PNSF Meeting Minutes

1.1. Purpose

The purpose of this document is to capture details of the Project Nexus Steering Forum meeting so that it can be used for wider sharing and confirm any follow up actions.

1.2. Meeting Details

Meeting Name:	**Project Nexus Steering Forum**
Meeting Date:	19/05/2016
Meeting Time:	10:30 am – 11:45pm
Meeting Format/Location:	Ofgem 9 Millbank, London
Chaired by:	Rachel Fletcher
Minutes recorded by:	PwC

1.3. Meeting Attendees

Company	Representatives		Company	Representatives
British Gas	Sarwjit Sambhi		Northern Gas Networks	Matthew Little
Brookfield Utilities UK	Mike Harding (alternative for Paul Edwards)		Npower	Jonathan Stamp
			Ofgem	Jon Dixon
Contract Natural Gas Limited	Colin Hollins			Rachel Fletcher
				Rob Salter-Church
Co-Operative Energy Limited	Mark Billsborough		Opus Energy Limited	Lisa Cochran
	Rosemary Springall		PwC	Gill Williams
Corona Energy	Peter Olsen			Melisa Findlay
DONG Energy	Jemma Woolston			Steve Mullins
EDF Energy Plc	Jim Poole			Susan Matthews
Energetics Gas Limited	Mark Cummings		Scotia Gas Networks	Andrew Quail
ENGIE	Paul Roberts		Scottish Power	Douglas McLaren
E.ON Energy	Steve Nunn (alternative for Ed Tarelli)		Spark Gas Shipping Ltd	Dave Richardson
			SSE	Will Morris
ES Pipelines	Robert Wallace		Statoil (UK) Limited	Anita Kvamme
First Utility	Natasha Hobday (alternative for Darren Braham)		Total Gas & Power Ltd	Andrew Green
			Utiligroup	Julie King
			Utilita	Bill Bullen
Flow Energy Ltd	Mike Gibson		Utility Warehouse	Naomi Nathanael
Gazprom Marketing & Trading Retail Limited	Mark Eccles		Wales & West Utilities Ltd	Steve Edwards
			WINGAS UK Limited	James Kleiner-Mann
Green Star Energy	Bwalya Kasase		Xoserve	Chris Murray
LoCO2 Energy Ltd	Jenny Barlow			Dave Payne
National Grid (Distribution)	Richard Court		TBD	Paul Croker
National Grid	Gareth Davies			

1.4. Meeting Agenda

1. Introductions and Terms of Reference (10 mins)
2. Discussion on Ofgem's new sponsorship role and ways of working across organisations (20 mins)
3. Project status update (20 mins)
4. Approach for industry engagement on in-flight industry planning activity, including findings from Xoserve deep dive (10 mins)

1.5. Actions arising from 19th May 2016 meeting

Action #	Action	Action Owner	Status	Date Raised	Due Date
A001	Positioning paper published	Ofgem	New	19/05/16	02/06/16
A002	Review options within the positioning paper, considering costs and impact and discuss within organisations and provide feedback to PNSG representatives	Market Participants	New	19/05/16	13/06/16
A003	Move PNSG from 6th June to 13th June 2016	Ofgem	New	19/05/16	06/06/16

1.6. Meeting Minutes

Item 1: Introductions and Terms of Reference

Introduction

1. Rachel Fletcher (Ofgem) began the first PNSF with an introduction of Project Nexus as a joint programme, outlining that one of Ofgem's biggest risks for energy consumers in 2016 was Nexus failing to deliver functionality for the consumer experience. Timely delivery is important for all stakeholders, not least because of recommendations by the CMA, but this must be balanced with the risk for consumers of an IT systems failure.
2. The role of the PNSF is vital for success as it serves the purpose of creating a shared understanding and strengthening the shared commitment.

Item 2: Ofgem's new role and ways of working across organisations

3. Rob Salter-Church (Ofgem) led a short discussion on how PwC and Ofgem are working together to improve the delivery confidence of the project.
    - Ofgem holds the responsibility to make the go-live date decision as per the UNC modification for Project Nexus.
    - Ofgem's sponsorship is supported by PwC in a number of roles:
        - PMO support providing regular and transparent reporting.
        - Industry Planning workstream actively managing industry participants' inputs.
        - Project assurance – continuing with market participant readiness and expanding to Xoserve as well.

- The new arrangements have been put in place to manage progress, provide greater transparency and clarity of communications, sharpen accountability and enable a clear decision making process.

4. Gill Williams (PwC) responded to a question from Natasha Hobday (First Utility) regarding the clarity of the assurance arrangements, providing the following detail:
    - The PwC Quality Assurance team was provided as part of the PMO, something not uncommon for these kinds of roles. However, appropriate separations have been put in place between the various functions of the PMO.
    - Reviews of participant readiness and involvement in the Market Trials Working Group (MTWG) continue.
    - The portal has and continues to be used to gather information with excellent engagement from participants. Where there are exceptions to this, PwC reaches out to the specific organisation(s) and may escalate to Ofgem.
    - A deep dive of Xoserve's readiness and the quality of the centralised solution are underway and PwC is in the final stage of sharing the findings with Xoserve and Ofgem. This was on track to complete by the end of May.
    - Going ahead, there will be a focus on Transition planning and readiness, and Data quality with participants and Xoserve.

Item 3: Project status update

Overall Programme Status

5. An overview of the programme status was provided by Steve Mullins (PwC), Dave Payne (Xoserve) and Chris Murray (Xoserve)
    - There is a red rating for the overall programme as a result of issues relating to Xoserve's project delivery, market trials, data and transition.
    - Xoserve is working towards 1st October 2016 however, the approach has led to significant compressions in the back end of the schedule. The current schedule holds a lot of risk, and therefore there is a possibility of an unpredictable delay. Therefore, it is important to decide if the current approach is viable going ahead.
    - Market trials is running behind schedule because of late functionality delivery and blocking defects. But there has been good progress testing significant pieces of functionality such as transfer of ownership.
    - However, market participant run rates are not at a fast enough pace to get to conclusion in line with the current schedule. A prioritisation process is now in place, providing focus for both market participants and Xoserve, according to the feedback received.
    - Everyone is committed to market trials and that the effort put in now helps to de-risk future aspects of the plan.
    - General view from participants is that there is a need for a period of stability to allow regression testing to complete after Market Trials, and this is not currently planned.
    - Xoserve data load process is developing and Xoserve is working towards sorting out the bulk and delta data load that will happen during transition. It was also highlighted that there is concern arising from the lack of contingency here.
    - Xoserve has developed a transition plan which details the stages to complete in order to take the systems live. However, there remains a lack of clarity on industry governance of the transition, decision making processes and contingency measures that should be prepared. The transition is different from a single organisation's SAP cutover due to its irreversible nature as soon as cutover commences. Thus, it is important to be confident collectively that the cutover can be successful.

6. Building on Steve Mullin's brief on the project status, David Payne stated the following:
    - The programme driver for Xoserve remains 1st October 2016.

- The Transition Progress Group, an industry group, oversees the transition process.
- PwC to take ownership of TPG going forward.

7. Jon Stamp (NPower) asked whether Xoserve could address the risks with greater resources or is all of this building towards a delay, given the programme status. He acknowledge the commitment to the programme while outlining the market participants' need to manage their internal resources given the potential of a changing timeline. In response, Chris Murray (Xoserve) expressed the following:
    - Although this is a multi-party programme, Xoserve remains at the heart, given the delivery of central systems and working with customers.
    - Xoserve is very happy with Ofgem and PwC working alongside them, given the size and complexity to the programme.
    - Xoserve acknowledges the current industry change congestion (Nexus and other industry wide change programmes and internal initiatives).
    - Xoserve is driving towards the 1st October 2016 go-live and is aware of the risk inherent to this programme. However, is encouraged by the recent progress and will take mitigating actions to address the risks.
    - Xoserve does not foresee show stoppers but sees manageable risk to the central system.
    - Xoserve will have a different view of risk from PwC given PwC's assurance role and deeper understanding on broader industry readiness. There is a need for common approach and stated while an alternate go live date will have lower risk it continues costs for everyone.

Item 4: Approach for industry engagement on in-flight industry planning activity, including findings from Xoserve deep dive

8. Will Morris (SSE) asked whether the programme can be delivered on 1st October 2016 with a reasonably high level of confidence? Is PwC getting access to everything it needs from participants and Xoserve? Gill Williams shared the following in response.
    - PwC (now with the addition of PMO role in the engagement) is embedded at all appropriate levels in the programme. This includes market trials, data and transition planning.
    - PwC also shares a closer relationship with Xoserve after the deep dive work.
    - The deep dive addresses three questions often raised by the market participants.
        i. Is the Xoserve solution fit for purpose?
        ii. Is it stable and sustainable going forward?
        iii. Can Nexus be delivered within the 1st October 2016 timeline?
    - The deep dive will be concluded at the end of May and is currently at a stage of sharing results with Xoserve and discussing responses.

9. Rob Salter-Church explained that Ofgem will be publishing a positioning paper on 2nd June 2016, as a top priority, following on from the PwC deep dive and industry planning work.
    - This paper will outline delivery scenarios, including both 1st October and alternate dates. It will explore the risks and impacts on consumers and potential costs associated with the scenarios, with different levels of contingency.
    - PwC will make a recommendation to Ofgem in this position paper on the scenario which they feel best meets Ofgem's definition of success for Project Nexus: that it is implemented as early as possible, but without unacceptable risks of negative impacts on consumers.
    - It was important to get market participants views on the scenarios before any decisions are made, as they will affect individual participants differently. This includes the impacts of other industry change programmes on participants.
    - In the scenarios, PwC would take account of arguments from the previous year on alternative dates and lessons learnt will be applied.

- A delay is not an easy option from a sponsor perspective. A thorough analysis needs to be done between the potential dates balancing risks against the desire for as early a delivery as possible

10. This paper will be a means of engaging with the industry:
    - The PNSG will be rescheduled from the 6th June 2016 to the 13th June 2016 to allow time for the constituency representatives to gather their views on the proposed target dates.
    - These views will then be discussed at the PNSG and following this, a decision on the target date can be expected mid-June. The primary input should be through the PNSG, but Ofgem was willing to consider supplementary bi-laterals as time allows.
    - Ofgem agreed to consider whether another meeting of the PNSF should be called in June once feedback had been gathered.

Concluding remarks / AOB

11. Rob Salter-Church encouraged market participants to continue driving through market trials to reduce programme risk and to build confidence, irrespective of the target date.

12. Andrew Quail (Scotia Gas Networks) raised a comment that there is a need to ensure right people are in each of the governance bodies.
    - This is to allow difficult decisions to be made.
    - Participants were asked to reflect on this for the PNDG, PNSG and PNSF.

13. Rachel Fletcher concluded the meeting and thanked everyone for their participation and engagement.