly ambitious programme plan that does not allow for sufficient testing then competition between shippers will be impacted, especially the ability to change supply using robust supporting data and subsequent ability to service customers.

(f) Promotion of efficiency in the implementation and administration of the Code.

A problematic implementation of such a large and multi-party change to core industry systems would be damaging to the industry and end consumers and the current implementation timescale is unachievable for full Project Nexus functionality.

5 Implementation

No specific implementation date is proposed but it is recommended that implementation is as soon as possible after a decision is made by Ofgem, so that the cost of multiple industry change programmes is minimised.

6 Impacts

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This modification has a significant impact on the UK Link Replacement Programme as it proposes to change the Project Nexus implementation date from 1st October 2015 to 1st April 2016.

7 Legal Text

To be provided by the Transporters

8 Recommendation

The Proposer invites the Authority to:

- Agree urgency on the basis that if standard non-urgent procedures were applied, a decision to implement could not be made in time for industry IT programmes to be re-planned for a potential phased delivery for 1st October 2015 or a fully functional delivery for 1st April 2016.
- Permit the proposal to progress to consultation on the basis that it is fully developed using the following timeline:
 - Modification Panel view on urgency and consultation requested – 1st May 2015
 - Ofgem grants urgency – 5th May 2015
 - Joint Office issues for consultation – 5th May 2015
 - Close out for representations – 18th May 2015
 - Joint Office to prepare Final Modification Report and issue to Modification Panel – 19th May 2015
 - Modification Panel meeting to make recommendation – 21st May 2015
 - Final Modification Report issued to Ofgem – 21st May 2015
 - Ofgem decision by end May 2015