

## **Project Nexus Governance Model**

ofgem

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# Summary of Nexus Governance proposals

Feedback from Xoserve and participants indicates that it is necessary to improve the governance of Project Nexus. This pack outlines the proposed changes, rationale and benefits.

**Programme Benefits**

Provide more efficient mechanisms to fully engage the right people

Facilitate quicker consultation and decision making

Drive a delivery focussed approach

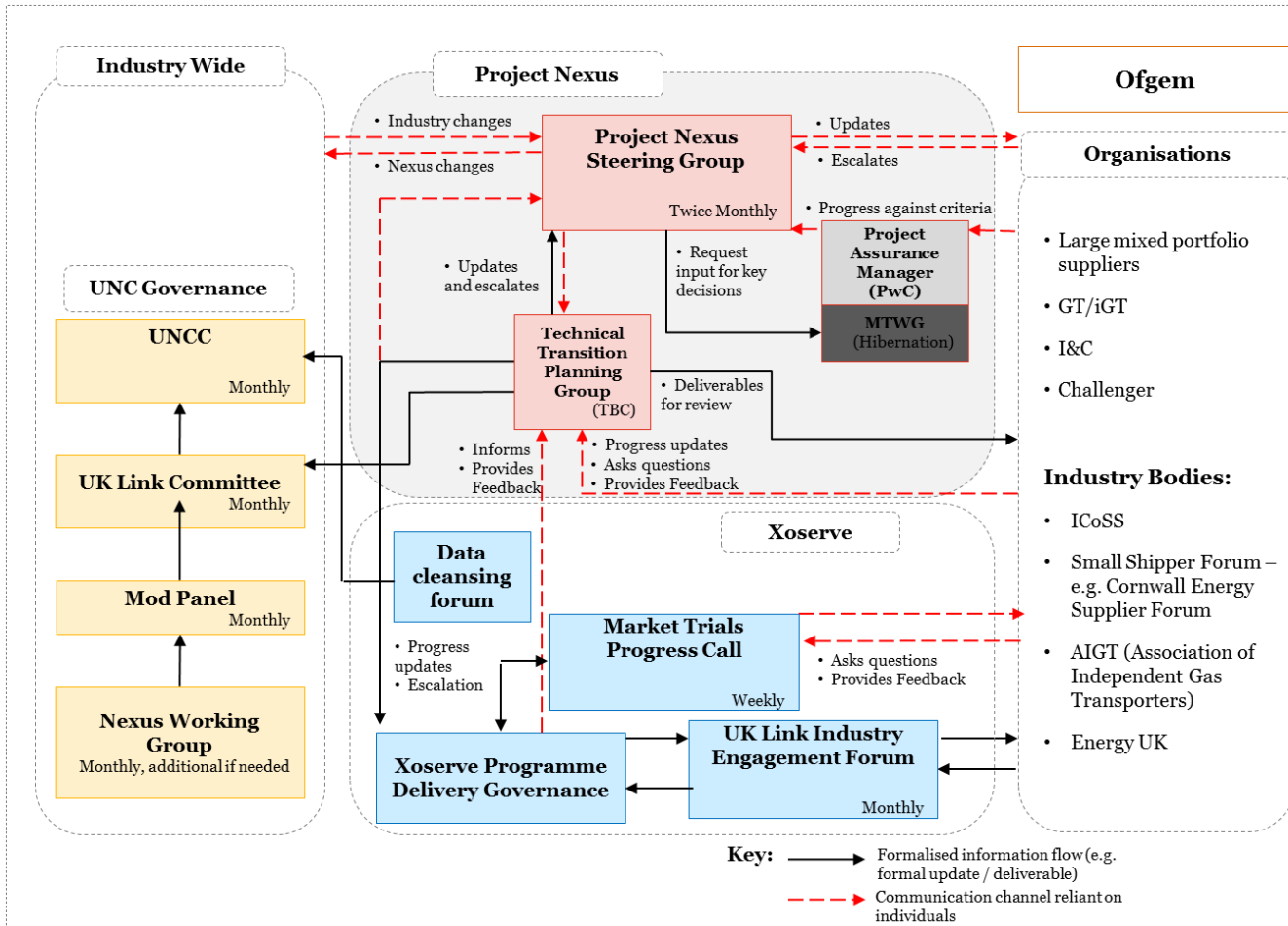
Greater transparency across the whole programme



Change	Outcomes
<ul style="list-style-type: none"> <li>A new senior executive sponsor group</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate level of executive support</li> <li>A shift in behaviour across the programme towards constructive delivery</li> </ul>
<ul style="list-style-type: none"> <li>Refocussed Project Nexus Steering Group (PNSG)</li> </ul>	<ul style="list-style-type: none"> <li>A primary decision making body</li> <li>Driven and accelerated decision making</li> <li>Decisions that are aligned to the delivery strategy</li> </ul>
<ul style="list-style-type: none"> <li>A new Project Nexus Delivery Group (PNDG)</li> </ul>	<ul style="list-style-type: none"> <li>Effective review and management of delivery progress and issues</li> <li>Effective co-ordination cross programme</li> </ul>
<ul style="list-style-type: none"> <li>A cross industry project management function</li> </ul>	<ul style="list-style-type: none"> <li>A greater transparency of progress and risks to all relevant parties</li> </ul>

## **Key changes and rationale**

## The current governance structure and communication has evolved over time....



Unclear decision rights

Issues circulate

Lack of executive sponsorship

Indistinct accountability

Slow decision making

Lack of a robust cross industry plan

Industry and market participant experience is sometimes not effectively utilised

## ... and is not aligned with leading practice

### Best practice governance principles

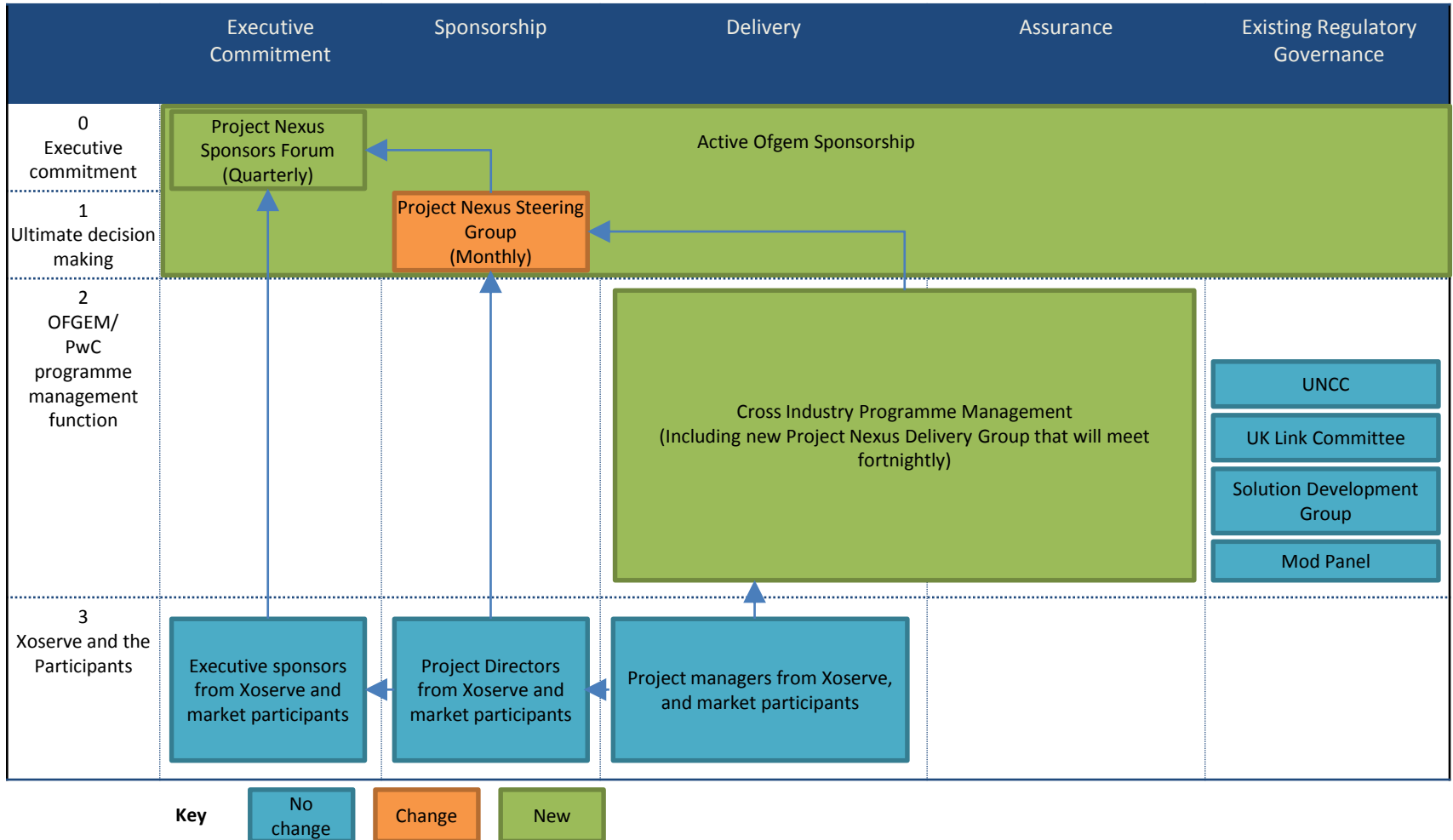
- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Clarity over the decision rights and composition of each body</li></ul>      | <ul style="list-style-type: none"><li>• Adoption as far as possible of a standard programme structure</li></ul>                    |
| <ul style="list-style-type: none"><li>• Rapid decision making</li></ul>  | <ul style="list-style-type: none"><li>• Clear accountability for overall programme success</li></ul>                               |
| <ul style="list-style-type: none"><li>• Transparency across the programme</li></ul>                                  | <ul style="list-style-type: none"><li>• Skills and experience of Xoserve and market participants leveraged appropriately</li></ul> |
| <ul style="list-style-type: none"><li>• Adoption of the learning and best practice from industry successes</li></ul> |  |

We are proposing changes to the existing governance structure to overcome these issues and move governance towards leading practices. Specifically the changes include:

- An active sponsorship by Ofgem which will include their chairing of key meetings;
- A new Project Nexus Sponsors Forum that will ensure that executive sponsors are fully engaged and understand what is expected of their respective organisations;
- A reset Project Nexus Steering Group that will provide a mechanism for informing decisions over scope, design, timetable and delivery strategy;
- A new Project Nexus Delivery Group that will provide a focal point for cross industry coordination between Xoserve and market participants; and
- A new Cross Industry Programme Management function that will play a central role in driving the new governance model and driving coordination and delivery across the industry.

These changes are described further in the following slides.

## Structure and principal changes

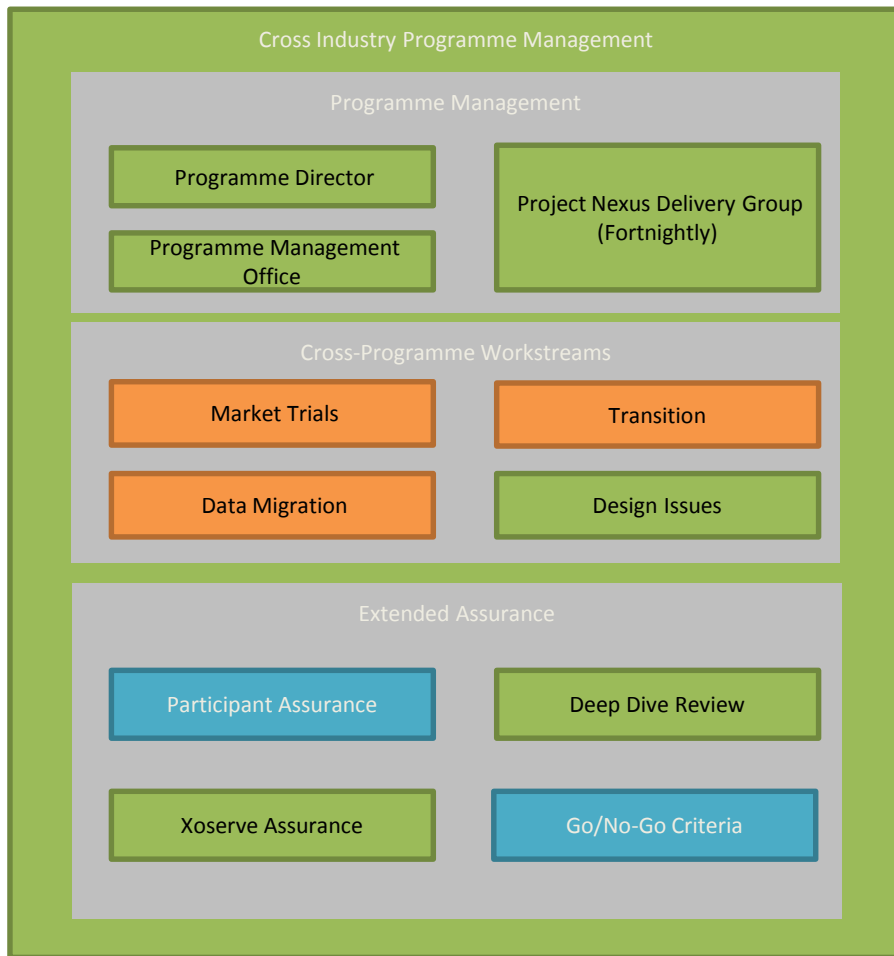




## Summary of key changes

Function/ Group/Board	Purpose	Change required
Active Ofgem Sponsorship	<ul style="list-style-type: none"> <li>Ensure that decisions are made in a timely manner and take account of the greater programme context</li> </ul>	<ul style="list-style-type: none"> <li>Attendance and chairing of the PNSF, PNSG and PNDG</li> </ul>
Project Nexus Sponsors Forum (PNSF)	<ul style="list-style-type: none"> <li>Ensure that executive sponsors in Xoserve and participants are engaged and understand what is expected of their respective organisations</li> </ul>	<ul style="list-style-type: none"> <li>Creation and establishment of PNSF</li> </ul>
Project Nexus Steering Group (PNSG)	<ul style="list-style-type: none"> <li>Ensure the right information is provided to the right people to allow critical decisions to be informed and issues to be resolved rapidly</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the group is focused on the right level and that detailed matters are delegated to the other appropriate bodies within the CIPM</li> </ul>
<b>Cross Industry Programme Management (CIPM)</b>		
	<ul style="list-style-type: none"> <li>Drive detailed collaboration, delivery and issues resolution across the Xoserve and participant delivery teams</li> <li>The CIPM includes the Project Nexus Delivery Group (PNDG), Programme Management Office (PMO). Cross-Programme Workstreams (CPWs) and assurance of Xoserve and participant delivery. More information on these may be found on the next page</li> </ul>	<ul style="list-style-type: none"> <li>Creation and establishment of PNDG, PMO</li> <li>Creation, establishment, and management of CPWs</li> <li>Extend existing assurance to include Xoserve delivery</li> </ul>

## Cross Industry Programme Management



### Cross Industry Programme Management (CIPM)

Project Nexus Delivery Group (PNDG)	<ul style="list-style-type: none"> <li>Act as the first point of escalation for cross industry issue resolution</li> <li>Drive cross industry delivery</li> </ul>
Programme Management Office (PMO)	<ul style="list-style-type: none"> <li>Responsible for advising on the programme's progress against plans</li> <li>Develop and maintain standard tools and templates and record and manage risks, issues and changes</li> <li>More details can be found on the next page</li> </ul>
Cross-Programme Workstreams (CPWs)	<ul style="list-style-type: none"> <li>Manage and drive coordination and progress across the programme participants in key areas such as market trials, design issues, data migration and transition</li> </ul>
Xoserve Assurance	<ul style="list-style-type: none"> <li>Assurance of Xoserve core system capabilities and how well this meets industry requirements</li> </ul>
Deep Dive Review	<ul style="list-style-type: none"> <li>Conduct a deep dive review of the deliverability of the overall programme</li> </ul>

## Programme Management Office (PMO)

### Membership

- Programme Management Office lead
- Programme Management Office support team
- Risk and Quality Management Lead
- Issues Resolution Lead
- Schedule Lead

### Inputs

- Baseline roadmap
- Programme level risk and quality reporting
- Xoserve and market participant status reports
- Programme risks and issues
- Change requests
- Change log

### Outputs

- Portfolio dashboard report and status narrative
- Recommendations regarding decisions required and issue resolution
- Programme wide plan showing key cross industry dependencies
- Programme RAID log
- Prioritisation framework and decision criteria

### Objectives

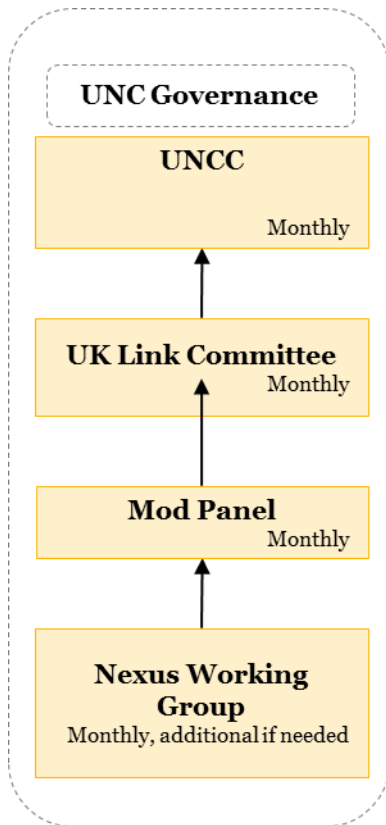
1. To drive overall alignment of Xoserve and market participants around a single view of the programme plan, status, issues and risks
2. The Programme Management Office's remit includes but is not limited to:
  - Collation, assessment and escalation of change requests, stakeholder management, risks, issues, actions, decisions, schedules;
  - Prioritisation of programme activities; and
  - Recommendations to the PNSG regarding decisions.
  - Develop, maintain and publish standard tools and templates to record and manage risks, issues, actions, decisions, schedule and changes on a routine business rhythm.
3. Communications
  - Develop, maintain and communicate the overall plan for Project Nexus; and
  - Execute programme communications in accordance with the plan.
3. Manage implementation of new programme governance arrangements
4. Provide secretariat to the new PNSF, revised PNSG and new PNDG

### Escalation

- As required

## Interactions with existing industry governance

We will work with existing governance processes in order to establish a more agile approach to reviewing and agreeing any changes that need to go through industry governance.



Principles of change
<ul style="list-style-type: none"> <li>• Work with existing industry governance</li> </ul>
<ul style="list-style-type: none"> <li>• Establish a reasonable process of decision and issue management</li> </ul>
<ul style="list-style-type: none"> <li>• Improve the ability of existing governance to be responsive to programme decisions</li> </ul>
<ul style="list-style-type: none"> <li>• Timelines to be set on a case by case basis</li> </ul>

### Project Nexus UNC Working Group:

- It is anticipated that this group will continue until current modifications are discharged, at which point it will cease to exist
- In the event of further formal modifications, it will be determined if necessary for the group to reform or if these can be cleared within an existing distribution workgroup as appropriate

# Terms of reference documents for PNSF, PNSG and PNDG

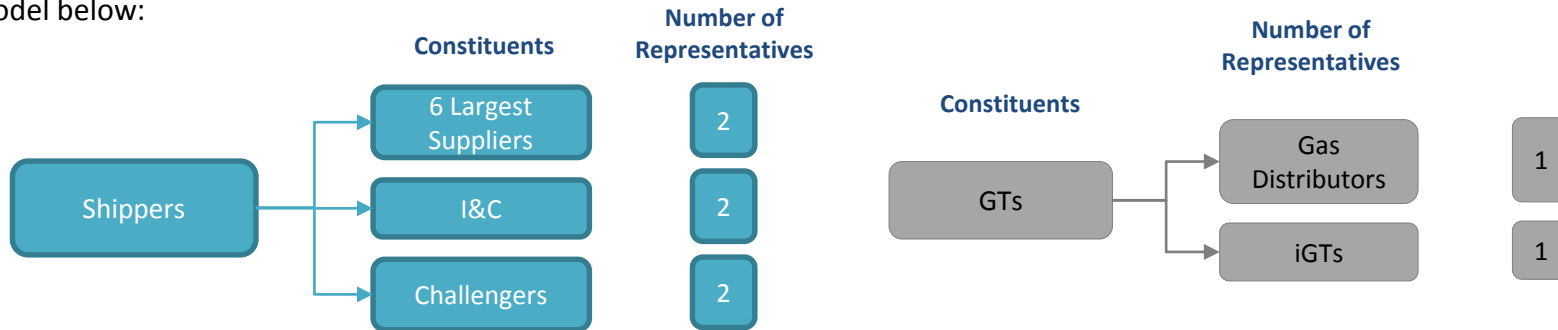
## Group Composition and Attendance

	PNSF		PNSG		PNDG	
	Now	Future	Now	Future	Now	Future
Xoserve		X	X	X		X
Ofgem		X	X	X		X
Shippers		X	X	X		X
GTs		X	X	X		X
IGTs		X	X	X		X

Group	Meeting Attendee Representation
<ul style="list-style-type: none"> <li>Project Nexus Sponsors Forum (PNSF)</li> </ul>	<ul style="list-style-type: none"> <li>Representatives from all organisations are expected to attend</li> </ul>
<ul style="list-style-type: none"> <li>Project Nexus Steering Group (PNSG)</li> </ul>	<ul style="list-style-type: none"> <li>A constituency based representation model will be implemented - more details regarding this may be found on the following pages</li> <li>There will be a broadcast summary meeting held after the PNSG for all market participants to attend to ensure good communication of outcomes</li> </ul>
<ul style="list-style-type: none"> <li>Project Nexus Delivery Group (PNDG)</li> </ul>	<ul style="list-style-type: none"> <li>Representatives from all organisations will be invited</li> <li>An organisation may nominate a designated representative from their constituency if they do not wish to attend any particular meeting. Such representation must be notified in advance.</li> <li>There is an expectation that there will be consistent attendees, all issues will be submitted in advance, and timing will be rigorously adhered to</li> </ul>

## Participant Representation at PNSG

**Participant Representation Model:** The Project Nexus Steering Group (PNSG) attendee structure will follow the representation model below:



### Principles of representation

- All organisations will be represented
- All representatives will be a named individual who is expected to attend the majority of meetings
- Constituents will agree how they will be represented – it remains the responsibility of individual shipper and gas transporter communities to nominate and decide their representative(s) for each group. The constituent groups are outlined on the next page

### The role of representative

- Review issues raised by constituents prior to their submission
- Ensure issues are properly documented prior to submission
- Ensure they understand issues sufficiently to explain them to the meeting
- Representatives are **not** screening issues. The final decision on whether an issue is submitted rests with the originating constituent.

## Participant Representation Constituencies

Shippers			GTs	
6 Largest Suppliers	I&C	Challenger	GDN	iGT
British Gas	BP Gas Marketing Limited	Barrow Shipping	Scotia Gas Metering	Brookfield Utilities UK
E.ON	Contract Natural Gas Limited	Better Energy Supply LTD	National Grid (Transmission & Distribution)	Energetics Gas Limited
EDF	Co-Operative Energy Limited	Daligas Limited	Northern Gas Networks	ES Pipelines
Npower	Corona Energy	First Utility Limited	SGN	Fulcrum Pipelines Limited
Scottish Power	Crown Gas & Power	Flow Energy Ltd	Wales & West Utilities Ltd	Indigo Pipelines Limited
SSE	DONG Energy Sales (UK) Ltd	Green Energy (UK) Plc		
	ENGIE	Green Star Energy		
	ENI	Hudson Energy Supply UK Limited		
	ExxonMobil Gas Marketing Europe Ltd	Opus Energy Limited		
	Gazprom	Places for People		
	Statoil (UK) Limited	Plus Shipping Services Limited		
	Total Gas & Power Ltd	Regent Gas Limited		
	WINGAS UK Limited	Smartest Energy		
		Spark Gas Shipping Ltd		
		The Renewable Energy Company Limited		
		Utilita		
		Vayu		
		Winchester Gas Distribution Limited		



## Project Nexus Sponsors Forum (PNSF) – ToR

### Frequency & Timing

- Quarterly and/or driven by strategic points in the programme
- 1-2 hours (face-to-face initially)

### Objectives

- Ensure that executive sponsors in Xoserve and market participants are engaged and understand what is expected of their respective organisations; and
- Provide a forum for senior executives to be updated with overall delivery status and potential risk to consumers

### Decisions taken

- None

### Inputs

- Rolled up programme status reports
- Customer impact assessment
- Monthly summary circulated with highlights from PNSG meeting

### Outputs

- Committed and engaged teams working collaboratively across the industry

### Chair

- Rachel Fletcher (Senior Partner, Consumers & Competition – Ofgem)

### Membership

- Senior executives who hold the responsibility for Nexus delivery within their respective organisations
- Chris Murray
- Rob Salter-Church

### Standing Agenda

- Probability of successful delivery
- Risk to consumers

### Escalation

- None

## Project Nexus Steering Group (PNSG) – ToR

### Frequency & Timing

- Monthly with ability to call ad-hoc meetings when rapid decisions required
- 2 hours

### Objectives

- Provide input on the impacts of decisions and preferred outcomes in order that the chair may make an informed decision;
- Approve a documented Go/No-Go framework and criteria; and
- Principal decision making on overall timeline, scope, Go/No-Go and gate progression

### Decisions taken

- The chair has the ultimate decision making body for the programme regarding:
  - Schedule
  - Scope
  - GONG
  - Gate progression
  - Design
  - Changes
  - Issues resolution
  - Issues impacting consumers

### Inputs

- Programme Dashboard (roll-up)
- Status narrative
- Escalated risks & issues
- Decisions required

### Outputs

- Actions to be taken by programme participants and industry governance bodies
- Decisions regarding change, design, schedule and quality

### Chair

- Rob Salter-Church (Partner, Consumers & Competition – Ofgem)

### Membership

- **From participants:** Individuals with responsibility for delivery within their organisation. A representation model will be applied in order to ensure continuity of attendance and a workable group size.
- **From Xoserve:** The Project Director, Project Manager and Baringa
- **From PwC:** The Programme Director and other staff as required

### Standing Agenda

- Probability of successful delivery
- Risk to consumers
- Risks, issues and mitigations
- Decisions required

### Escalation

- Project Nexus Sponsors Forum (PNSF)

## Project Nexus Delivery Group (PNDG) – ToR

### Frequency & Timing

- Fortnightly
- 3 hours

### Objectives

- Oversee regular progress, readiness and issue reporting from the PMO to wider stakeholders;
- First point of escalation for cross industry issue resolution;
- Consider all changes with a potential cross programme impact for decision; and
- Consider and decide upon actions to mitigate risk(s) to the implementation date.

### Decisions taken

- Decisions regarding:
  - L2 milestones
  - Design with no customer impact
  - *Cannot make decisions regarding (must be escalated):*
    - Overall timelines (L1 milestones)
    - Scope
    - GONG
    - Gate progression
    - Change recommendations e.g. to codes
    - Issues with a consumer impact

### Inputs

- Programme Dashboard (detailed)
- Status narrative
- Escalated risks and issues
- Change log
- Decisions required

### Outputs

- Actions to be taken by programme participants
- Decisions regarding change, design, schedule and quality

### Chair

- Jonathon Dixon (Senior Policy Manager, Consumers & Competition – Ofgem) with support from PwC

### Standing Members

- **From participants:** Individuals who are managing the delivery projects or programmes within their organisations on a day-to-day basis. Office Manager and the Cross Programme Workstream Manager and other staff as required
- **From Xoserve:** The Xoserve Project Manager and Baringa
- **From PwC:** The Programme

### Standing Agenda

- Probability of successful delivery
- Risks, issues and mitigations
- Assurance report
- Project updates
- Working group updates
- Decisions required (changes/issues/etc.)
- Cross programme integration points

### Escalation

- Project Nexus Steering Group (PNSG)

## Where and how do decisions get made

This section sets out the process for decision making in the governance structure.

Decision	Summary of process
Any decision <b>not</b> impacting overall timeline (L1 milestones), scope, GONG and/or gate progression.	<ul style="list-style-type: none"> <li>Decided within Project Nexus Delivery Group (PNDG) – ultimate decision responsibility is with the chair;</li> <li>The Project Nexus Steering Group (PNSG) is informed of the decision outcome</li> </ul>
Any decision which the PNDG as been unable to conclude	<ul style="list-style-type: none"> <li>Escalated to PNSG;</li> <li>The Project Nexus Sponsors Forum (PNSF) is informed of the decision outcome</li> </ul>
Any decision impacting overall timeline (L1 milestones), scope, GONG and/or gate progression.	<ul style="list-style-type: none"> <li>The PNSG will inform the meeting chair who will make any final decision or recommendation passed onto the relevant regulatory body to make a decision – ultimate decision responsibility is with the chair;</li> <li>The PNSF is informed of the decision outcome</li> </ul>

How decisions will be made:

- Representatives will present items requiring decisions on behalf on their constituents;
- These items will be discussed within the group – this discussion will be driven by the chair who will seek to drive this to a consensus;
- If a decision is not unanimous, or when otherwise necessary, the chair will hold the ultimate decision responsibility.

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**We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.**