

PNSF Meeting Minutes

1.1. Purpose

The purpose of this document is to capture details of the Project Nexus Steering Forum meeting in order for wider sharing and confirmation and follow up of actions.

1.2. Meeting Details

Meeting Name:	Project Nexus Steering Forum
Meeting Date:	10/08/16
Meeting Time:	10:00 – 11:20
Meeting Format/Location:	Ofgem 9 Millbank, London
Chaired by:	Rachel Fletcher
Minutes recorded by:	PwC

1.3. Meeting Attendees

Company	Representatives		Company	Representatives
British Gas Trading Limited	Sharon Johnson		Ofgem	Rachel Fletcher Rob Salter-Church
Brookfield Utilities	Mike Harding		PwC	Steve Mullins Lesley Potts Susan Mathew
Co-Operative Energy Limited	Mark Billsborough Rosemary Springall			
Corona Energy	Peter Olsen			
DONG Energy Sales (UK) Ltd	Jemma Woolston			
EDF Energy	Jim Poole			
ENGIE	Hamid Aghassi		Total Gas & Power Ltd	Andrew Green
E.ON Energy	Carl Knight		Utilita	Alison Russell
ES Pipelines	Robert Wallace		Utiligroup	Julie King
First Utility Limited	Darren Braham		BP Gas	Debbie Mulinganie
Fulcrum Pipelines National Grid (Transmission)	Paul Leighton Nicola Pitts		Scottish Power	Angela Love
National Grid (Distribution)	Richard Court		Xoserve	Chris Murray David Payne
			WINGAS UK Limited	James Kleiner-Mann
Npower	Hazel Ward		Green Star Energy	Bwalya Kasase
Gazprom Marketing & Trading Retail Limited	Mark Eccles		Opus Energy	Sam Heaton Chris Harris
SSE	Daniel O'Hara			

1.4. Meeting Agenda

1. Update since last meeting.
2. Project Nexus Success Factors.
3. Next steps and forward look to the next meeting.

1.5. Meeting Minutes

Item 1: Introduction

Introduction

1. Rachel Fletcher (Ofgem) welcomed everyone to the meeting and noted the meeting's purpose as to provide an update on the progress made to date.
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Item 2: Update since last meeting

Progress to date

2. Steve Mullins (PwC) provided a recap of events since the previous PNSF. This included the following:
 - Conclusions from the PwC Deep Dive that was carried out with support from Xoserve's team in May.
 - i. Xoserve's solution is fit for purpose, subject to being proven through the testing process.
 - ii. Risks were identified in terms of solution sustainability. But these could be mitigated with more time.
 - iii. A number of delivery risks meant that delivery by 1 October '16 was unlikely.
3. It was noted that there has not been any substantial developments since the Deep Dive to alter PwC's view. However the solution still needs to be proven through testing.
 - As a result of the above, a consultation process was established and resulted in the adoption of scenario C (to continue with the current Market Trials approach but to allow more time) at the end of June.
 - Since then a lot of activities have taken place to discuss progress and replan.
 - i. 20+ meetings involving Market Participants (CPWs, PNDG, PNSG, problem solving sessions, bi-laterals etc.).
 - ii. 15 + meetings with Xoserve.
 - iii. 3 portal submissions measuring Market Trials progress.

Reporting baseline date

4. Steve Mullins explained that we were not able to progress as quickly as hoped with the re-planning process. There was a recognition that on all sides this was frustrating, but it is necessary to get more confidence on the emerging plan before setting a new implementation date. Instead a new reporting baseline of 1 April '16, which is the earliest feasible implementation date, has been agreed by the PNSG. This will enable more useful reporting during the coming weeks, as it is not sensible anymore to continue reporting against the 1 October '16 date. It was noted that this baseline will be refined through August and September to develop a plan in which there is greater industry confidence.

Programme status report

5. The programme status is currently red against the new reporting baseline due to the following reasons:

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- Data migration is a critical path activity without contingency in Xoserve's delivery plan and there was already some slippage against the plan.
 - Resources constraints in Xoserve, given the additional activities (e.g. regression testing, delta and bulk load etc.) that Xoserve has to support for a go-live in April 2016 mean there is little contingency and flexibility in the current baseline.
6. It was noted that within the reporting baseline, Market Trials are scheduled to finish at the end of September. This will be followed by a month of defect fixing and Regression. While confidence in this date remains low there has recently been a number of positive indicators:
 - 23 out of 29 Market Participants rating themselves Amber/ Green against an August end date for Market Trials.
 - The average run rate achieved last period was an all-time high and exceeded that required to complete by end of September.
 - The number of defects are decreasing. Only 69 Market Participant raised defects were reported as of 9 August '16. This is a decline from previous highs of 120 defects.
 - The number of outstanding queries has fallen dramatically.
 7. Chris Murray (Xoserve) noted that moving from an October go-live date is aiding the development of a better quality plan with less implementation risk. He also encouraged the PNSF to support the PNDG and PNSG, as they focus on solutions.
 8. Rachel Fletcher stated that Ofgem sympathises with the industry for the absence of an implementation date. As such, she stressed the need to focus on constructively resolving the issues that are reducing confidence. However, setting an implementation date in which we did not have confidence and was likely to result in further re-planning work would create more difficulties for organisations than allowing some extra time to conclude the current exercise. Ofgem has identified a number of checkpoints (when risks will retire or crystallise) during the planning period which will help improve certainty over dates in the baseline/future plan.
 9. In response to a question to clarify the recently reported average run rate, the following was explained:
 - The average run rate reported in the w/c 1 August '16 is 4.7%. This is approximately twice the previously reported average run rates. It was noted though that this was one snap shot of progress and we need to see this sustained in order to build confidence.
 - In terms of market share split by constituencies, progress in Market Trials among iGTs is a concern due to reasons such as IDL files and RGMA flows. This was discussed at the PNDG on 9 August '16 and actions are in progress to help increase their progress. The Challenger group is progressing, on aggregate, the fastest.
 - The interim PNSG scheduled for 17 August '16 will share the results of the next portal submissions that are due on 12 August '16.
 10. There was challenge on the absence of a firm delivery date despite numerous activities engaging stakeholders and earlier commitments given to conclude the planning process by end of July. In response, the following was stated by PwC and Ofgem:
 - A key issue lies in projecting an end date for Market Trials. All Market Participants are struggling to confidently predict this date due to experience so far.
 - The expected improvement in progress in July was not realised due to lost time on outage from Xoserve and blocking defects preventing progress.
 - The other key issue is certainty of Xoserve's plan. This is being further developed and will be subject to assurance activities during August and September. Having independent assurance of the plan should help provide confidence to industry and Ofgem about the deliverability of the new plan.
 - Additional time was also being allowed – in response to requests made at PNSG – for Market Participants to review the Xoserve plan to assess the implications on them so that the plan could be properly adopted as an "industry plan".
 11. Ofgem noted that:

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- The aim is for a plan in which there is a good degree of delivery confidence (a “green” plan, although in a project of this nature there is always likely to be riskier or “amber” areas). As such Nexus go live is not unduly bound to 1 April ‘17.
 - However, there is a need for the market and consumers to see the benefits of the new system as soon as possible. Ofgem will be setting a plan that is challenging and will keep Xoserve and all Market Participants under pressure to deliver.
 - This implies getting a plan with confidence that balances managing risks, ambition and commitment from involved parties. As such, this plan will pressure those involved to support the programme.
12. It was clarified that iterations of the plan will be circulated according to the schedule set-out in the PNDG pack.
13. One participant asked at what point the programme would be cancelled should it continue to miss delivery plans. Rachel Fletcher clarified that the decision to cancel the project was made after the PwC Deep Dive report was published, with the confirmation that the solution was fit for purpose. The focus now needs to be on arriving at a robust plan that manages risk and delivering against that plan.

Nexus and other industry wide programmes

14. Concern was expressed on the simultaneous running of the FGO and Nexus programmes, given the limited SME resources in Xoserve. In response the below was stated.
- POB has been asked to identify any major risks with both the programmes going ahead simultaneously and consider mitigating strategies that can be deployed.
 - Ofgem is keen to implement both the programmes as soon as possible.
 - Shippers notified Xoserve on 5 August that they will prioritise Nexus over FGO, if required.

Implementation Dress Rehearsal (IDR)

15. A participant expressed discomfort in going live without an IDR. They hold the opinion that IDRs should be introduced to ensure a positive customer experience. In response, Steve Mullins stated that the approach to IDR was established earlier and that this issue had recently been considered by the programme:
- A paper on IDR developed by one of the six largest suppliers was published. This concluded that the programme risks were already being addressed through other activities in the programme.
 - PwC requested responses to this paper but only 2 organisations responded. In both cases they stated they did not agree with the conclusions. However, neither paper outlined any specific proposals for an alternative approach.
 - SSE agreed to prepare a paper for Ofgem on the risks they see arising from the current transition approach and identify specifically how these could be further addressed by a cross-industry implementation dress rehearsal over and above the current activities in the draft plan. The paper needs to include a clear articulation of what would be covered by such a dress rehearsal and how it would be run.

Item 3: Project Nexus Success Factors

Project Nexus Success Factors

16. Rob Salter-Church stated that Success Factors define what success is for Ofgem, as a Sponsor. He shared that these are embedded in the decision making processes including the GONG framework. It was noted that Market Participants will perform a self-assessment against the GONG criteria at three points and that PwC will sample a few of these self-assessments to determine their accuracy.

Item 4: Next steps and forward look to the next meeting

17. Steve Mullins gave an overview of process for the coming weeks to move from the reporting baseline to a new implementation plan and date.
18. The group discussed the need for continued engagement with all Market Participants in the planning process and some of the challenges with the current governance arrangements and the need for a range of interactions. People recognised the importance of face to face meetings (and the challenges in running groups with 40 organisations being represented) and the merits of online meetings that are more broadcast in nature. It was noted that the next PNSG meeting will discuss the governance arrangements for Project Nexus and consider possible improvements.
19. Rachel Fletcher confirmed the next PNSF meeting would be held in October once a new plan was developed to discuss how the group can champion its successful delivery.