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Cc Jon Dixon

**22<sup>nd</sup> June 2016**

Dear Rob,

## **Project Nexus – Consultation on options for a successful implementation**

Thank you for giving Total Gas & Power (TGP) the opportunity to respond to your letter of 02<sup>nd</sup> June and the chance to review the supporting PwC positioning paper and planning scenarios. As stated in our letter of 22<sup>nd</sup> April 2016, TGP fully supports the revised governance arrangements with Ofgem's intervention and the appointment of PwC into the expanded programme office role. TGP now has much more confidence in a successful outcome for the industry and end consumers when Project Nexus is eventually implemented.

TGP is one of the leading energy suppliers to Industrial & Commercial business customers within the UK and has been actively engaged with the UK Link Programme from the beginning and actively participated in relevant industry meetings and workgroups over many years. TGP mobilised a significant IT programme to develop IT systems and business processes to align with the development timeline of Xoserve's central system. The Nexus programme was due to be implemented in October 2015 and has already seen a delay of 12 months with the current implementation date being October 2016. This delay to the implementation of project Nexus has caused a significant escalation of costs due to TGP and indeed the rest of the industry having to extend IT projects. If the programme were to be delayed still further, consideration should be given to the continued spiralling of costs for all shippers caused by the delay to the delivery of Xoserve's industry central system.

TGP has been working towards an October 2016 delivery and has continued complete confidence in its ability to deliver to this date provided the central system delivery continues in line with the current plan and doesn't experience any more significant blocking issues. **TGP's preference is therefore Scenario A with an October 2016 implementation date.** To support the case for our preferred scenario A, Xoserve also maintain that they can be ready for October 16. Xoserve confirmed this at the Project Nexus Sponsor's Forum (PNSF) on 19<sup>th</sup> May 2016 saying that it does not foresee any show stoppers but sees manageable risk to the central system. Therefore Xoserve's stated position on their IT development programme would also support an October 2016 implementation date. TGP cannot comment on the readiness of other shippers nor the industry as a whole but recognises that the readiness of the six largest domestic suppliers is a critical factor. TGP has high confidence that PwC is now in a position to assess the readiness of the wider shipper community and to challenge Xoserve's view of their own readiness, risk and mitigations. It is evident



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that Xoserve's view of their readiness differs from the view of PwC. It is therefore welcome that this is being verified through the PwC deep dive and continued project assurance

TGP would not support implementation at any cost or one that would attract unacceptable risk to the industry as a whole and end consumers. TGP agrees that to be successful the Nexus programme must deliver a fit-for-purpose gas settlement solution that supports industry requirements which must be stable and sustainable, and enable a positive consumer experience. If PwC and Ofgem determine that there is too much risk to the programme as a whole for an October 2016 implementation and that a delay is needed, TGP will accept that assessment and again re-plan its programme and resource accordingly at not insignificant cost. Should the programme need to be delayed, TGP would ask that PwC / Ofgem makes it clear which party or parties have caused the need to delay the wider industry programme.

In conclusion, TGP fully recognises the importance of a successful delivery of Project Nexus and will continue to offer co-operation with the programme and ensure that our own project continues to make progress in order to meet industry milestones. TGP will continue to work to our preferred scenario A with implementation in October 16 but will accept the outcome of the Authority's final decision.

Yours faithfully,



**Emmanuel Reboulet**  
**Director – Central Services**

