



Project Nexus c/o Jon Dixon
Ofgem
9 Millbank
London
SW1P 3GE

22 June 2016

Email to: jon.dixon@ofgem.gov.uk

Dear Jon,

Project Nexus: consultation on options for a successful implementation

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy is committed to the successful implementation of the Nexus programme and welcomes Ofgem's consultation and engagement. We agree that it is key to ensure an appropriate decision is taken on the most suitable next steps to deliver a fit-for-purpose solution. This needs to support industry requirements, be stable and sustainable, and enable a positive consumer experience.

In answer to the question in your consultation, EDF Energy broadly agrees with the recommendation of 'Scenario C' by PwC that the current programme period is extended to de-risk the implementation. We also agree that Ofgem should undertake a short phase of detailed planning in order to determine a new implementation date. EDF Energy would not be able to assess the viability of the revised implementation window of 1 February to 1 April until the detailed planning has been completed, however we do believe that this should be achievable.

EDF Energy welcomed the opportunity to take part in the recent Project Nexus Consultation Workshop on 15 June. During the workshop, Shippers raised a number of questions and concerns with the preferred option as set out in the Positioning Paper prepared by PwC. We acknowledge that there is still an amount of detailed planning to be completed and would urge Ofgem and PwC to ensure this is done as quickly as possible in July following the final decision on the way forward.

Notwithstanding this, in broadly supporting the recommended option, EDF Energy is mindful that the detailed planning phase and the ongoing complex nature of the Nexus programme could give rise to additional delivery risks. We are keen to see additional detail in areas such as regression testing, data migration and quality, post implementation planning and the ability for the programme to meet the GONG criteria. Additionally, it is vital for the programme to fully examine what impact the proposed delay will have on

EDF Energy
40 Grosvenor Place, Victoria
London SW1X 7EN
Tel +44 (0) 20 7752 2187

edfenergy.com
*EDF Energy plc
Registered in England and Wales
Registered No. 2366852
Registered office: 40 Grosvenor Place,
Victoria, London SW1X 7EN*

other industry change, for example Smart DCC implementation and the Funding, Governance and Organisation (FGO) programme.

EDF Energy agrees with Ofgem that there is a need to ensure that Nexus is delivered in a manner which does not negatively impact consumers' experiences or diminish their trust in the energy industry. Ofgem must be mindful of the additional financial pressure that continuing to resource the Nexus programme has on Shippers, and their ability to appropriately resource other key industry changes.

We have provided further details on our concerns and areas where we feel additional clarity or consideration is required in the Annex below.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Gavin Anderson on 0785 2948087, or myself

I confirm that this letter and its annex may be published on Ofgem's website

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Mason', with a long horizontal flourish extending to the right.

John Mason
Senior Manager of Customers Policy & Regulation

Annex 1

Industry change

EDF Energy encourages Ofgem to consider the inevitable impact that a programme delay will have on other industry change. We believe that Ofgem have a role to play in assessing the interdependencies across the industry and must be mindful of the impact this has on planned system change and the resources intended to be used for these changes.

In particular, EDF Energy has planned a system release to support Smart DCC go-live which has been developed to interact with the post Nexus arrangements. A further delay to Nexus will require additional changes to our system design and will have a significant impact on our technical resources. We are currently undertaking a full impact assessment of the financial impact but anticipate that the delay will add significant cost to our delivery.

EDF Energy welcomes Ofgem's suggestion at the recent large Shipper workshop that the current Funding, Governance and Organisation (FGO) work assumes that the FGO arrangements will be delivered post Nexus go-live. Ofgem therefore anticipates that maintaining the central governance and Nexus programme during the delay should result in no additional cost to Shippers due to the revised governance arrangements under FGO. Whilst we welcome and support this view, we feel that Ofgem must take steps to ensure this assumption is accurate and properly documented. Furthermore, we believe that Ofgem should lead on engaging with the appropriate FGO work streams to be certain there is a common understanding across the industry.

Testing

EDF Energy has fully engaged in Market Trials and testing to date and continue to make progress within the constraints of the available functionality and the resolution of Xoserve defects which are blocking the completion of some tests. We have seen an overall improvement in the defect resolution process in recent weeks, albeit that some queries are still taking an excessive amount of time to reach a suitable resolution.

It is our view that the manner in which functionality has been deployed into the Market Trials environment presents a risk and makes it essential that there is a period of further testing based on the system and processes that Xoserve proposes to use in live operations so that the impact can be understood and preparations made. We would recommend that the regression test window is utilised and that a number of prescribed tests should be executed across the market to replicate as far as possible the live environment. These tests should be focussed on critical customer facing processes such as Transfer of Ownership.

Should a delay be agreed we believe that this time could be used by PwC to develop additional reporting which tracks the amount of effort taken to progress test scenarios through Market Trials. This would give a more transparent view of the success of testing and the scalability of this success.

Detailed planning

EDF Energy supports the need for detailed planning following the final decision, we believe it is imperative that this is done quickly and that a Target Implementation Date (TID) is established as soon as reasonably possible. We agree with the view that Ofgem shared at the recent large Shipper workshop, that greater importance should be placed on identifying the best and most achievable TID, as opposed to being constrained by the 1 February to 1 April window proposed in Option C.

We are also keen to understand the detail behind the plan for the remainder of Project Nexus delivery, to ensure we are adequately resourced to support it e.g. post implementation planning, as well as the scope for extended Regression Test and Dress Rehearsal phases, we believe that these are key to being able to demonstrate successful achievement of the GONG criteria.

Having experienced the challenges of migrating a large portfolio of data into SAP-ISU, we are particularly keen to see a continued focus on data cleanse and quality combined with a realistic and transparent data migration plan from Xoserve.

Go/No Go Criteria (GONG)

We welcome the development of clear success criteria as part of the detailed planning and consider it fundamentally important that there is strong governance around the development and execution of the GONG criteria. EDF Energy will continue to work with Ofgem and PwC through the revised governance structure to ensure the GONG criteria are fit for purpose and that the implementation decision can be taken with confidence.

In order to ensure confidence in a Go decision is high, we believe it is crucial that the GONG decision is not taken on an entirely self-assessed basis. The GONG decision should be based on a series of predefined and prescriptive tests. We consider that these tests should be undertaken against the actual solutions which will be in place at go-live, including any workarounds or manual processes. This must provide confidence that the bulk of customer-facing processes, such as Transfer of Ownership, have been robustly tested in sufficient volume, we do not believe this will be adequately demonstrated by the completion of Market Trials alone.

In addition, we believe clear GONG criteria which is assessed through predefined testing will ensure that a GO decision is only taken if right for the industry as a whole and not influenced by the risk appetite of different industry parties, including Xoserve, which will inevitably vary by organisation.

Post-implementation/Hypercare

EDF Energy considers that the post implementation hypercare arrangements will be critical in achieving a successful progression to steady state operations and safeguarding the experience of customers. Central to this is the development of a clear hypercare plan, and we agree this can be developed through appropriate workgroups but consider it vital that this is in place prior to a GONG decision. Part of the development of this plan should

include a requirement on Xoserve to demonstrate they have sufficient resources in place to properly manage the post go-live demand.

We welcome the view from PwC that the Transition Workgroup should develop scenario planning for potential failure points during deployment. EDF Energy believes the inability to roll back following a Go decision means that it is imperative to fully and exhaustively understand the potential issues which may arise, and have appropriate plans in place to handle such issues.

EDF Energy has experience in post implementation scenario planning and mitigation, and has previously offered to share this with Xoserve and PwC.

EDF Energy
June 2016