

Project Nexus

Project Nexus Steering Group

18 August 2015 – final for publishing

***Please note:** The information contained within this reporting framework is intended to be supported by verbal update during the PNSG and therefore should be considered in this context when being read in isolation.*

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1. Key Messages and Recommendations

1.1. Key Messages and Recommendations

The overall programme status is amber due to uncertainty over RAASP delivery and the risk related to open questions over the Market Trials scope and approach. Actions are progressing to address these issues. Continued focus is required to resolve these issues as a matter of priority to maintain confidence in delivery against the recently re-planned industry timeline.

RAASP Delivery:

- RAASP delivery remains at risk until re-planning of design phase timelines is complete. This follows recommendations from the RAASP initial requirements risk assessment presented at 3 August PNSG to extend the RAASP design phase from 8 to 12-16 weeks.
- Xoserve are currently assessing whether the RAASP delivery plan proposed on 3 August is manageable within the existing overall industry plan.
 - *Further update to be provided by Xoserve.*
- Work to try and quantify benefits of RAASP to the industry and substantiate options discussed in the paper is in progress with meter asset data to be provided by Xoserve once shipper approval is received.

Market Trials:

- Market Trials Working Group (MTWG) activity is progressing with the draft L2 MT Approach document planned to be issued for review 19 August 15. Timescales remain tight to collate the final pieces of industry feedback and update the draft L2 MT Approach document for 19 August.

- Key risks have been raised by the MTWG relating to:
 - The lack of GT representation to date within the MTWG. Representatives have now been identified and are expected to attend from 19 August 15.
 - Uncertainty over the extent to which manually generated files are intended to be used for L2 MT, which may undermine the integrity of testing.
- PwC Assurance Hub for L2 Market Trials Entry Criteria to be launched and tracking to commence once the entry criteria have been approved by MTWG. This will provide a key checkpoint for assessing current industry progress in readiness for entering Market Trials.

Key Recommendations:

| # | Recommendation | Responsible | Relative effort to implement | Impact on risk profile |
|---|---|-------------|------------------------------|------------------------|
| 1 | Undertake further analysis of the extent to which manually generated files are intended to be used for L2 MT. | PwC/MTWG | Low | Medium |

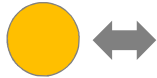
Current Key Risks and Issues:

- See Appendix 1 - pages 13 and 14

1.2 Overall Status

18 August 2015

Overall RAG



The overall status is amber due to:

- The open issue related to uncertainty over RAASP and US delivery (Issue #1). Xoserve are currently impact assessing the feasibility of extending the design phase in line with recommendations from the initial requirements risk assessment.
- The current risk related to open questions around Market Trials scope and approach (Risk #1). Market Trials Working Group activities to finalise the Market Trials Approach documents are progressing but timescales remain tight.

| Current Milestones | RAG | Key metrics | Additional Commentary | Key achievements in prior period |
|--|-----|--|---|---|
| 1 Sept L2 MT Approach Approved | | <ul style="list-style-type: none"> • L2 MT draft approach document issued for review – planned 19 Aug 15 • L2 MT Approach document approved – planned 1 Sept 15 | <ul style="list-style-type: none"> • Timelines remain tight to achieve objectives. • No GT Reps. attended MTWG to date. Reps. have now been identified and are expected to attend from 19 Aug 15. | <ul style="list-style-type: none"> • Enhancements to L2 Market Trials Approach Document drafted and reviewed by the industry. • MT wider weekly progress calls established. • RAASP decoupling impact assessment further enhanced following 3 August PNSG. |
| 1 Oct Industry / Xoserve testing complete for L2 MT | | <p>Industry testing for L2 - to be re-assessed as part of L2 MT Entry Readiness Assessment.</p> <p>Xoserve File Format testing:</p> <ul style="list-style-type: none"> • As of 7 Aug, 169 successfully completed tests vs. 184 planned to date (202 total planned). | <p>Scheduled to commence once entry criteria agreed by MTWG (26 Aug).</p> <p>Xoserve to provide additional update to provide context of testing progress and open defects</p> | <p>Key activities in next period</p> <ul style="list-style-type: none"> • MTWG publish draft L2 Market Trials Approach Document. • PwC Assurance Hub for L2 Market Trials Entry Criteria to be launched and tracking to commence once entry criteria approved by MTWG. |
| 1 Oct RAASP/US design activity re-starts | | <ul style="list-style-type: none"> • At the 3 Aug 15 PNSG, the output of the RAASP/US initial requirements risk assessment proposed to extend the RAASP design phase from 8 to 12-16 weeks. US to be included in 'core' delivery. • It was proposed that the entry to design milestone be brought forward to 1 September 15 and exit from design to be extended to 31 December 15. | | <p>SG Decisions/ Actions required</p> <ul style="list-style-type: none"> • Ratify MWTG ToR |
| 1 Dec Detailed Design Completed | | <ul style="list-style-type: none"> • Initial review suggested that this is manageable within the existing plans without a need to delay the entry to RAASP Market Trials. • Xoserve are currently assessing the feasibility of the proposed extended delivery plan from a resource perspective. | | |

Milestone RAG Key



Complete



On Track



Risk to individual milestone(s)



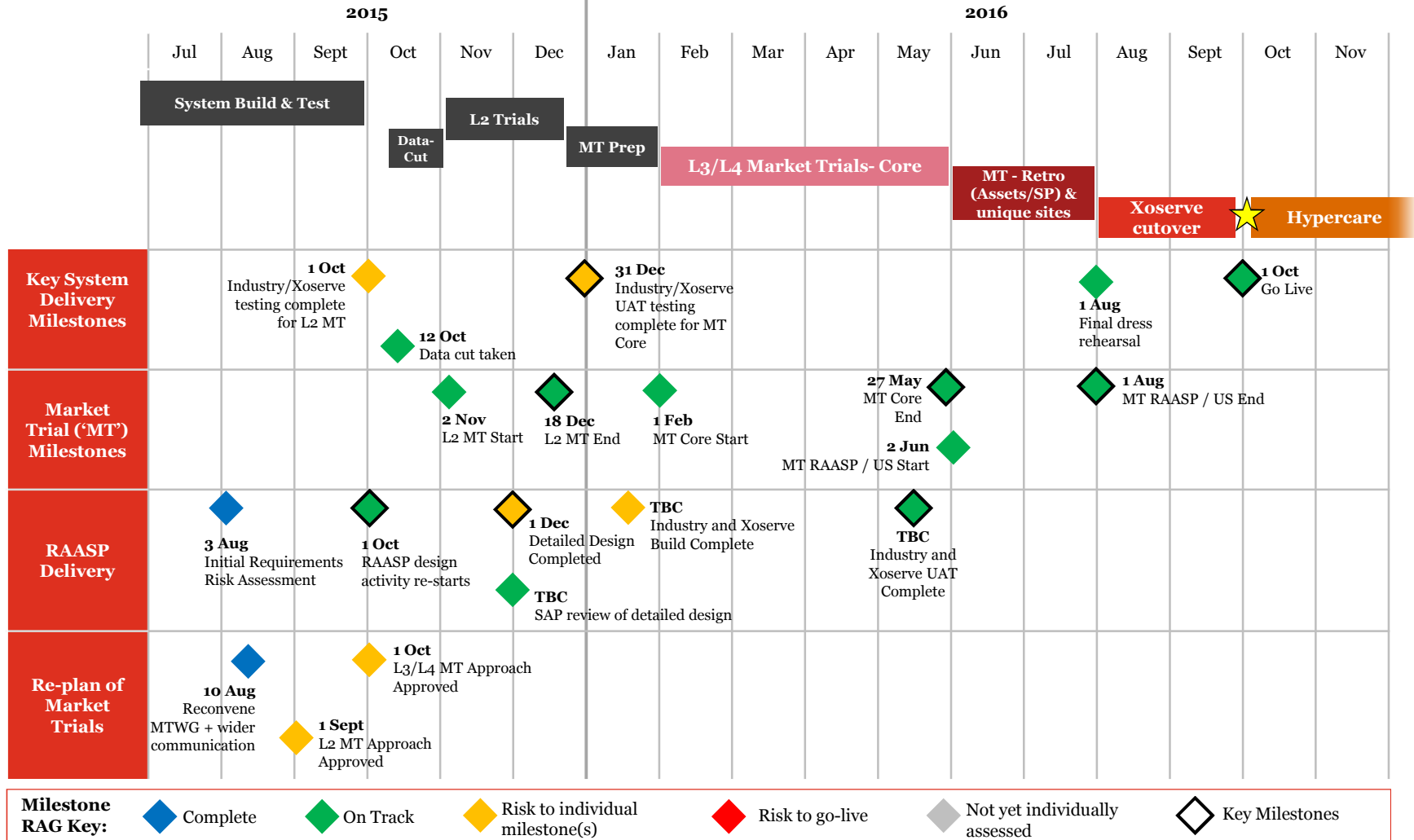
Risk to go-live



Not yet assessed

1.3 Industry Plan on a Page – Milestone Status at a Glance

‘Industry plan on a page’, with a RAG status of key milestones



2. Update on requirements and actions from 3 August 15 PNSG

2.1 Action 0704: Impact Assessment for decoupling RAASP/US*

INFORMATION AND ACTION

Requirement

PwC to start on impact assessments (including potential mitigation) for decoupling (from Core) RAASP/US*, should this later be required.

** The RAASP / US Risk Assessment subsequently determined that US is low risk and should be delivered in 'core' and therefore removed from the impact assessment*

Update

- Initial impact assessment for decoupling RAASP drafted.
 - Awaiting meter asset data from Xoserve (who require shipper approval) to perform additional analysis to quantify benefits and substantiate the options discussed in the paper prior to release of the final draft.
- Impact Assessment Approach:**
- *Clarify the benefits associated to RAASP_* – review of the benefits documentation available from Xoserve and Ofgem and overlay feedback from market participants.
 - *Identify the key risks associated with the delivery of RAASP functionality* – in parallel with this exercise, Baringa, PwC and Xoserve have been examining the key risks to the Xoserve delivery of this functionality.
 - *Determine the feasible options for RAASP delivery* – assessment of the relative benefits and risks associated with them.
 - *Substantiate the three options available above via consultation and data analysis* - data requested from a number of organisations in order to try and support the statements made in the document.

2.2 Requirement: Market Trials Working Group Update

INFORMATION AND ACTION

PNSG Requirement

Update

PNSG Action

Update on Market Trials Working Group (MTWG) and ToR Approval

Key updates:

- MTWG ToR agreed by the Group and issued to PNSG for ratification.
- Three MTWG sessions and two wider industry ‘MT Weekly Progress Calls’ now held

L2 MT Approach document:

- Within the original L2 MT Approach document 7 areas for enhancement have been identified.
- Content has now been enhanced and industry feedback received for 6 of the 7 areas. Feedback for the remaining one area is expected 18 August.
- The draft L2 MT Approach is planned to be updated and issued on 19 August.
- L3 MT Approach document – milestone plan to update document agreed.

Key Risks/Issues:

- No GT representatives have attended the MTWG to date. Representatives have now been identified and are expected to attend from 19 August 15.
- Uncertainty over the extent to which manually generated files are intended to be used by organisations for L2 Market Trials and potential impact on integrity of testing.
- Timescales remain tight to update and finalise the initial draft of the L2 Market Trials Approach document for 19 August 15.

1. Ratify MTWG ToR

2.3 Action 0709: PNSG Terms of Reference

INFORMATION

Requirement

PNSG Terms of Reference - SC to review section 'Deliverables: PA/M' and provide appropriate revisions for approval.

Update

Draft revisions to the 'Deliverables: PA/M' section of the PNSG ToR to be presented for discussion during PNSG.

2.4 Requirement: Overview of Governance Interactions

INFORMATION

Requirement

PwC to provide a proposal for an overview of Nexus Governance Interactions.

Update

Initial recommendations to be presented at 18 August 15 Steering Group.

Appendices

A1. Current Top Industry Risks

| ID | Description | Date Raised | Issue Score | Milestone impacted | Mitigation actions | Target date | Owner | RAG | Assurance Activity |
|---------|---|-------------|---|---|---|-----------------------------------|--------------|-----|---|
| Risk #1 | <ul style="list-style-type: none"> A number of outstanding questions remain over the Market Trials scope and approach. Inherent uncertainty will remain around the MT timeline until underlying industry assumptions can be aligned. | 1 Jul 15 | 12 Likelihood - 3 Impact - 4 | <ul style="list-style-type: none"> L2 Start Date L3/L4 Start date MT End | <ul style="list-style-type: none"> Further development of the L2 and L3/L4 MT approach, with finalisation by 1 September (L2) and 1 October (L3 and L4). Timescales for approving L2 and L3/4 MT approach documents as per plan remain tight and will continue to be monitored and any delays escalated as required | Monitor progress at 3 August PNSG | Xoserve /PwC | | <ul style="list-style-type: none"> PwC coordination of market trials development. |
| Risk #2 | <ul style="list-style-type: none"> Potential for industry-wide resource constraints due to competing industry changes (eg. Smart DCC) that may impact timely delivery of Nexus Industry plan. | 1 Jul 15 | 12 Likelihood - 3 Impact - 4 | <ul style="list-style-type: none"> Key system delivery and Market Trials Milestones | <ul style="list-style-type: none"> All industry parties to continue to pro-actively monitor resource profile for Nexus and escalate through PNSG representatives as required. | Monitor progress at 1 Sept PNSG | All | | <ul style="list-style-type: none"> P/AM monitoring of plan delivery |
| Risk #3 | <ul style="list-style-type: none"> Smart DCC is planned to go-live at the beginning of August 2016 and a two month window is required following Smart DCC go-live before Nexus go-live. Therefore, any delay in Smart DCC could impact Nexus Go-live date. | 3 Aug | 15 Likelihood - 3 Impact - 5 | <ul style="list-style-type: none"> Go-live | <ul style="list-style-type: none"> Track Smart DCC delivery progress through Change Overview Board | Monitor progress at 1 Sept PNSG | PwC | | <ul style="list-style-type: none"> P/AM to continue to monitor Smart DCC delivery progress |

Risk Score = Impact (1 to 5) multiplied by probability (1 to 5) to a maximum score of 25. Only risks with a score of **10 or above** will be reported to the Steering Group. See Appendix 2 for full definition.

Mitigating Action RAG Key:



Mitigating action complete. Risk reduced to an acceptable level




Mitigating action identified and underway



Mitigating action not yet identified and underway

A1. Current Top Industry Issues

| ID | Description | Date Raised | Risk Score | Milestone impacted | Resolution Actions | Target date | Owner | RAG | Assurance Activity |
|----------|---|-------------|---|---|---|-------------------------|-------|---|--|
| Issue #1 | <ul style="list-style-type: none"> The delivery of RAASP is uncertain. Work is required to prove that the design, build and test is feasible in the time available. | 1 Jul 15 | <p>16</p> <p>Likelihood - 4 Impact - 4</p> | <ul style="list-style-type: none"> RAASP detailed design starts Detailed design complete SAP review of design Go-live | <ul style="list-style-type: none"> PwC, Baringa and SAP review of the quality of the existing, high-level RAASP/US design – Action complete, see slide 4 PwC to develop impact assessment for decoupling RAASP delivery – see update on slide 8. | Reassess at 1 Sept PNSG | PwC |  | <ul style="list-style-type: none"> Initial review of high-level design (PwC/Baringa). Complete Review of detailed design (SAP). |

Issue Score = Impact (1 to 5) multiplied by proximity (1 to 5) to a maximum score of 25. Only issues with a score of **10 or above** will be reported to the Steering Group. See Appendix 2 for full definition.

Resolution RAG Key:



Resolution complete. Risk reduced to an acceptable level



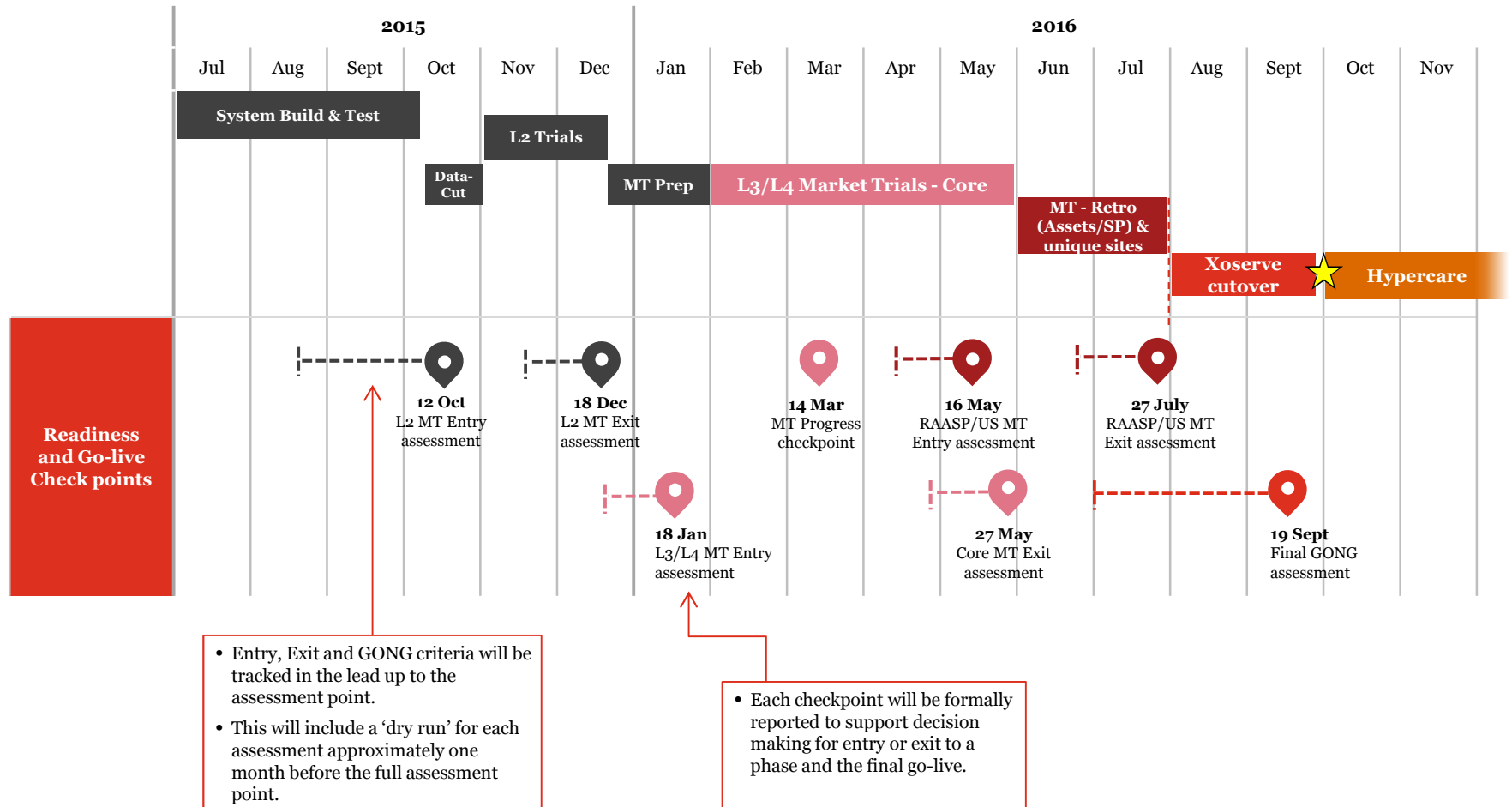
Resolution identified and underway



Resolution not yet identified and underway

A2. Key Industry Milestones and Checkpoints

The key **readiness check points** assess the readiness for entry and exit of key milestones in the plan. They will provide a component of the metrics supporting 'BAU' milestone progress reporting to the Steering Group.

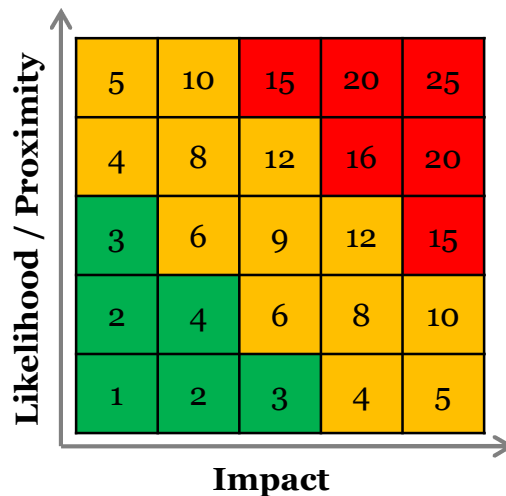


A3. RAG and risk/issue Score Definitions

Overall and Key Milestone RAG Definitions

- **Risk to go-live** - One or more milestones are at risk of delay (**greater than 5 days**) or not achieving the required quality that will likely cause a delay to the go-live or increase the risk of quality issues during go-live. Mitigating actions have not yet been identified or no mitigating action is possible at the current time.
- **Risk to individual milestone(s)**– One or more milestones are at risk of delay (**greater than 5 days**) or not achieving the required quality but it is unlikely, at this stage, to result in a delay to go-live or increase the risk of quality issues during go-live. Mitigating actions have been identified and are underway.
- **On Track** – Milestone(s) are on track to time and quality and no significant risks have been identified that may impact the go-live date or pose a significant risk to the industry at go-live.

Risk/Issue Score Definition



Likelihood / Proximity

- 5** Almost certain /Now
- 4** Likely /1 week
- 3** Moderate /2 weeks
- 2** Unlikely /1 month
- 1** Rare /1 month+

Impact

- 5** Severe
 - 4** Major
 - 3** Significant
 - 2** Minor
 - 1** Insignificant
- { Delay to go-live and / or quality issues that compromise the integrity of the critical market processes, such as change of ownership.
-
- { Go-live date not impacted and/or minor defects that can be easily fixed.