

Meeting 01 Change Overview Board Minutes Monday 03 March 2014

at ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Bob Fletcher (Secretary)	(BF)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Travell	(AT)	E.ON UK
Andy Miller	(AM)	Xoserve
Andy Watson	(AW)	Xoserve
Angela Love	(AL)	ScottishPower
Chris Logue	(CL)	National Grid NTS
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	WatersWye
Hazel Ward	(HW)	RWE npower
Joanna Ferguson	(JF)	Northern Gas Networks
Jon Dixon	(JD)	Ofgem
Martin Brandt	(MB)	SSE
Mike Fensome	(MF)	GDF Suez
Mike Hogg	(MH)	Dong Energy
Nick Salter	(NS)	Xoserve
Rosie McGlynn	(RM)	Energy UK
Sandra Simpson	(SS)	Xoserve
Sean McGoldrick	(SMc)	National Grid NTS
Sharon Johnson	(SJ)	British Gas
Steve Mulliganie	(SM)	Gazprom
Steve Simmons	(SS)	Scotia Gas Networks

**via teleconference*

Copies of all papers are available at: www.gasgovernance.co.uk/cob/030314

1. Introductions

LJ welcomed participants to the meeting, explaining that it was superseding the Xoserve stakeholder meeting.

2. Terms of Reference

LJ displayed the proposed Terms of Reference (ToR) including the recent comments.

Scope

HW asked if this proposed board would be time dated once the lists of programmes were completed. Should the scope be less descriptive and include programmes as a non-exhaustive list.

AL asked why faster switching is being considered as the latest analysis from Xoserve indicated there were no impacts on Project Nexus. JF felt it should be listed as any modification or change may have an impact going forward as there were a limit to resources with the required skills and knowledge to undertake the changes. AM advised that that a recent amendment to Modification 0477 is likely to have an impact on Project Nexus development, so therefore it should be included. SJ agreed that modifications or other industry changes should be included.

The ToR was amended to reflect the views of the Workgroup.

NS asked if this forum should be focused on Xoserve change, should it include other change programmes outside of Xoserve. The view is that any change that potentially impacts the delivery of changes to central systems should be included.

Membership

NS asked why membership is restricted to licenced parties? GE agreed that this was counter to normal practice. RMc asked if and why trade associations were excluded?

LJ asked what membership provides; does this include voting rights? CL felt it did not. GE was of the opinion that the meeting should be open and not restrict attendance from any interested party.

AL felt that membership and voting rights should reflect signatories of the UNC and not just any party that attends. RMc wanted to ensure that those who were interested or indirectly impacted by the change process were included, so that an informed opinion could be provided to Ofgem. JD was happy with consensus where it is recommendation being provided on an informed opinion. That said, if the scope increases which leads to the group making decisions rather than Ofgem, then formal voting rights may be required which includes decision making and representation.

GE felt that the reason for this group to exist is to analyse why people say yes or no rather than who says yes or no.

Accountability

LJ asked if there is a potential point of conflict between this group and general UNC governance. SMc did not think it did because this group does not manage the governance process, it just makes recommendations to Ofgem.

New Action: COC 0103 - Parties to provide any comments they have on the draft ToR by 14 March 2014.

3. Delivery Options

NS provided an overview of activities currently reviewed by the stakeholder group and now on the agenda for this group.

NS then provided an overview of the recent questionnaire responses, including the preferred options for delivery and those that were not preferred.

SJ did not think the document provided sufficient detail on the risks and how these risk could be mitigated going forward. AL agreed with this view, Scottish Power were unable

to complete the matrix in their consultation response as the questions were not clear enough. They supported implementation of Project Nexus but were unable to clarify this in their response.

MB was of the opinion that Ofgem have decided that Project Nexus should be implemented on 01 October as this was set out in their implementation letter. He added that perhaps the Modifications 0432 and 0434 should be separated so that if one fails the other doesn't. SM disagreed, the modifications were conjoined so should progress to implementation together.

AL felt that as the Project Nexus modifications were approved but none of the EU modifications were at this stage, progress should be made on Project Nexus. CL countered this view as there is a legal obligation to implement European regulations by 01 October 2015 and other arrangements should not prevent this happening.

JD felt that the Project Nexus modifications should be progressed but agreed the European modifications process could not be ignored – currently there is no clear view as to why they both could not be delivered together and how much the risk is of moving these forward.

SS explained the issues with implementing Project Nexus and European modifications together and the potential implications of delivery failure if a risk materialises on one or other project. The issues with implementing changes to Gemini, driven by both projects, creates a significant delivery risk.

RMc asked why Xoserve didn't have a view of European Gemini impacts as the subject is understood even if the modifications were not approved. AW explained the process being adopted with their service providers (system integrators) and that the plan contains no contingency. The view is that there is commonality in the Gemini code for both Project Nexus and European programmes, a change to one or the other impacts on both programmes. He felt it would be a sensible approach to split the programmes to de-risk them.

MF was against an approach that built the risk of failure into the programme rather than managing each project as required, with separate implementation timelines. Failure would put the industry in a poor light and would risk industry reputations.

AW advised that the overall risk is the short timescales for delivery and this is complicated by two sets of requirements. SJ asked if the European delivery date is high risk in it self. JD explained the consequences of failure to implement European requirements and the risk and level of fines on National Government.

CL advised that they have an obligation to deliver CAM by 01 Nov 15 and Balancing Code by 01 Oct 15. DECC may be able to defer the latter by 1 year, though this was not an approach favoured by National Grid NTS.

JD was still concerned that Project Nexus may be delayed as there is no evidence at this time that the European programme would be de-risked should Project Nexus implementation be put back.

SM was still of the opinion that there were a number of significant risks which could impact the programmes as these have no in-built contingency and these risks were being exacerbated buy the outputs of the Significant Code Review.

JD asked if the following aspects could be set out:

1. Firm steer required to Xoserve for them to build their delivery contracts on;

2. Identify the risks and how these can be mitigated;

3. If programme delivery is unachievable, how should it be rescheduled and what is a realistic implementation date.

JD just wanted to understand the real impacts and risks so an informed choice can be made. RMc wanted a view of the hidden issues such as resourcing and contingency management.

GE noted that Project Nexus had been delayed due to risks around SMART metering so it is not without precedent.

AW pointed out that there is an assumption that all parties can meet the testing programme and that changes to the defined process can be made by impacted parties within the existing programme timescales – these risks were excluded from Xoserve's programme.

MF was of the opinion that there were two approaches - go for it with a hope it does not fail, or, raise the risk profile so high that the industry is aware that delivery may fail and can make an informed decision.

NS was concerned that should development proceed, it may not be possible to prevent delivery failure by stopping part of the programme or de-scoping as it would impact both programmes. AL felt this was a risk for all to consider and that the modifications were provided implementation dates at a time when the industry was aware of the impacts of both programmes.

AL asked if the European programme was delayed, would that further delay the Project Nexus programme. AW did not think this would be the case should Gemini changes slip from 01 Oct 15 to 01 April 16, both programmes would be achievable. The issue is having sufficient time to deliver both programmes by 01 Oct 15.

AT asked if its possible not to link both programmes for 01 Oct 15 delivery, so should one programme fail it would not impact the delivery of the other. AW advised it would not be possible due to the time constraints, plus both programmes would need to be brought together for testing at sometime and this would be a critical link

MB mentioned the letter from Rachel Fletcher (Ofgem) being critical of any delays to the delivery of Project Nexus. SM felt that programme risks should be managed and not ignored because of a reference in a letter. JD did not think this approach was acceptable until there was more clarity on the risks – the service provider has indicated they can deliver, why shouldn't they be allowed to do so unless there was evidence to prove they couldn't. HW agreed, their development programme is based on the key industry dates and it is being put at risk due to doubts about programme delivery and industry intentions.

AL suggested decoupling Project Nexus so it can continue its development while the European requirements were finalised.

SMc was concerned that with the projects being coupled by the fact they share common implementation dates, any failure to deliver would put National Grid NTS in breach.

AT confirmed that from a User point of view there is no risk on their programmes for delivering both programmes - delays would add cost though they would have no dependencies between the programmes other than a common delivery date. AT wanted

more certainty evidence and certainty on the level of risk before agreeing to delay Project Nexus.

NS clarified that the level of risk is high but it is down to participants to agree whether or not it is an unacceptable risk to continue to aim to deliver both programmes for 01 Oct 15.

GE was concerned that the level of risk is being played down by some when compared to the cost of delay – why take a chance of failure when the level of development cost is lower now than at the time when the actual risk would manifest into a major failure, it may be financially prudent to delay now.

AW explained that should European programme be implemented first, there would need to be a delay to ensure the amended Gemini code is stable enough before it could then be used for the development of Project Nexus code.

AL asked where the change window for Gemini is set out. SMc advised that the change window relates to the iGMS, which is national infrastructure and changes were managed during the summer to ensure the security of supplies – Gemini feeds into this system and is therefore impacted by the no change window.

MB asked that if the service provider says it can be delivered by October, shouldn't the contract structure manage this change within the timescales. SJ asked when the decision was made to deliver the Project Nexus/European changes as one project. AW referred to his previous comments that the service provider had suggested that due to the challenging timescales, the work would need to be undertaken at the same time. SJ wanted to understand what the critical date is when the joint delivery does not work? AW felt this time would be understood during the detailed design stage.

NS asked what the process should be for engagement should the risks materialise, how would modification deliveries be amended. NS clarified that the contract had not been put in place at this stage as it was still under discussion. MF felt this would be a deciding factor, if the service provider was concerned about the risk they wouldn't sign the agreement tying them into delivery for 01 Oct 15.

LJ attempted to summarise the discussion and what responses should be provided to Ofgem to enable them to consider the approach going forward.

AL asked if additional strategic options could be considered such as a dual fuel approach managed elsewhere within the industry should 01 Oct 15 be unachievable, this might provide additional benefits for both gas and electricity. Others felt that this would introduce additional dependency and unnecessary complication.

SJ asked if the Project Nexus delivery could be managed in phases so that some aspect of settlement reform could be implemented between October and April rollouts for example. AW did not feel there was sufficient expertise remaining outside those currently employed on the programmes to provide sufficient analysis. The prospective service provider had previously offered a view that the programme was not suitable for phasing.

RMc wanted to see more detail/narrative on why phasing couldn't be achieved and the high level risks on implementation. In addition, more information and analysis as to why the decisions have or have not been made on joining the programmes.

NS asked if a modification is required to amend the implementation date of Project Nexus text. AR confirmed the UNC contained an option for UNCC to confirm the implementation date, though it would be more likely that a modification would need to be raised to get a formal industry view on what the amended date should be.

JD was concerned that a modification would take more time than is currently available, as the service provider contract needs to be signed soon. He was still concerned why the risks were not provided in more detail, there were still a lot of unknowns of the European requirements and delivery – there is still no evidence to prove implementation is not possible for both by 01 Oct 15.

SM asked if the decision on Project Nexus modifications were made with the view that these risks were current and known. JD confirmed that was the case but that this process is to define the risks and how material/likely they were and what mitigation is required.

RMc asked if links should be made to JESG so that views can be obtained on the potential impacts or changes to EU laws were implemented.

JD wanted a date where a decision is required in terms of the risk of impacting the Xoserve service provider contract. SS advised that their intention is to agree contracts around 24 March, though these were still under negotiation.

There was a general view that the report needs to be concluded by 07 March to allow Ofgem time to consider their response prior to 24 March.

New Action COB01/02: Xoserve to draft an initial report to set out the current position highlighting the risks and issues based on October delivery for both or separate delivery dates (October and April) for each programme and any mitigating factors for these risks.

New Action COB01/03: LJ to seek views on the report content from board participants prior to its submission to Ofgem

4. Any Other Business

4.1. Resource Constraints for Future Modifications

SJ appreciated the view of issues and risks provided by Xoserve. However, it would be beneficial if Xoserve could provide programme plans to aid discussions and future planning for COB meetings. AL agreed but wanted to know if that was the role of an implementation board, if so is this the group that could take that role as there is no other group at present.

SS agreed to review what Xoserve currently produce and extract a high level plan that can indicate progress, risks and mitigation.

New Action COB01/04: Xoserve to provide a high level programme plan for discussion at the next meeting.

RMc asked if registration data for DCC should be included in a high level plan. JF advised that there is an existing Xoserve forum for managing that process. RMc agreed the detail should remain within the forum but a high level extract would be useful.

GE was concerned that indications of issues were raised when they became a pinch point for Xoserve – should the process for managing the priority of changes be agreed in advance to allow more time for other options to be considered.

SMc supported the view of an industry plan of associated programmes, though he thought meeting monthly (once these initial issues has been resolved) is probably too frequent for a strategy group. This group could also feed into the governance and

funding review for Xoserve. He also offered his opinion that the scope of this group is for capturing views and not for making decisions.

SMc asked if Ofgem intend to prescribe a timetable for Modification 0461. JD advised that he would consider the implications and discuss the options with SMC offline.

5. Diary Planning

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

Change Overview board meetings will take place as follows:

Time / Date	Venue	Programme
07 April 2014	Pink Room, Elexon	

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
COB 0101	03/03/14	2.0	Parties to provide any comments they have on the draft ToR by 14 March 2014.	All	Pending
COB 0102	03/03/14	3.0	Xoserve to draft an initial report to set out the current position highlighting the risks and issues based on October delivery for both or separate delivery dates (October and April) for each programme and any mitigating factors for these risks..	Xoserve (NS)	Pending
COB 0103	03/03/14	3.0	LJ to seek views on the report content from board participants prior to its submission to Ofgem	JO (LJ)	Pending
COB 0104	03/03/14	4.1	Xoserve to provide a high level programme plan for discussion at the next meeting.	Xoserve (SS)	Pending