

Project Nexus Steering Group Minutes
Monday 25 April 2016
via teleconference

Attendees

Alex Travell	(AT)	E.ON (Representing large, mixed portfolio shippers)
Alison Russell	(AR)	Utilita (Representing small, new entrant shippers)
Chris Warner	(CW)	National Grid Distribution (Representing gas transporters, distribution)
Gareth Evans	(GE)	Waters Wye Associates (Representing industrial and commercial shippers)
Gill Williams	(GW)	PwC
James Beverley	(JB)	Baringa
Jenny Rawlinson	(JR)	Brookfield Utilities (Representing gas transporters, independent)
Jon Dixon	(JD)	Ofgem
Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Nick Salter	(NS)	Xoserve
Paul Branston	(PS)	Ofgem
Phil Lucas	(PL)	National Grid NTS (Representing gas transporter, transmission)
Richard Shilton	(RS)	PwC
Rob Salter-Church	(RSC)	Ofgem
Sandra Simpson	(SS)	Xoserve
Steve Mullins	(SM)	PwC

Copies of papers are available at: <http://www.gasgovernance.co.uk/NexusSG/250416>

Key Messages from this meeting:

Market Trials		
Progress	<ul style="list-style-type: none"> • PNSG recognised and thanked parties for the progress made on MT. • Recognising that report data is before RGMA released into MT, overall progress is behind where expected (based on linear path) due to blocking defects and outstanding functionality. • Transfer of ownership has low defect levels and appears to be working well. • Some RGMA files have been successfully received. 	INFORMATION
Defects	<ul style="list-style-type: none"> • Blocking defects are causing problems for many parties, most significantly larger shippers to date; an improved defect management process is being developed and will be presented for wider consideration at MTWG on 28 April 2016. 	INFORMATION

P1 Incident	<ul style="list-style-type: none"> • A P1 incident stopped outbound files for a few days last week – resolved by 22 April 2016. • PNSG recognised that the shipper is the ‘data controller’ and therefore shippers need to be confident it is appropriate to test. • Investigations are in progress; controls have been enhanced in the interim. • Summary output from the investigation is expected this week (tbc) to assist parties’ own investigations. 	INFORMATION
Unique Sites		
	<ul style="list-style-type: none"> • MTWG will consider the regression testing impacts on 28 April 2016 for consideration at the next PNSG/PNDG as appropriate. 	INFORMATION
PNSG (Current)		
	<ul style="list-style-type: none"> • This is the last meeting of the current PNSG and future meeting dates/communication routes will be advised by Ofgem and/or PwC in due course. 	INFORMATION

1.0 Introduction and Note of Alternates

The ‘Chatham House Rule’ applies to general discussion.

LJ welcomed all to the meeting, noting that this was to be the last meeting of the Project Nexus Steering Group as constituted in its current form.

1.1. Note of Alternates

Alison Russell for Jeremy Guard, and Jenny Rawlinson for Mike Harding.

1.2 Apologies received

Jeremy Guard and Mike Harding.

2.0 Review of Minutes (11 and 13 April 2016)

The minutes of the previous meetings were approved.

3.0 Programme Report

The next PwC Programme Report will be provided on a date to be confirmed by Ofgem under the new arrangements.

4.0 Matters for consideration

4.1 Unique Sites (US): Impact on MTs (PwC)

RS reported that the MTWG would be meeting this week to collate the information available and reach a position. An update will be provided to the appropriate group (PNSG or PNDG) under the new arrangements.

4.2 MT L3/4 Progress

Market Trials Level 3/4 Interim Progress Assessment by PwC

RS referred the Executive Summary, reporting that 27 organisations had made a self assessment submission (based on information submitted to the PwC Portal as at 18 April 2016 and does not take into account the recent release of RGMA functionality). In general, MT progress is behind where PwC expected it to be at this stage, primarily due to the previously reported blocking defects and outstanding functionality. Following the delivery of RGMA functionality and enhancements to the defect resolution process, acceleration in test execution is expected, and the extent of progress over the next four weeks will be critical to achieving the MT 'Core' exit milestone.

The Large Shippers are reporting a higher number of blocking defects, although overall progress does not appear to be behind other market sectors.

Information illustrating the percentage completion of overall test plans was reviewed and explained. Work was ongoing to manage blocking defects reported (understanding the importance and prioritisation for various parties), and this should help to drive positive acceleration. SS observed that the mix seemed to be varied, and that Xoserve had not always received the impression that so many parties were 'on track'; RS responded that the test plans were very varied in their approach.

A Shipper constituent representative observed that RGMA was a key part of testing for all parties, but noted that it was not available until 18 April 2016, and that the lack of testing over the previous weekend does make a difference; this meant that there had not been a week of RGMA testing, as the information on these slides seemed to imply, and this misperception was of concern.

NS asked about organisations who were 'off track' - what was the view on the recoverability of their positions, and what dependencies might there be; how critical was this to the overall Programme? RS responded that PwC was following this up with each organisation to gain a better understanding as testing progresses and to see what mitigations/support might be required. A number had indicated that they could retrieve the position with some acceleration. RS will validate this over the next couple of weeks, asking specific questions, and will provide quantitative feedback.

A Shipper constituent representative requested that PwC address the accuracy of the information relating to the availability of RGMA testing, prior to publication. GW noted this.

The information relating to blocking defects (reporting, addressing, resolution) was illustrated and reviewed, and RS provided a more detailed explanation. SS reported that the individual dialogues with parties had helped Xoserve enormously to understand and enable appropriate prioritisation.

A Shipper constituent representative reported on concerns raised regarding the recent Workshop and what appeared to be exclusive consultations with Large Shippers; Challengers were concerned that decisions had been made without checking with other parties. There was disappointment felt by Challengers that they had not been involved in the discussions - all parties were affected by blocking defects to a greater /lesser degree - and yet might be expected to decide on something that was already a 'fait accompli' when it was then presented.

Xoserve and PwC were aware of these perceptions, but it did come from the MTWG and would return to the MTWG for consideration. SS explained that this particular approach had been taken because the majority of blocking defects were experienced by Large

Shippers, many other parties had experienced few. There will be the opportunity for all parties to comment/make sure it works across the industry. The Shipper constituent representative suggested that this should be made very clear on the next MTWG agenda that there will be consultation, rather than an acceptance of a 'fait accompli'. RS noted this.

RS indicated that he would validate what blocking defects there were for Challengers; he would be carrying out follow-up sessions with organisations to see what else can be done to assist progress.

Referring to proposed on-site visits to Challenger organisations, the Shipper constituent representative pointed out that these organisations do need advance notice of these intentions; RS indicated he would look to contact them tomorrow to schedule visits next week.

Referring to outstanding functionality, (i.e. number of file format changes due to be released on 30 June 2016/not available for testing during MT 'Core'), the Shipper constituent representative requested that a report to clarify the position be made to the next meeting of the appropriate body under the new arrangements. RS noted this.

Reconciliation Invoicing testing was briefly discussed. SS indicated that parties would just need to carry out their 'normal' checks as they would in production (this might vary from organisation to organisation). They were not required to confirm. Any errors noted should be relayed to Xoserve. Silence was being construed as 'correct'. It was discussed whether Xoserve should ask for positive confirmation. RSC indicated that Ofgem would consider what was required for readiness criteria and address this offline.

Market Trials Update - Xoserve

Observing that over 175,000 transactions have been processed up to mid April, SS reported that 41.5 % of the transactions have been sent in by the Big 6 – nearly half of these submitted by one party, and that 641 transfers of ownership have taken place, this appeared to be working well. RGMA fixes were implemented into Market Trials and parties were able to commence testing from 18 April 2016. Low level of data defects continues.

Attention was then drawn to RGMA testing, and SS gave a brief explanation (rejections, reasons, effects). Noting 11 rejections out of 19, GW asked SS if there were concerns. Pointing out that this was the first time some parties had been able to send through files, SS expected a clearer view to emerge this week. Greater volumes would allow a better assessment to be made as to whether there were fundamental problems, or ones that would disappear after more testing. If the level of rejections remained high then interventions would be considered.

The Reconciliation Invoicing files will be sent out this week. Responding to questions, SS clarified which files have yet to be tested. This information was available through the daily calls and on the Xoserve website.

Responding to a question from a Shipper constituent representative, referring to the general observation of a low level of data defects reported, SS affirmed this was far less than would be expected but this could change now that RGMA was in and testing progresses. It was suggested that Xoserve revise the comment to give greater explanation.

Moving on to describe the defects position, SS reported that a large number of defects were cleared in the week commencing 11 April 2016. A very high spike in defects (34 in a single day) was experienced prior to the P1 incident and these are being investigated. A Shipper constituent representative asked SM for his view on whether 87 defects at this

stage of such a project was seen to be high/unusually large. SM believed this was not abnormally high, but was of concern as testing was behind where it might be expected to be at this point, and given that parties would be testing the things they felt most confident about first. Recognising that timescales were tight, the position was being monitored; consideration was being given to management and closure approaches should a larger number of defects develop. JB observed it was worth looking at a breakdown by criticality (most were P3 defects); other programmes such as this would expect to have P3 defects carried forward with fixed points for resolution. JB suggested considering what was an acceptable level of carryover defects and devise fixed plans to address.

Turning to the P1 Incident, SS explained the problem in more detail. Over a period of three days (17 -19 April 2016) some response files, created and sent from the Market Trials environment contained records pertaining to multiple organisations, rather than solely the intended recipient. The records contained data from the Market Trials environment – and so all data deemed to be commercially sensitive was masked as per industry agreement.

There were two areas of impact for market participants. There were some participants that received a third party's Market Trials data in error, and there were some participants whose Market Trials data was passed to a third party; some participants were not affected. A Shipper constituent representative raised concerns regarding the masking of data and Data Protection issues. These were discussed. It was confirmed that Xoserve would co-operate offline to assist parties with what was necessary regarding consequential investigations. GW reiterated key points of the legal opinion set out in the PwC Data Protection Advice provided to Ofgem earlier in the Programme.

SS outlined what actions had been taken in mitigation, immediately the error had been identified. The fix was identified very early on, tested and applied.

Noting the cause appeared to be human error, it was questioned if controls under MTs were less stringent than those applied in the production environment. SS explained the differences and, in greater detail, what happened before anything is deployed into the production environment. A full review was underway and Xoserve believed that sufficient controls were now in place to obviate the recurrence such an error. Assessment is being made to see if any additional actions should be undertaken to strengthen the controls. NS commented that Xoserve needed to follow this through with organisations that were concerned, to clarify their position and allay concerns. There were disparate views expressed as to whether MPRNs constituted personal data.

Noting that Ofgem had received a number of Shipper communications immediately following the incident, RSC asked if Shipper constituent representatives had any other views not yet shared; a Shipper constituent representative relayed some of the questions received. It was believed the issue centered more on effective controls, assurances, and whether the error was likely to happen again. RSC observed that Ofgem can facilitate the sharing of information and good communication to aid transparency and confidence, and was keen to hear what Shippers think they need; Shipper constituent representatives will ask their constituents. It was confirmed that both Ofgem and PwC had already shared with Xoserve the Shipper questions received to date.

RSC reiterated that it was recognised that Shippers were the 'data controllers' under data protection legislation and it was they who needed to be satisfied it was safe to proceed. He asked when the Root Cause Analysis Report was likely to be available; more information on the actions taken would be welcomed, together with the report, as soon as possible. SS was waiting for a date and will confirm this to RSC as soon as possible.

5.0 Programme Risks and Issues for consideration (*by exception*)

5.1 Risk Log

None for review.

5.2 Issues Log

None for review.

5.3 Future reviews

Further detailed review of the Risks and Issues Logs is deferred until such time as PwC had reviewed the Plan, in light of the new governance arrangements.

6.0 Any Other Business

6.1 UNC Modification 0532 - Implementation of Non-Effective Days (Project Nexus transitional modification)

Noting that the modification had remained since January with Ofgem for its decision and whilst understanding why this might be the case, Shipper constituents were a little concerned because of the implications for build and testing and for Licence obligations with respect to switching; some direction or guidance in the interim would be welcomed.

LJ reported that this had been discussed at the April UNC Modification Panel meeting where Ofgem were asked to expedite a decision as soon as possible.

JD noted the concerns; reference was made to the legal text and why it was prudent to refrain from making a decision at present in order to retain greater flexibility regarding dates. Ofgem would consider issuing a statement in the interim; Shipper constituent representatives indicated the industry would find this helpful.

7.0 Outstanding Actions

0212: *'Release 2'* - Ofgem to consider what, if any, formalised arrangements should be put in place to provide a continuing oversight/assurance of the delivery of 'Release 2' and to enable a seamless transition.

Update: It was agreed that responsibility for this action be transferred under the new arrangements and it will be reviewed at the inaugural meeting of the appropriate body.
Closed under this Steering Group. Transferred and carried forward under the new arrangements - refer to Ofgem.

0401: *Defects - improvement in the provision of information/communication:*

- a) Xoserve to address gaps in reporting detail and communication across all parties, (including providing in the Daily Call, a summary of defects outstanding and a reiteration of appropriate avenues for escalation).
- b) PwC to match assessments of gravity against current defect block and support Xoserve to reprioritise as appropriate.

Update: In hand with Xoserve, PwC and the MTWG. **Closed**

0402: *Industry communications* - PwC and Xoserve to liaise to provide:

- a) In advance of Friday 15 April 2016, a clearly articulated industry communication setting out what was predicted to be available (set out in terms of MT scenarios)

for testing on Friday 15 April 2016.

- b) On Friday 15 April 2016, a further communication providing an updated position (if necessary) confirming availability of functionality delivery and expectations.

Update: Completed. **Closed**

8.0 Transition to new governance arrangements

Ofgem's letter setting out the changes it planned to make to the Project Nexus programme governance structure has been published on the Joint Office website at: www.gasgovernance.co.uk/NexusSG.

RSC reported that responses had been received from the majority of organisations, and non-responders would be contacted today. The Project Nexus Delivery Group will meet fortnightly and for the first time next Thursday; the first reporting packs will be sent out to members. A 'training manual' will also be issued to clarify expectations around participation, operation and interrelations, etc.

The reformed Project Nexus Steering Group will meet monthly (not next week but 2 weeks thereafter).

Any issues that arise from now on should be directed through the new arrangements.

Responding to questions from a Shipper constituent representative, referring to the deep dive review into Xoserve's readiness, and to the review looking at the workstreams' planning/activities necessary to achieve 01 October 2016, RSC confirmed these are 'in flight' reviews, and that the October date is still the target to drive towards. There will be increasing clarity over the next couple of weeks and this will be communicated.

9.0 Conclusion

The Project Nexus Steering Group in its current form is being disbanded.

9.1 Transfer of responsibilities

RSC thanked the Joint Office for its support of the Project Nexus Steering Group, and in particular LJ for his Chairmanship, which has contributed to its smooth running over many months.

Information Sources

LJ confirmed that the minutes and Key Messages from today's meeting will be published as usual on the JO website.

Papers associated with the work of the reformed PNSG will continue to be published, on request and by agreement, on the Joint Office website at: www.gasgovernance.co.uk/NexusSG.

9.2 Dates of future meetings

The future PNSG dates, previously agreed under the old structure and currently displayed on the Joint Office Events Calendar, will be removed with immediate effect to prevent confusion.

Ofgem will confirm the next scheduled meeting of the reformed PNSG to appropriate parties.

Action Table (25 April 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0212	22/02/16	4.3	'Release 2' - Ofgem to consider what, if any, formalised arrangements should be put in place to provide a continuing oversight/assurance of the delivery of 'Release 2' and to enable a seamless transition.	Ofgem (AB/JD)	<p>Closed under this Steering Group.</p> <p>Carried forward under the new arrangements and transferred.</p> <p>Refer to Ofgem</p>
0401	11/04/16	3.0	<p><i>Defects - improvement in the provision of information/communication:</i></p> <p>a) Xoserve to address gaps in reporting detail and communication across all parties, (including providing in the Daily Call, a summary of defects outstanding and a reiteration of appropriate avenues for escalation).</p> <p>b) PwC to match assessments of gravity against current defect block and support Xoserve to reprioritise as appropriate.</p>	Xoserve (DJ) and PwC (GW)	Closed
0402	11/04/16	3.0	<p><i>Industry communications - PwC and Xoserve to liaise to provide:</i></p> <p>a) In advance of Friday 15 April 2016, a clearly articulated industry communication setting out what was predicted to be available (-set out in terms of MT</p>	Xoserve (NS/DJ) and PwC (GW)	Closed

Action Table (25 April 2016)

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			scenarios) for testing on Friday 15 April 2016. b) On Friday 15 April 2016, a further communication providing an updated position (if necessary) confirming availability of functionality delivery and expectations.		