

Nexus Governance Interactions

August 2015

DRAFT FOR DISCUSSION AND FEEDBACK

1. Executive summary

Background:

- The PNSG requested that PwC document an overview of the current Nexus governance interactions and provide initial recommendations in relation to any key gaps or overlaps found.

The approach we have taken:

- With help from Xoserve, we mapped out the Nexus related governance bodies currently in operation and how these interact.
- We reviewed the Terms of Reference for these governance bodies to understand their purpose, roles and responsibilities and attendees.
- We reviewed a sample of meeting minutes from key governance meetings to understand attendees, deliverables and communications flows.
- We have summarised key observations below and provided a summary of recommendations for consideration by the PNSG.

Key observations:

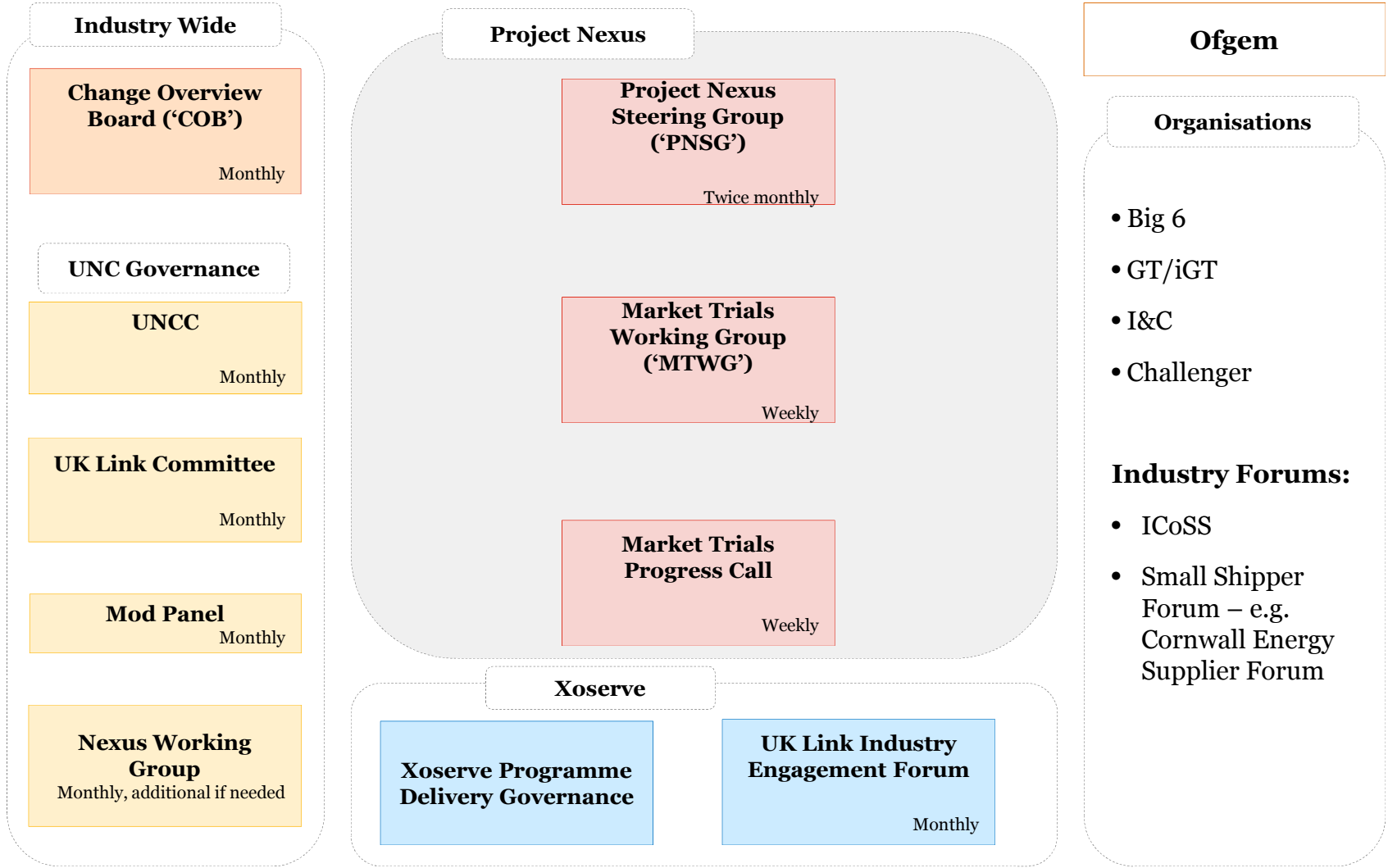
- It is not currently clear who governs and owns the end-to-end design for Nexus at an industry level. Therefore, it is unclear how major design decisions will be taken as they arise during Market Trials.
- There are numerous governance bodies and stakeholders, both at an industry level and within individual organisations. Different people from the same organisations attend these governance meetings, often resulting in different information being received at different times. This has led to some disconnection and inconsistencies in the understanding of

Nexus progress across the industry.

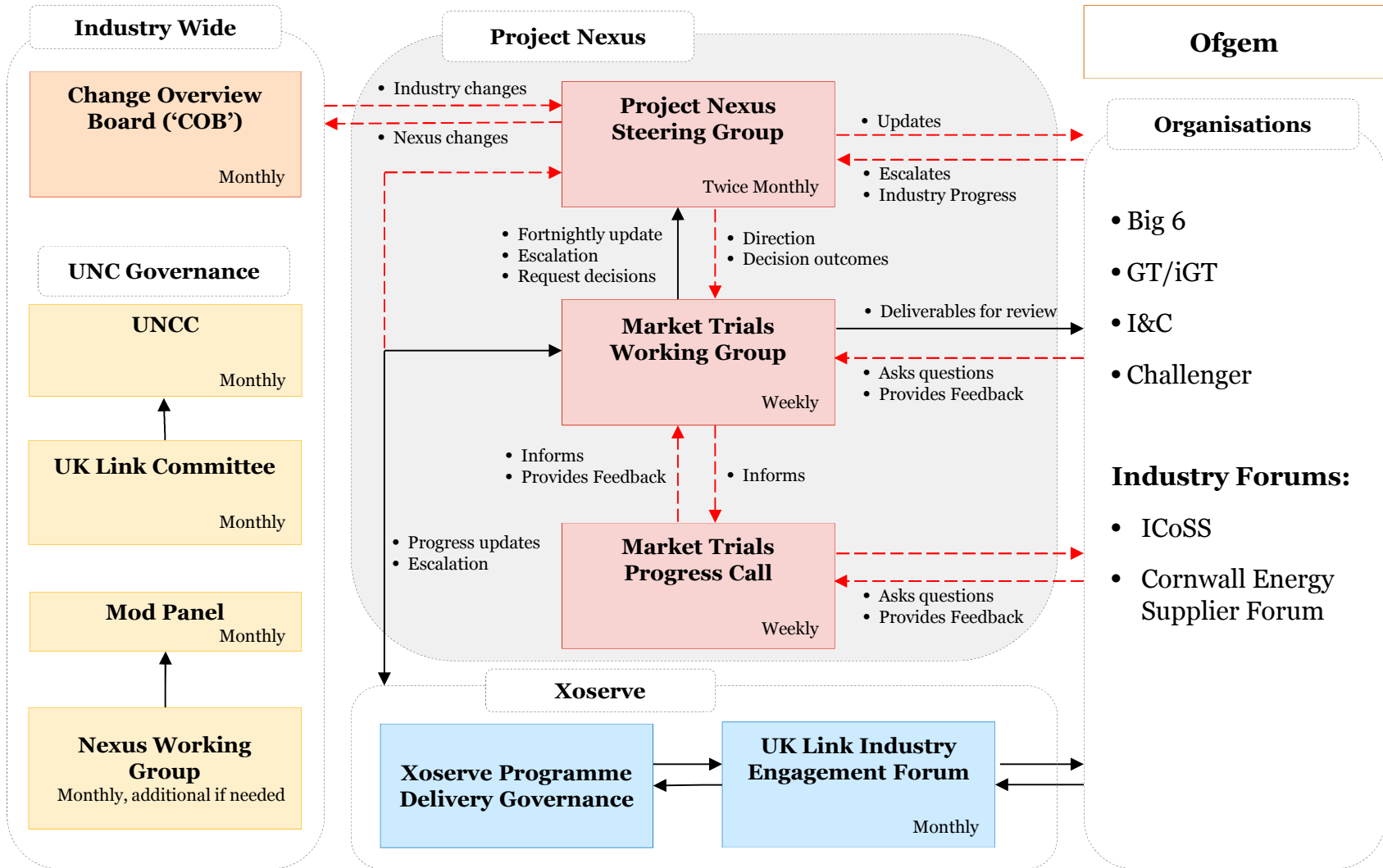
- The flow of information between governance meetings is often dependent on the awareness generated by attending meetings or by reading of meeting outputs (e.g. via meeting minutes), rather than clearly documented and communicated updates.
- Day-to-day management of defects and reporting during Market Trials is being developed by Xoserve as part of the Market Trials approach. However, overall industry test management during Market Trials, such as the decision-making around end-to-end scenarios, is unclear.

#	Key Recommendations	Resp.	Relative effort to implement	Impact on risk profile
1	Implement a design authority to own and take key decisions over the end-to-end design.	PNSG	High	High
2	Implement a regular communication pack to provide a 'single version of the truth' for Project Nexus progress updates.	PwC	Medium	Medium
3	Formalise and standardise updates between governance meetings to ensure that a complete set of information is being considered by key Nexus decision bodies.	PwC	Medium	Medium
4	Consider evolving the MTWG into an end-to-end Test Management Working Group	MTWG	Medium	Medium

1. Current Nexus Related Governance Forums

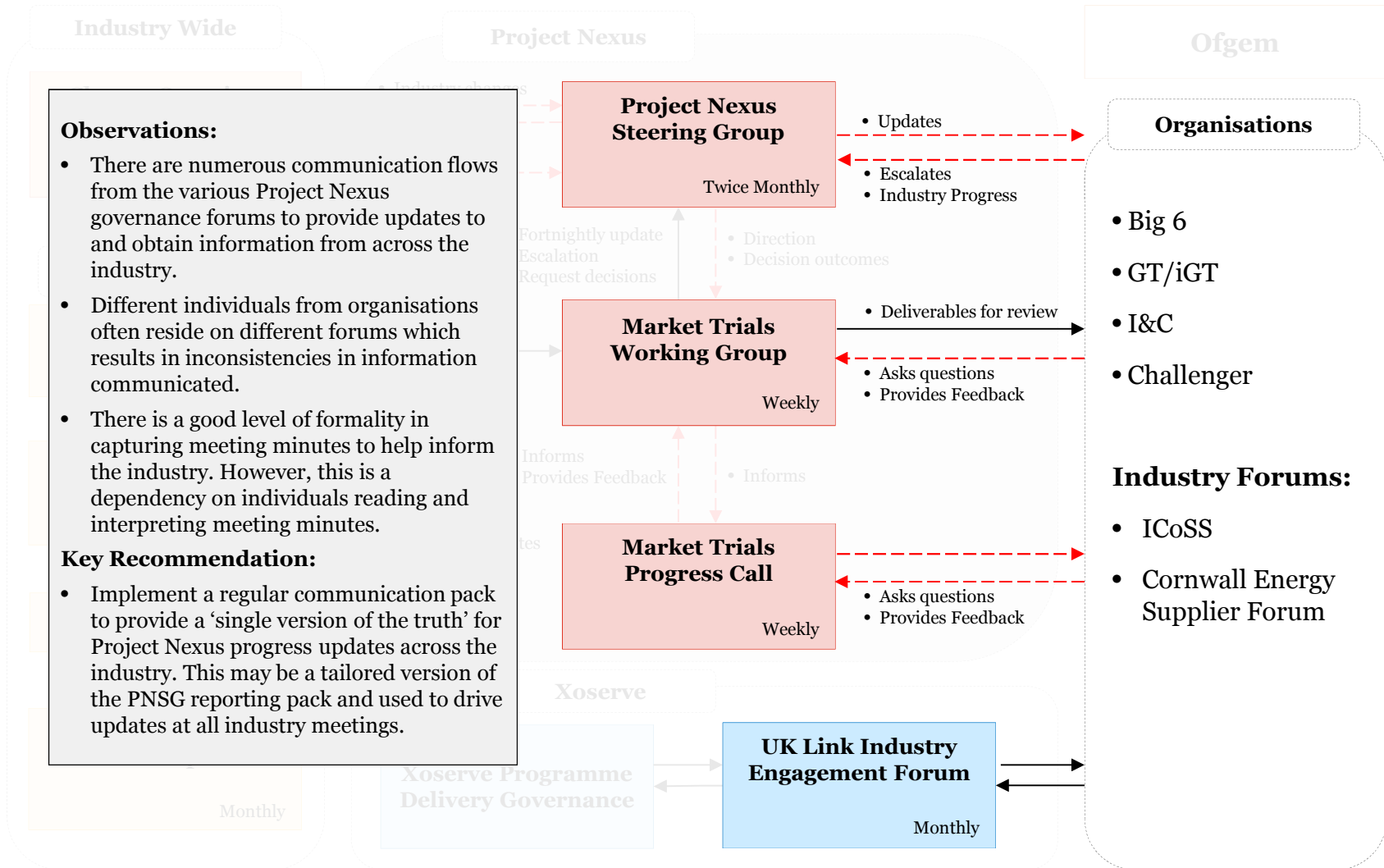


1. Nexus Information Flows

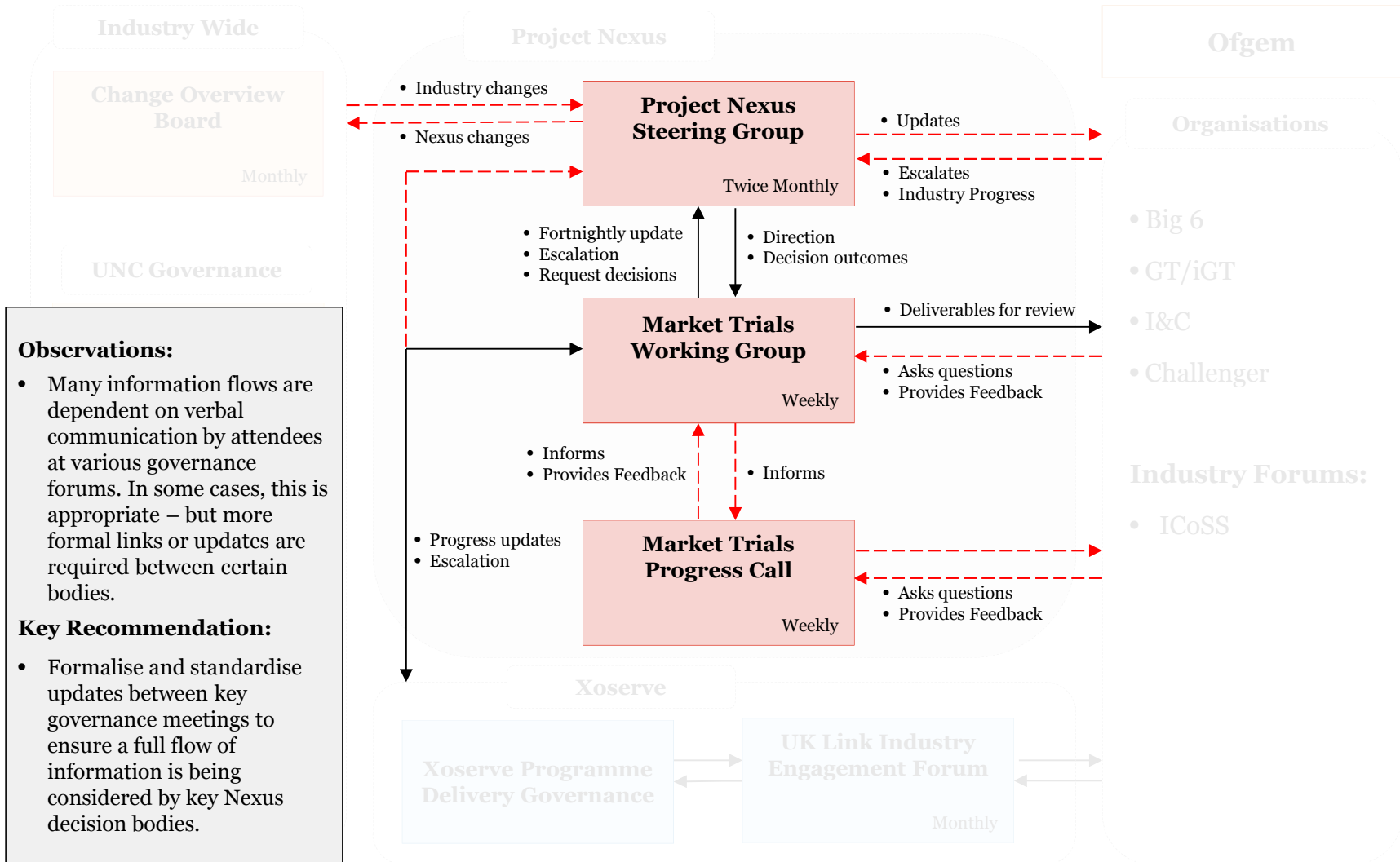


Key: —→ Formalised information flow (e.g. formal update / deliverable)
 - - - -> Communication channel reliant on individuals

1. Nexus Information Flows – Key Observations



1. Nexus Information Flows – Key Observations



Observations:

- Many information flows are dependent on verbal communication by attendees at various governance forums. In some cases, this is appropriate – but more formal links or updates are required between certain bodies.

Key Recommendation:

- Formalise and standardise updates between key governance meetings to ensure a full flow of information is being considered by key Nexus decision bodies.

Key: ———> Formalised information flow (eg., formal update / deliverable / captured action)
 - - - - -> Communication channel

Governance Gaps

We have identified the following key governance gaps which, if not implemented, may impact the ability to take timely and reliable decisions during the Market Trials phase:

#	Governance Gap	Rationale / Purpose	Governance links	Frequency	Chair	Attendees
1	Design Authority	<p>Authority to make industry wide decisions based on major defects identified during Market Trials testing.</p> <p>Owns the overall Industry design, comprising:</p> <ul style="list-style-type: none"> • Data file formats; • End-to-end process flows; and • System solution taxonomy (as far as the 'hub' solution goes). 	<ul style="list-style-type: none"> • Reports into PNSG • Informed by Design Decisions raised from Market Trials 	Weekly during Market Trials	Joint Office	1 to 2 nominated representatives of the key industry constituencies impacted by Nexus – Big 6 shippers, mid-tier / challengers, I&C, GTs (GDNs and NG Transmission) and iGTs; Xoserve.
2	Market Trials Test Management Working Group	<p>Co-ordinate the day-to-day industry decision making during Market Trials.</p> <p>For example, making a decision over whether to restart a process scenario for all industry parties, or continue from the point of stoppage when a defect is found.</p>	<ul style="list-style-type: none"> • Reports into Design Authority • Potential evolution of the MTWG • Informed by defect management daily calls. 	bi-weekly	TBC	1 to 2 nominated representatives of the key industry constituencies impacted by Nexus – Big 6 shippers, mid-tier / challengers, I&C, GTs (GDNs and NG Transmission) and iGTs; Xoserve

Governance Forums ToR Summaries

Project Nexus Steering Group

Frequency – Twice monthly

Purpose: To facilitate the timely implementation of systems to replace the existing UK Link systems, and incorporate those enhanced business processes developed as part of Project Nexus.

Roles and Responsibilities:

- Provide governance around matters which do not sit readily within the terms of reference of existing industry groups and/or which Xoserve cannot appropriately determine at its sole discretion due, for example, to the implications for wider market participants.
- Provide a forum for cross-industry decision-making on the implementation of Project Nexus.
- Cannot make decisions over changes to the implementation date set out in the UNC.
- Changes to the UNC need to be progressed through existing code governance processes.
- Responsible for monitoring and liaising with other industry governance bodies.

Chair: Joint Office

Attendees:

- Ofgem
- Xoserve
- GT - Distribution
- GT - NTS
- GT – independent
- UNC User - Small/newer entrant shipper
- UNC User - I&C shipper
- UNC User - Large mixed portfolio shipper
- Ofgem-appointed project and assurance manager - advisory
- Joint Office – secretariat

Market Trials Working Group

Frequency - Weekly

Purpose: To assist Market Participants in the collaborative development of the approach to Level 2 ('L2') file format, Level 3 ('L3') functionality and Level 4 ('L4') end-to-end change of ownership Market Trials ('MT').

Roles and Responsibilities:

- The MTWG will be focused on working through how the Market Trials approach should be developed to reflect the new timelines and the feedback raised by market participants.
- Once it has achieved that objective, we envisage that weekly market trials progress calls will become the key forum for discussing Market Trial progress, issues and defect resolution.

Chair: PwC (as part of PAM role)

Attendees:

- Xoserve – Overall responsibility for Market Trials and the approach;
- PwC – Chair and responsibility for coordinating market input into the Market Trials Approach and ensuring that parties are broadly aligned on the approach;
- 1 to 2 nominated representatives of the key industry constituencies impacted by Nexus – Big 6 shippers, mid-tier / challengers, I&C, GTs (GDNs and NG Transmission) and iGTs; and
- Other parties as invited by MTWG to assist in achieving the objective.

Market Trials Progress Calls

Frequency - Weekly

Purpose: To provide Industry participants with regular status updates, practical information and advise of any significant issues with respect to Market Trials.

Roles and Responsibilities:

- Provide wider industry progress updates against Market Trial key milestones.
- Provide practical information to support the preparatory activities of Market Trial participants.
- Highlight any significant issues which may impact key milestone dates, or have a bearing on the activities of participants.
- Share any relevant information arising from discussions within the Market Trials Working Group (MTWG).

Chair: Xoserve

Attendees:

- Xoserve Market Trials and Industry Engagement Team
- Organisations primary and secondary contacts for Market Trials

UK Link Programme Industry Engagement Forum

Frequency - Monthly/as dictated by the Programme Plan and/or stakeholders

Purpose: UKLIEF is the principal industry engagement forum for the UK Link Programme. Supports the UK Link Programme Mission – Xoserve, its partners and the broader industry will work together to replace the critical UK Link systems which operate at the heart of the energy industry, to deliver a high-quality system that incorporates the Nexus requirements.

Roles and Responsibilities:

- Receiving and reviewing updates on the UK Link Programme progress (both from an Xoserve and Stakeholder perspective).
- Sharing information on UK Link Programme deliverables which are relevant and valuable to the industry.
- Actively contributing to dialogue about The Programme.
- Sharing output and information from the Forum with their own organisations.
- Sharing information from their organisations with the Forum as appropriate.

Chair: Xoserve

Attendees:

- Attendance is encouraged and open to Gas Shippers, Gas Transporters and other interested parties.

UK Link Programme Data Cleansing Forum

Frequency – At least quarterly

Purpose: To progress data cleansing activities, which are required to minimise the impact of data discrepancies the Industry may encounter in the operation of the Nexus requirements.

Roles and Responsibilities:

- All Shippers, Gas Transporters and Xoserve are encouraged to share and discuss approach and target resolution dates for the cleansing of each individual data topic in order to maximise benefits associated with the Settlement Modifications.

Chair: Xoserve

Attendees:

- All Shippers and Gas Transporters can attend

UK Link Committee

Frequency – Monthly

Purpose: A sub-committee of the UNCC to fulfil the functions set-out in Section U of the Transportation Principal Document.

Roles and Responsibilities:

- For Class 2, and where applicable Class 3 Modifications, approve change plans (U8.4.4) (including associated file formats) plus any agreement to depart from the standard timescales (U8.6.2).
- Review the Monthly Report of Performance and of Transporters' proposals in respect of UK Link Performance Monitoring Procedures.
- Review any issues arising from the statement of achievement of Performance Parameters.
- Review Transporters' proposals to resolve doubt about software error or inaccuracy in the UK Link Manual.
- Review any changes proposed to the UK Link Benchmark Configuration.
- Relevant operational fora and UNC Workstreams to provide an early insight on changes to the UNC regime, which are likely to have implications for UK Link Systems.

Chair: Joint Office

Attendees:

- Nine members nominated by Shippers and Transporters.

Change Overview Board

Frequency – Monthly

Purpose: To provide strategic industry change portfolio planning and prioritisation.

Roles and Responsibilities:

- The Board will consider all industry legislative/market arrangement changes, looking far enough in to the future to enable effective risk management and planning. In seeking to agree targets and priorities amongst stakeholders, the
- The Board will make recommendations or, where consensus is not reached, provide a synthesis of cross-industry views to the Gas Industry and Ofgem.
- The Board will also recognise and report to the Gas Industry and Ofgem on any delivery issues both with the central systems developed by Xoserve and the corresponding stakeholder systems development and will be mindful of impacts of strategic change across other industry codes.

Chair: Joint Office

Attendees:

- All Licenced Shippers, Suppliers and Gas Transporters (including iGT's), or representatives of them, can be members and Xoserve will attend all meetings. Ofgem will also be invited to attend all meetings.

Modification Panel and Working Groups

Modification Panel: The Modification Panel is the body constituted under the Uniform Network Code to oversee the Modification process. Monthly, with additional meetings as needed.

Nexus Working Group

Purpose: A workstream to help develop Modification Proposals raised as a consequence of establishing requirements for Project Nexus.

Roles and Responsibilities:

- Delegate topics to Workgroups for review and development of Business Rules;
- Support the prioritisation of topics identified in the Project Nexus work plan, by Workstream members or Topic Workgroup(s);
- Approve the Terms of Reference of each Topic Workgroup defined in the Project Nexus work plan;
- Resolve any issues or conflicts of requirements escalated from Workgroups;
- Regularly review the status of each Topic and Topic Workgroup;
- Approve the output reports and recommendations of each Topic Workgroup; and
- To review and discuss Modification Proposals assigned by the UNC Panel and provide a report.

Frequency: Monthly, with additional sessions as required

Chair: Joint Office

Attendees: Open, but must be pre-notified to the Joint Office

Transmission, Distribution and Performance Assurance Working Groups

Purpose: The Workgroups debate and develops modifications and related matters that primarily impact upon their respective areas.

Appendices

