

Project Nexus Steering Group Minutes

Monday 15 June 2015

Ofgem, 9 Millbank, London SW1P 3GE

Attendees

Andy Sinclair	(AS)	PwC
Angelita Bradney	(AB)	Ofgem
Chris Warner	(CW)	National Grid Distribution
Gareth Evans	(GE)	Waters Wye Associates
Gill Williams*	(GW)	PwC
Hazel Ward	(HW)	EON
James Beverley	(JB)	Baringa
Jeremy Adams Strump	(JAS)	Ofgem
Jeremy Guard	(JG)	First Utility
Jon Dixon	(JD)	Ofgem
Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Mike Harding	(MS)	ES Pipelines
Sandra Simpson	(SS)	Xoserve
Sean McGoldrick	(SM)	National Grid NTS
Stuart Cook	(SC)	PwC

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/NexusSG/150615>

Key Messages from this meeting:-

System Delivery		
System Build and Test	All parties are reminded that they should continue with ongoing build and test activities in anticipation of Level 2 testing in September 2015 and delivery of a tested system by October 2015.	ONGOING ACTION
Start of Market Trials – Data Issue		
June 2015 Data Cut	Requires data manipulation by Xoserve and all parties, simultaneously	
August 2015 Data Cut	AQ2015 values would be included. Less data manipulation than above	
October 2015 Data Cut	Low risk since same gas year values. Outputs more predictable	Steering Group preferred option
Delivery Options		

<p>Option 1 Implementation of Core, RA and US on 01 Sept 2016</p>	<p>Medium confidence of delivery</p> <p>Issues driving the confidence level:</p> <ul style="list-style-type: none"> • Re-planning is more complete • May need an AQ2016 process, not currently envisaged • Detailed design of Xoserve RA solution is incomplete <p>Other Considerations:</p> <ul style="list-style-type: none"> • Deferred consumer benefits (which arise from Core implementation) • Risk that later RA deferral might default programme to Option 2 but with later delivery of Core, or to a later-still Option 1 delivery. • Periodic checkpoints at SG to assure delivery • Ongoing industry resourcing for existing systems and project delivery. 	<p>Information</p>
<p>Option 2 Implementation of Core 01 July 2016. RA and US Jan 2017</p>	<p>For Core on 01 July, low confidence of delivery, but should be earlier than Option 1 (confidence should increase as more planning is done)</p> <p>Issues driving the confidence level:</p> <ul style="list-style-type: none"> • Detailed design of Xoserve RA solution is incomplete • Assumes no contingency for RA capability • Need to confirm that Core works if RA is decoupled <p>Other Considerations:</p> <ul style="list-style-type: none"> • Earliest achievement of core consumer benefits • Deferred RA might have significant impacts for shippers (can this be quantified?) • Detailed re-planning of RA by Xoserve is likely to divert attention from existing delivery / cause further delays • May impact existing planned implementations of European Code-related changes in May 2016 and IEP (iGMS replacement) in July 2016 	<p>Information</p>

	<p>For RA/US in Jan 2017, low confidence of delivery due to limited planning</p> <p>Issues driving the confidence level:</p> <ul style="list-style-type: none"> • RA not fully understood, little detailed planning done <p>Other Considerations:</p> <ul style="list-style-type: none"> • Ongoing industry resourcing for existing systems and project delivery • Extended stabilisation/support period post-Core delivery could lead to protracted gap to RA delivery 	
Next Steps		
Aim is to make a recommendation on 01 July 2015	Covering revised Market Trials and Project Nexus implementation date/s	<p>FOR ACTION:</p> <p>Industry views are sought on:</p> <ol style="list-style-type: none"> 1. the MT data options, 2. length of MT (see slides), and; 3. the Nexus implementation re-planning options. <p>To be fed back via PwC, who will summarise for the SG.</p>

1.0 Introduction

LJ welcomed all to the meeting and reminded that 'Chatham House Rules' were to apply to general discussion. He then went on to point out that a revised agenda had been published on 11 June 2015.

1.1 Note of Alternates

Hazel Ward for Alex Travell

1.2 Review of Minutes (02 June 2015)

The minutes of the previous meeting were approved.

2.0 Matters Affecting Re-planning

2.1 Impacts of Gas Year Data on Market Trials Start Date (SS)

Xoserve provided an overview of the 'Market Trials Data Cut: Change of Gas Year Impacts' presentation during which Steering Group members provided responses and voiced their concerns on various aspects.

It was noted that at the recent ICoSS meeting, questions were asked around why the market trials data cut has the potential to impact on core delivery to which SS explained that current values (such as EUC) would not work past September 2015 before noting that the recommended mitigation actions seek to resolve issues such as these.

SS explained that during the market trials (MT) energy factors would be taken from the Gemini production environment in order to obtain realistic values and guarantee the level of energy for MT purposes – in short, the Gemini production environment will have the new values but the Gemini MT environment would not and neither would it have a sufficient level of activity to be realistic and representative.

Moving on to consider the proposed mitigation analysis, Xoserve explained that they had considered whether or not 'tweaking' the system clock is feasible, but concluded that this was an unrealistic option due to the use of production systems (eg IX) for MT.

In considering the potential to manipulate data in order to update EUC, SS explained that all parties including Xoserve would need to carry this out in the same way and at the same time. SS believed that the Steering Group (and industry) would need to have a very clear view of what results are expected whilst being mindful of the fact that undertaking such an action could potentially lead to data defects creeping in, which could then elongate the anticipated timelines. It was noted that regardless of these aspects, it should be expected that the market trials and production environment results would be different anyway. SS went on to explain that the difficulties are due in part to the complexities involved and suggested that individual organisations would need to address whether or not the results 'match' their expectations (i.e. benchmarking) which potentially places enormous pressure on all parties concerned. The Steering Group acknowledged that all parties would need to unilaterally agree how best to manipulate the data if this route was taken.

During consideration of the recommended mitigation points, the Steering Group were advised that the issue relating to iGT data stems mainly from data quality concerns, especially a lack of attribute information required from a SAP perspective. Whilst the issues are (indirectly) related to market trials data and cut over matters, it was noted that as time progresses, the data quality should/would be expected to improve (i.e. the later the cut is taken, the better the quality of the data involved).

In referring to the March data cut that had been taken, SS believed that the data quality at this time (especially I.T. related information) would be poor and therefore would prefer at the very least a June cut.

Moving on to consider the 'MT Data Cut Scenarios', SS provided a brief overview of the data cut options available - a June (circa 3.5 months duration) or October (circa 3 months duration) or August 2015 (circa 2 months duration) and confirmed that all three options would require some level of data manipulation. SS clarified that the June data cut is still scheduled to take place in case this became the preferred option.

The Steering Group were asked to take note of some key considerations, namely how and when the data cut is to be taken, what data enquiry consideration might be needed (i.e. SAP data cut alongside market trial impacts) and overlapping core element issues associated with the October option (i.e. whether or not the 4+2 months window is required, or would 4 months suffice).

A detailed discussion took place around whether or not there is any value in excluding retrospective adjustments / unique sites from any or all of the options during which interested parties expressed a range of views. Some concerns were raised, most notably relating to potential parallel running and whether Xoserve expects its systems to be ready in time to cater for the various options. In explaining that a clear view on these matters is not available at this time, SS advised that Xoserve had already undertaken some critical path analysis that has revealed that removing some of the elements could potentially claw back some time.

The Steering Group believe that a better understanding around the potential levels of risk associated with each option would be beneficial. In any case, the 'trade off'

appears to be associated with the potential manipulation of data versus the timing of the data cut. It was also noted that some organisations have indicated a preference for undertaking their own data cuts, rather than utilising the Xoserve one.

In trying to understand the potential levels of (commercial) risk involved, SS observed that whilst Xoserve can assess their own level, this would clearly be different to how individual organisations perceive their respective levels of risk.

Moving on again to now focus on the 'Critical Path & Dependencies' chart, the Steering Group members once again debated in some detail whether or not there would be any benefit in excluding retrospective adjustments / unique sites from any or all of the potential options. It was noted that there are some discrepancies in the dates for the three options presented earlier and these chart dates, which SS acknowledged, and agreed to provide an amended 'MT Data Cut Scenarios' presentation after the meeting; the critical path chart dates are the accurate ones.

SS pointed out that the File Format changes had been discussed at the 11 June UK Link Committee meeting – in essence there are circa 170 changes involved, of which 140 are of a descriptive / cosmetic nature. Whilst some of these have come to light during testing, and others during feedback from industry parties, the Steering Group were asked to note that further changes might be required following the market trials phase.

SS pointed out that retrospective adjustments and unique sites currently pose a higher risk due to still being at the design stage (i.e. not closed out or validated at this time) and as a consequence are heavily dependant upon suitably skilled Xoserve resources being 'released' from User Acceptance Testing. At this time Xoserve believes that it has done all it can to ramp up on its project resource allocation. Analysis has revealed three key risks: (i) the scope and whether or not the solution would work, (ii) delivery of the solution in SAP, and (iii) resource constraints. It was suggested that the actual scale and potential impact of the first two are largely unknown until further analysis is undertaken.

The Steering Group were asked to note (and consider) that recent industry discussions suggest that retrospective updates must be delivered as part of phase 1 as the inability to amend erroneous data could present inescapable financial risk to some of the smaller industry players, which might ultimately be terminal for them. Views differed about whether the retrospective adjustments UNC Modification 0434 was predicated on being essential to the core Modification 0432.

In recognising that it was impossible to select preferred options at this meeting, the Steering Group undertook a high level view of the potential risks and levels of confidence in delivery of the three proposed options – a summary of this can be found in the 'Key Messages table' at the beginning of this document.

2.2. Industry Views on Planning Options (ALL)

Industry views are to be sought via an informal consultation, with individual responses to be provided via the PwC portal by 29 June 2015.

See the 'Next Steps' section of the Key Messages above for the areas to be considered.

2.3. Key Points/Risk Areas in Xoserve Re-planning (James Beverley, Baringa)

Consideration deferred.

3.0 Impact on the Draft Plan (ALL)

Consideration deferred.

4.0 Readiness Criteria (PA/M / ALL)

Consideration deferred.

5.0 Outstanding Actions (ALL)

No outstanding actions to be considered.

6.0 Key Messages (ALL)

See the section at the top of these minutes.

7.0 Next Agenda and Diary Planning

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

Confirmation of intention to attend and any meeting papers for publication should be provided to the Joint Office as soon as possible.

Unless otherwise notified, Project Nexus Steering Group meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:00, Wednesday 01 July 2015	Ofgem, 9 Millbank, London SWIP 3GE	<ul style="list-style-type: none"> • Consideration of revised market trials and Project Nexus Implementation Dates • PwC summary of industry views on the market trials data cut options, the length of the market trials and Project Nexus Implementation re-planning options.
10:00, Monday 13 July 2015	Teleconference	<i>To be confirmed</i>
Monday 03 August 2015	Ofgem, 9 Millbank, London SWIP 3GE. Approximate start time no earlier than 13:00 (<i>following Change Overview Board meeting</i>)	<i>To be confirmed</i>
10:00, Monday 17 August 2015	Teleconference	<i>To be confirmed</i>
10:00, Tuesday 01 September 2015	Ofgem, 9 Millbank, London SWIP 3GE	<i>To be confirmed</i>
10:00, Monday 14 September 2015	Teleconference	<i>To be confirmed</i>

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update