



Project Nexus c/o Jon Dixon
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Dear Jon

Re: Project Nexus: Consultation on options for a successful implementation

I am writing in response to Rob Salter-Church's letter of 2nd June 2016 in which he outlined the success criteria for Project Nexus implementation and explained the view from PwC on the status of the project and the options for go-live.

Within RWE npower, we have worked tirelessly to ensure readiness for go-live this October. We are therefore extremely disappointed to learn that PwC's view is that going ahead with go-live as planned on 1st October 2016 would carry too much risk and that a programmed delay is recommended.

In the absence of any transparent, detailed information about PwC's deep-dive findings, in answer to the question "*Do you agree that the Authority should re-plan the approach to go-live and agree to continue with a programmed delay*" we feel we have no choice but to reluctantly agree. We are wholly dependent on the information that PwC has presented in coming to this conclusion.

We are very mindful of the impact on customers from the delay in bringing forward the benefits of Nexus, as well as the additional costs which our customers will have to bear. As we pointed out previously, when the decision was taken to delay go-live from 1st October 2015, Nexus is a multi-million pound programme for npower and we will incur significant additional cost to extend our programme beyond 1st October this year - we cannot be more specific at the moment, in the absence of any detailed re-planning information or a new end-date. Given that this delay is not of our doing, but has been caused by failings in Xoserve's central programme, it cannot be right that any costs arising from this failure should be picked up by shippers and customers. We would ask Ofgem to consider this point carefully and re-consider the case for compensation.

On the question of timing, we note the proposal of "*a new implementation date between 1 February 2017 and 1 April 2017*". We consider that go-live in February may already be too challenging and there will already be significant pressure on the industry given that this period coincides with industry code change, delivery and system release dates for a number of other initiatives (including electricity elective half-hourly settlement; P272 migration; Xoserve Funding, Governance and Ownership Phase 2; Smart metering implementation and potentially CMA remedies).

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In addition, we do not think it sensible to go-live with such a major change as this during what could potentially be the coldest time of the year when gas usage is at its peak and any failure in the settlement system would pose a significant financial risk to parties. Whilst we recognise that settlement issues would not impact billing, there could be an impact on customers should system failures cause problems with registration and switching, or issues during Smart rollout.

In addition, there are other industry and regulatory changes which are dependent on Nexus delivery and will therefore be impacted by this delay. These include the changes needed in relation to the Priority Services Register, the Gas Performance Assurance Framework and the Xoserve Funding Governance and Ownership review.

We understand that once Ofgem has made its decision as to whether to approve PwC's recommendation, then further detailed planning work will be needed in order to determine the new go-live date. In the light of the considerations outlined above, our preference, based on what we know now, would be for go-live on 1st April 2017, however our view may change following the re-planning exercise. We must emphasise the importance of having a firm date for go-live by the end of July in order to enable us to carry out our own re-planning and obtain further funding for the extended life of our programme. We await details on how this industry wide planning exercise will be achieved.

In the meantime, there must be a continued focus on delivery of the existing programme in its entirety, not just Market Trials. We consider that PwC will need to drive Xoserve to complete the build and testing of a complete working solution. In gathering the information needed to pinpoint a new go-live date, we recommend that PwC consults further with shippers, not just Xoserve, as we believe we can provide valuable additional insight as part of this process. For instance, we are concerned that there seems to be some misconception on PwC's part that the Change Pack due for delivery at the end of June will deliver the final base lined set of code, when we are aware that there are still a number of outstanding design issues, additional file format changes, reports and defects that will need to be addressed in future releases after the end of June.

Finally, it is imperative that the next version of the plan is realistic and achievable and will not turn Amber or Red within a few weeks of being produced – there are critical milestones which must be achieved over the next few months for Scenario C to remain feasible and we must focus attention on these milestones as well as the re-planning exercise during July. We trust that the new plan will be published to provide visibility for all to ensure that these critical milestones can be closely tracked and managed to ensure there is no slippage. We clearly cannot go on putting back the go-live date of this Project and we seek assurances that this will be the final delay.

Yours sincerely



Sasha Pearce
Current Regulatory Developments Manager