



Dear Colleague

Through regular reporting at the Change Overview Board (COB) and other industry engagement forums, Xoserve has communicated progress and risks regarding delivery of the new UK Link system, through which the 'Project Nexus' UNC Modifications are scheduled to be given effect from 1st October 2015.

The reporting has demonstrated that whilst all critical dates for industry participants have been met, in order to meet the target go-live date, the delivery programme features ever-increasing parallelism, and associated risk profile. Xoserve's assurance partner's report in late 2014 recommended conducting a review of options to de-risk the Programme, a recommendation endorsed by the COB.

One of the recommended risk mitigation options was to identify and consider feasibility of functional areas which could, if required, be deferred from the core implementation. Xoserve has conducted an assessment of such options and we outlined our high level assessment at the COB on 2nd March 2015. Following discussions at the COB, it was agreed that Xoserve should communicate its proposal more broadly, seeking feedback on any impacts on industry stakeholders. It was recognised at the COB that to enable industry parties to plan most effectively, as early a decision as possible would be required, but also that in making any decisions or recommendations regarding the timing /scope of delivery, due regard would have to be paid to relevant industry governance.

The assessment that Xoserve has conducted has confirmed that the vast majority of the new business processes and consequent design of the new UK Link systems belong together as an integrated and interdependent 'package' – from the supply point administration (SPA) process, through energy allocation, read and asset updates to energy and transportation invoicing and reconciliation, including the 'onboarding' of SPA arrangements for IGT sites. It should be noted that it is these business processes that will provide the bulk of 'Nexus' benefits associated with IGT single service provision, new supply point classes, rolling AQ, allocation and reconciliation processes.

Xoserve has however concluded that it would be possible and not only beneficial, but necessary, in order to reduce the risk of delays to delivery of the 'core', to defer the delivery of retrospective adjustments functionality (required through UNC Modification 434) and to deliver the systematisation of Unique Sites on line on a later timescale to the rest of the delivery programme.

These two areas of functionality require significantly greater customisation in the IT solution being delivered by Xoserve and as such they are currently lagging behind the rest of the delivery programme. Additionally, the complexity of the business processes and high degree of customisation means that significantly more test scenarios will be required to assure these aspects of functionality than for the other business processes.

At the COB on 2nd March, we stated that it may be beneficial to defer Retrospective Adjustments functionality and Unique Sites systematisation. Our assessment now is that this deferral is necessary as without the deferral of both these deliverables, the risk profile of the overall Programme for a 1st October 2015 delivery would be too great.

It should be noted that whilst deferral of delivery of these aspects of functionality is now necessary, such a re-plan does not on its own guarantee deliverability for 1st October; Xoserve will continue to report progress.

The COB on 2nd March welcomed the fact that Xoserve had conducted this assessment and identified a number of actions:

- Recognising that in order to realise the benefits of partial deferral a re-plan would be required quickly, it was pointed out that this could not be supported by a fully implemented UNC change. Feedback would therefore be required to assess the acceptability of deciding on a re-plan, pre-empting and effectively forcing a UNC change;
- Xoserve to set out in greater detail what the implications of a re-plan would be, including:
 - o What would the partial re-plan mean for shippers, GTs and IGTs – e.g. would any legacy file formats have to be retained and which processes and interfaces would be impacted.
- Xoserve to communicate the proposal to all interested parties and to solicit their feedback on implications for them, in particular, if the deferral of each / both areas of functionality would:
 - o for each organisation have a beneficial, negative or neutral impact on their delivery programme; and
 - o if for each organisation, whether, given that it would reduce the probability of Xoserve having to defer its go-live date for the 'core' (vast bulk of) functionality, their assessment would be that on balance they would support or oppose the partial deferral.

Whilst Xoserve has initiated this debate under prevailing programme governance, responses will be considered by the Project Nexus Industry Steering Group established by Ofgem. That Group would be expected to produce a recommendation. Following this recommendation, a planning exercise would be undertaken to confirm the delivery plan for the deferred functionality which is expected to be between 4 and 6 months after the core functional delivery.

Given the above:

- Annex 1 is a slide deck describing the process and interface impacts of deferring Retrospective Adjustment functionality and systematisation of Unique Sites.
- Annex 2 is a proforma inviting you to provide your assessment of the implications for your organisation and your assessment of the net benefit of a partial deferral.

If you have any queries regarding this information, please contact me.

Kind regards

Sandra Simpson
Stakeholder Engagement Manager
Xoserve Ltd



Annex 1: Supporting information on process and interface impacts

See: <http://www.gasgovernance.co.uk/NexusSG/310315>

Annex 2 – Feedback on assessment of implications of deferral of Retrospective Adjustment
Functionality and systematisation of Unique Sites.

(see Word version for you to complete: <http://www.gasgovernance.co.uk/NexusSG/310315>)

Organisation Name:	
Key Contact:	
Do you support, in principle, the deferral of Retrospective Adjustment Functionality and systematisation of Unique Sites	Yes / No (and supporting information)
Impacts of the deferral to your organisation	
Other relevant information	

Responses should be sent to communications@xserve.com by Friday 27th March 2015