



Rob Salter-Church
Partner, Consumers and Competition
Ofgem
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21 June 2016

Dear Rob,

Project Nexus: Consultation on options for a successful implementation

Thank you for the opportunity to respond on this important issue at this stage. As you know ENGIE have been engaged on Project Nexus for a number of years and have taken an active role in many of the industry groups both individually as a company and via the ICoSS group representation on the Project Nexus Steering Group.

It was disappointing for us a year ago to see the Project Nexus programme implementation date delayed from October 2015 to October 2016. We felt that the reasons for the original delay were not entirely clear and we found the lack of transparency and a lack of ownership in the programme at that time frustrating. Recently, through a combination of Ofgem's ownership of the programme and a fuller role on the programme management by PWC, we have seen an improvement in these areas. We expect this improved level of control to continue through the remainder of the programme, irrespective of the implementation date, in order to give confidence to participants. The recent deep-dive into Xoserve's readiness conducted by PWC is a good example of the rigor and transparency which is essential in a multi-party programme of this nature.

The implementation options

We also recognise that a multi-party programme such as Project Nexus is subject to a number of risks, and in addition to the central system readiness, there is also a diverse range of market participants ranging from Large Gas Transporters, IGTs, Larger suppliers and niche suppliers. It is clear given that the decision that Ofgem must take in relation to whether to further delay the programme, and the extent of that delay, will depend almost wholly on the readiness of the larger participants as it is these who have the most impact on consumers as identified as critical by both Ofgem and the CMA.

Given this, it is important to recognise that the risk is amplified for a market participant such as us with a small market share of meter points because it is largely outside of our control to influence the outcome. We are dependent not only on the progress of the central systems, as is everyone, but also on the progress of others, particularly the larger suppliers without whom the programme will not be delivered. We are therefore in a position whereby we are entirely reactive to a date directed by Ofgem and decided by the other actors in the programme.

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Our preference would be to retain the existing Project Nexus timescales, however we trust that the options themselves have been developed by PWC with good reason and that their experience in implementing other multi-party programmes has informed their view.

Specifically, we have the following comments to make in response to PWC's preferred option to "*re-plan the approach to go-live and agree to continue with a programmed delay with a new implementation date between 1 February and 1 April 2017*":-

- The implementation of Project Nexus forms part of a larger programme for us whereby we are replacing our existing systems for both gas and electricity (as we have continuously stressed to Ofgem) and hence any re-plan to Project Nexus causes a disruption and significant cost to our existing schedule within our own programme. Hence we need visibility of the re-plan details as soon as possible in order to best prioritise resources and our own delivery plan. We have already expended considerable time and effort developing and testing our systems in accordance with the industry plan for Project Nexus.
- The re-plan should set out clearly the operational expectations for shippers in relation to aspects including testing, regression testing, go/no-go, non-effective days and any transitional requirements.
- Further, we assume that "Market Trial Regression Complete" milestone for options C or D include Market Participants who have completed within a market integration environment prior to go-live?
- Greater focus should also be given in the re-plan to the user support given by Xoserve to users during the hyper-care period and in particular the details on the proposed fix-forward approach to be adopted by Xoserve in the critical period post implementation.
- It is important to have clearly communicated milestones and decision points for the way forward including any implications for the implementation of RAASP outstanding functionality.

We eagerly anticipate your decision on the implementation option by the end of June and urge you to confirm a firm implementation date as soon as possible thereafter.

I trust this response is helpful, but if you require any more information please get in touch in the first instance to Phil Broom, Policy and Regulation Advisor phil.broom@engie.com.

Yours Sincerely,

[by email]

Paul Roberts
ENGIE Executive Sponsor for Project Nexus

