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Dear Jon,

### **Project Nexus: consultation on options for a successful implementation**

SSE has been committed to and is fully prepared for Project Nexus to go-live on 1 October 2016. We would have preferred this implementation date, however, continued delays to Xoserve's User Acceptance Testing and the subsequent impacts on delivering functionality to Market Trials have significantly increased the risk around 1 October and now made it unachievable. We understand and support Ofgem's overriding objective to protect gas consumers from the consequences of failed implementation but we are disappointed that, after the previous 12 month delay, a further delay is now required.

SSE cannot support the other scenarios (B, C & D) as we believe a revised go-live date can only be successful if set on the basis of a detailed planning approach with industry rather than pre-empting an implementation date. It is therefore frustrating to learn that the four scenarios presented to industry had not been subject to such a planning exercise. We understand that this planning exercise is now scheduled for July. This process must produce a plan that is capable of being delivered. We will fully engage with this process to ensure it is a success.

### **Prerequisites for success**

Regardless of the implementation date, there are a number of impending milestones on which we need clarity and confirmation that Xoserve will be held to these. In particular, we require clarity on:

- when Xoserve functionality, including the remaining change packs, will be delivered to testing environments;
- what fixes have been applied to testing environments to allow affected parties to undertake regression testing; and
- when the outstanding queries and resolutions to defects already identified will be delivered.

For a complex project involving multiple parties to be successful, it is essential that there is a clear common understanding of the deliverable and rigorous end-to-end testing. Testing can not be successful when it is against a moving code base. A code freeze must be planned to allow a period of testing with stability on the version of code that will be used in production.



A successful cutover will also be key to a successful implementation, so we will need to quickly understand whether an industry dress rehearsal will take place and clarity on its scope to de-risk go-live.

Where implementation options include a range of dates, it will necessary to have transparent criteria on use of contingency as well as key decision points sufficiently in advance to allow all parties certainty.

### **Costs**

Excluding central costs, over which we have limited visibility, our high-level estimate of the cost to industry of a delay to Project Nexus until April 2017 is in excess of £30m.

Whilst we believe all parties should pay their fair share of central costs, we do not believe that Shippers should be paying for Xoserve's failure to deliver. We would expect the central costs of Project Nexus to be ring-fenced to ensure Shippers do not pick these up as part of the FGO changes.

### **Consequences of delay to Nexus on other programmes**

It is imperative that the impact of a delay on the ability of industry to deliver other mandatory programmes is also considered. Significant industry programmes to support Smart Metering, the Switching Programme and the CMA remedies are being worked on during the period of any delay and there is a risk that resource and IT capacity constraints may cause an increase in costs or knock-on delays. In particular, we believe the timing of a February – April 2017 go-live will have an impact on the ability to deliver the changes to data flows for Priority Services which are scheduled for the same time.

### **Conclusion**

SSE is committed to delivering Project Nexus as quickly as possible in the interests of consumers and we will continue to work closely with Xoserve, Ofgem and PwC and other stakeholders. We would welcome the opportunity to further discuss our views with Ofgem directly as well as within the Project Nexus forums.

Should you require any further information with regards to this response then please contact Mark Jones at [mark.jones@sse.com](mailto:mark.jones@sse.com).

Yours sincerely

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**Head of Industry Codes, Regulation**