



Consultation: Project Nexus consultation on options for a successful implementation

Response from E.ON

General Comments

E.ON has consistently supported the implementation of Project Nexus and the realisation of the benefits that will follow for our Supply business and for our gas customers.

It is therefore disappointing that there will be yet another delay to its implementation. Not only does this delay the delivery of the benefits that we have been expecting but also incurs significant additional costs for our business.

Our own implementation project was ready to deliver for October and therefore the review from PwC and its recommendation is disappointing. However we appreciate the ramifications for the gas market should Project Nexus fail during its delivery and the severe consequences that there could be for operations and our customers.

We are therefore supportive of the recent moves to improve project governance by Ofgem and by any steps that are necessary to ensure that the project is implemented successfully.

Consultation Question:

Do you agree that the Authority should re-plan the approach to go-live and agree to "continue with a programmed delay", with a new implementation date between 1 February 2017 and 1 April 2017?

We note Ofgem's conclusion "...Having considered PwC's reports in the light of our Success Factors for Project Nexus, we are minded to accept their recommendation to "continue with programmed delay" (planning scenario C). This has a target "go-live" date of 1 February 2017, with a window lasting until 1 April 2017..."

We support this proposal and agree that Option C, a delay until the Spring of 2017, is the right course of action to take.



There has been a significant failing by Xoserve in its programme management and delivery of Project Nexus. They have consistently failed to understand their role in delivering the project for the whole industry and to deliver for gas consumers. Their focus and emphasis has been too focused on their own systems issues and has failed to grasp the broader implications of the project on the market and for consumers.

Whilst appreciating the recent activity from Ofgem in taking responsibility for the project and the appointment of additional project resource we would like to see further action taken to ensure that this situation doesn't happen again. This is needed to ensure that Project Nexus is successfully delivered and that further unnecessary costs for Suppliers are not incurred.

Option C includes a proposed window for the delivery of Project Nexus in February or March of 2017. To help with our own project re-planning activity we would prefer a specific date to be chosen. We do not have access to all the relevant information that PwC has gathered as part of its 'deep dive' into the project and Xoserve's readiness. Therefore we do not have a specific view of a date within the proposed window when it would be best to implement the project. The guidance of PwC in determining this would be useful.

The consultation and supporting documentation from PwC did not make any mention of what is proposed to happen to the functionality that had originally be deferred from the planned October 2016 delivery to sometime during 2017 (e.g. retrospective adjustments, defects resolution, Nexus 'phase 2' releases etc). The replan activity should include clarity on whether there are any consequential implications for these and when they will now be delivered.

We would also like to see confirmation that Ofgem/PwC will continue their project management and assurance role for the delivery of these.

There are implications for some existing business processes (e.g. AQ review) and industry governance (e.g. UNC and IGT UNC modifications) that need to be assessed in light of the proposed re-plan. These were not mentioned in the consultation documentation but will need to be considered by Ofgem/PwC.

A number of the proposals set out in the consultation were at a high level (e.g. revised Go/No Go criteria) or introduced new concepts (e.g. regression testing). These all appeared sensible in principle but we would appreciate more detail regarding these (e.g. what metrics would be used to judge the Go/No Go criteria, what role was envisaged from Shippers in Regression Testing). We would like clarity on these provided as part of the



detailed project re-planning phase that we expect to follow a decision on a replan. Early clarity on how this detailed re-planning phase will operate, including the expectation of our involvement, is needed to ensure is completed effectively.