Project Nexus Sponsors Forum [PNSF]

10th May 2017

Agenda

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Minutes can be found on the **ofgem** website at:
https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/project-nexus

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IDR2 Complete

- Successful testing of "inflight" functionality
- Xoserve has proven they can handle the volumes based on industry's cutover dates and <u>industry do not change their cutover dates</u>: roughly 10% time contingency during catch-up period

Entry and Exit of IDR2

Exit Market Trials Regression

Entry and Exit of IDR3

Successful Exit to Market Trials

- Industry has maintained testing momentum throughout phase
- Code Stability has been maintained
- Deferred defects have a plan for deployment Post Go Live
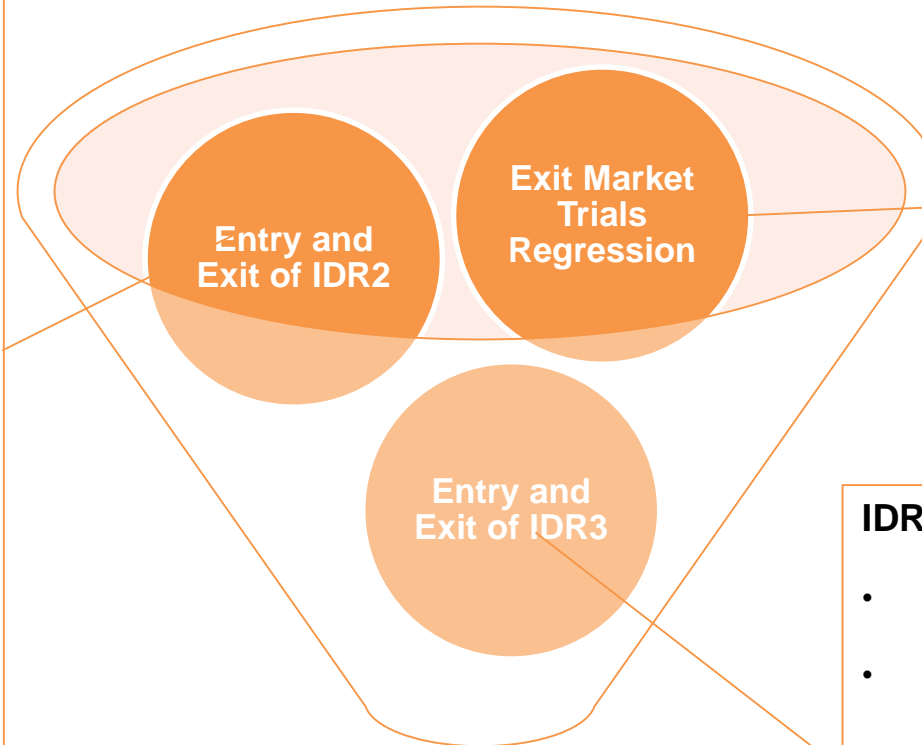
IDR 3 Complete

- Lessons learned from IDR applied to IDR3
- Simulated "peaky" distribution of files during catch-up period
- Xoserve successfully overcame two unexpected issues whilst still cutting over within allowed timeframes
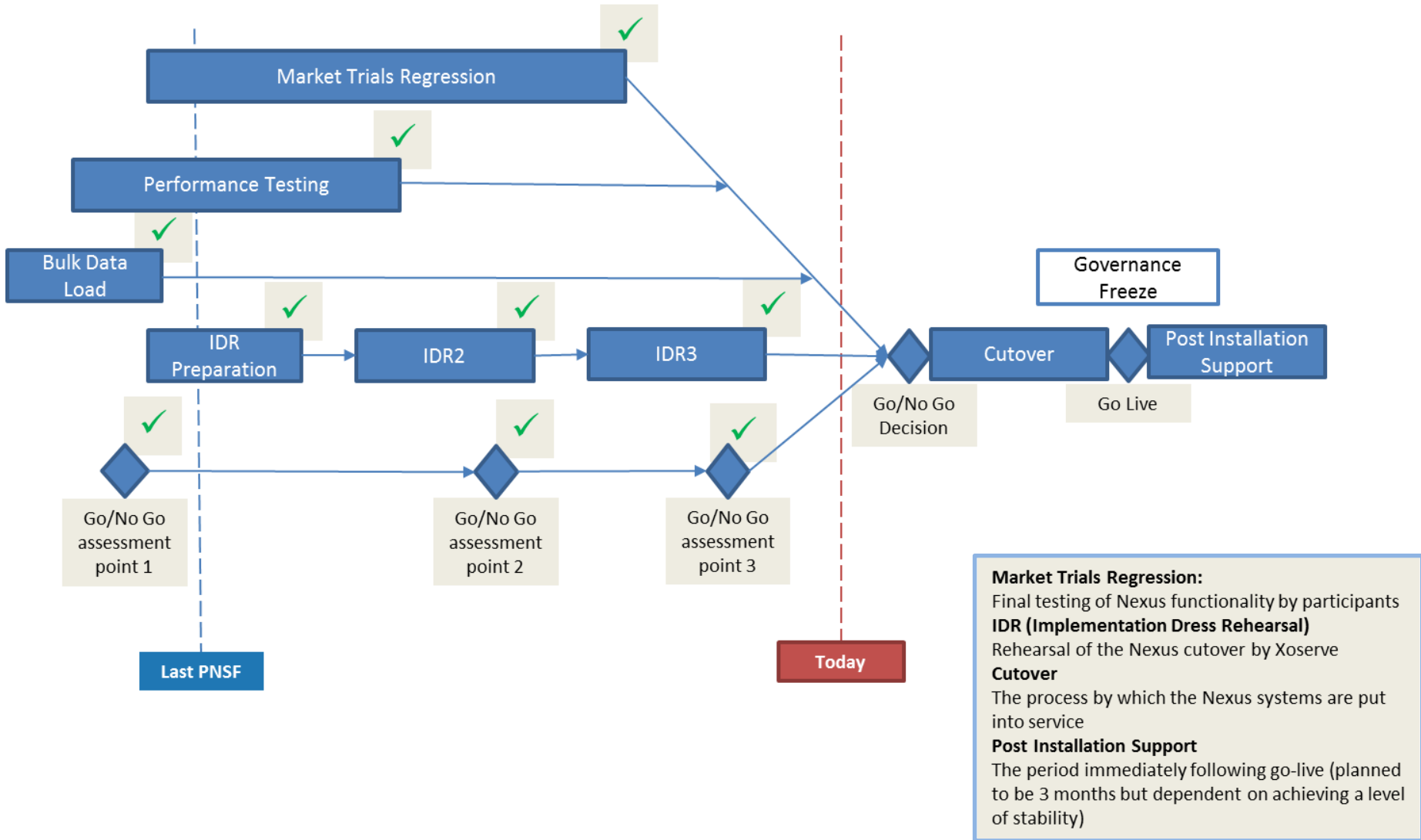
Current project status:

Status

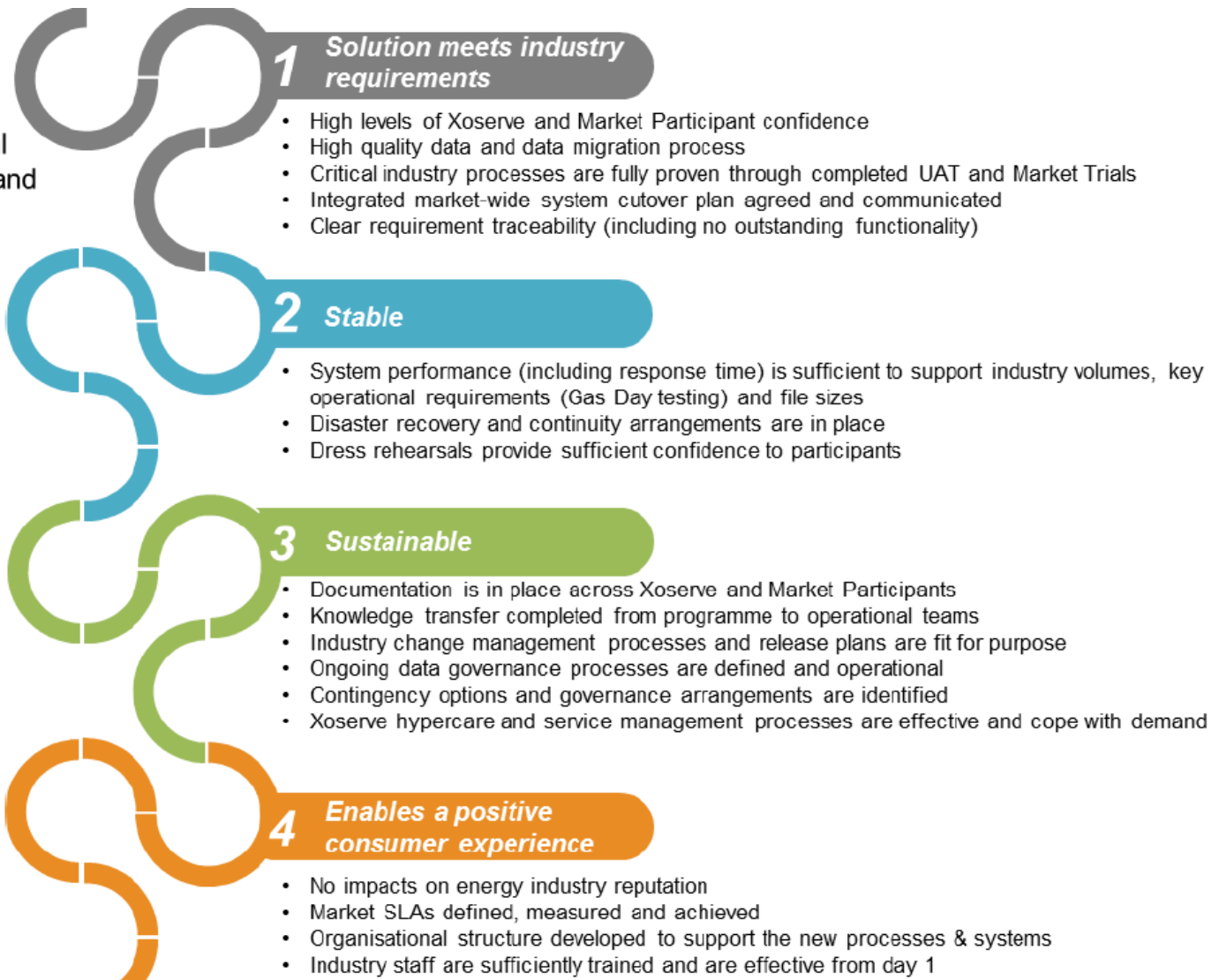**Trend (from last PNSG)**

Go-No Go Decision 17th & 19th May 2017

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Market Trials Regression

Performance Testing

Bulk Data Load

IDR Preparation → IDR2 → IDR3

Governance Freeze

Go/No Go Decision

Cutover

Go Live

Post Installation Support

Go/No Go assessment point 1

Go/No Go assessment point 2

Go/No Go assessment point 3

Last PNSF

Today

Market Trials Regression:
Final testing of Nexus functionality by participants
IDR (Implementation Dress Rehearsal)
Rehearsal of the Nexus cutover by Xoserve
Cutover
The process by which the Nexus systems are put into service
Post Installation Support
The period immediately following go-live (planned to be 3 months but dependent on achieving a level of stability)

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Nexus

Driving towards successful outcomes for consumers and the industry

Project Nexus will be successful if it delivers a fit for purpose gas settlement solution which supports pan-industry requirements, is stable and sustainable and enables a positive consumer experience.

1 Solution meets industry requirements

- High levels of Xoserve and Market Participant confidence
- High quality data and data migration process
- Critical industry processes are fully proven through completed UAT and Market Trials
- Integrated market-wide system cutover plan agreed and communicated
- Clear requirement traceability (including no outstanding functionality)

2 Stable

- System performance (including response time) is sufficient to support industry volumes, key operational requirements (Gas Day testing) and file sizes
- Disaster recovery and continuity arrangements are in place
- Dress rehearsals provide sufficient confidence to participants

3 Sustainable

- Documentation is in place across Xoserve and Market Participants
- Knowledge transfer completed from programme to operational teams
- Industry change management processes and release plans are fit for purpose
- Ongoing data governance processes are defined and operational
- Contingency options and governance arrangements are identified
- Xoserve hypercare and service management processes are effective and cope with demand

4 Enables a positive consumer experience

- No impacts on energy industry reputation
- Market SLAs defined, measured and achieved
- Organisational structure developed to support the new processes & systems
- Industry staff are sufficiently trained and are effective from day 1

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Success Factor	G3 Status: Xoserve self-assessment AS AT 21 APRIL	Key achievements	Mitigating Actions ahead of go-live
Solution meets industry requirements	(green)	• Market Trials Regression contingency closed on 21/4 • Cutover plan updated with IDR2 learnings • Traceability maintained for Change Requests	
Solution is stable	(green/amber)	• IDR3 achieved notional PNID and catch-up processing to plan • Fall Out Management Approach in place to handle data issues identified during IDRs / Cutover	• Complete non-functional requirements traceability • Complete analysis of Penetration Test and Disaster Recovery Test outcomes to determine if any remedial actions is needed ahead of Go Live • Data migration defects persist with resolutions prioritised based on production 'need date' • Production data fix activity required to address residual Meter Read defects
Solution is sustainable	(green/amber)	• PIS release definition work progressing in line with communicated plan • Industry engagement underway to define interim governance arrangements	• Local Work Instructions need finalising: those needed for Day 1 are being prioritised • Workshops are in place to clearly define hand offs between PIS sub-streams need to be clearly defined • Operational Reporting / MI is being expanded and will continue to be developed post go-live
Enables positive consumer experience	(green/amber)	• Training underway and on plan • PIS exit criteria approved • Core/Flex support team model is being deployed to respond to uncertainties in exceptions etc. post go-live	• Manual workarounds are understood, ongoing assessment is underway to determine full FTE implications – Xoserve has flexible resourcing contracts in place to respond

■ (green) Attained or on track to attain
■ (amber) Mitigating actions to bring back on track by next assessment
■ (red) Will not be attained and no mitigation plan to bring back on track

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GONG criteria groupings are aligned to the Project Nexus Success Factors. The table below sets out participants' self-assessments using a Amber, Green (RAG) rating, as at 20 April and reflecting PwC assurance visits conducted up to 26 April. The graphs represent a weighted assessment, based on combined AQ and Supply Point coverage.

Success Factor	G2 Status	G3 Status	Trend	Summary of Caveats and Risks	Mitigating Actions ahead of Go Live Decision
Solution meets industry requirements			↑	• Provision of evidence to demonstrate code stability following deployment of defect fixes not re-tested in MTR. • Potential cumulative impact of current open defect position. • Resolution of specific transition queries including concerns around IIL file produced in IDR2.	• Provide appropriate test evidence to demonstrate Xoserve retesting of fixed defects. • Finalise MTR position at MTWG, RIAG and PNSG. • Transition workstream to address queries and provide clarity on iGT elements of industry plan.
Solution is stable			↑	• Completion of planned internal project activity. • Reliance on third party providers to provide Nexus ready solution and detailed transition plans.	• Track Market Participant internal project activity ahead of final submission on 11 May 17. • Contact key third party IT providers to understand current risk to associated Shipper Go Live readiness. • Shippers to manage and escalate third party IT supplier issues.
Solution is sustainable			↑	• Clarity of post Go Live arrangements including; detailed release plans, support during hypercare/PIS and governance arrangements.	• Through ongoing activity in the PGL workstream provide Market Participants with clarity of: i) PGL release approach including dates. Ii PIS and enduring support processes. iii) Final PGL governance arrangements for PIS and transition approach to enduring framework.
Enables positive consumer experience			↑	• Completion of planned internal project activity such as training and external communications during cutover.	• Track Market Participant internal project activity ahead of final submission on 11 May 17.

🟩 Attained or on track to attain
🟨 Mitigating actions to bring back on track by next assessment
🟥 Will not be attained and no mitigation plan to bring back on track

↑ Improved Position forecast at G3　↔ No Change in position at G3　↓ Degradation in position at G3

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1.Solution meets industry requirements
- High levels of Xoserve and Market Participant confidence
- High quality data and data migration process
- Critical industry processes are fully proven through completed UAT and Market Trials
- Integrated market-wide system cutover plan agreed and communicated
- Clear requirement traceability (including no outstanding functionality)

- All industry participants have self assessed as Green or Amber for their preparations to Go Live as part of GONG 3 assessment process. PwC has undertaken sampled based assurance over Market Participant at the GONG assessment points.
- Xoserve has been independently assessed as Green or Amber against all their readiness criteria by Baringa.
- Successful exit from Market Trials (MT) and Market Trials Regression (MTR) Testing phases (as independently assured by PwC) has demonstrated Xoserve systems support the critical market processes. Baringa also undertook an independent assessment on the stability of the code base when exiting MT and MTR phases. There are some known defects, but these are limited and workarounds for them have been agreed with industry
- Industry work around requirements individually identified and agreed for each remaining P3 defect in the Xoserve solution.
- Successful GT data Bulk Load completed by Xoserve (with no data defects, as independently assured by PwC).
- Delta data load process has been tested and executed through IDR2 and IDR3, with clear 'fall out' reporting developed to highlight any exceptions to participants. The migration of inflight transactions was also successfully rehearsed.
- Market-wide system cutover plan has been developed through Transition Planning Group (TPG).
- Two substantive decisions have been taken to de-scope functionality (RAASP and DUC) – it was agreed by Project Nexus Steering Group these were not necessary for Go Live.

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2. Stable

- ○ System performance (including response time is sufficient) to support industry volumes, key operational requirements (Gas Day testing) and file sizes
- ○ Disaster recovery and continuity arrangements are in place
- ○ Dress rehearsals provide sufficient confidence to participants

- Industry non-functional business requirements (NFRs) agreed with industry during 2012 and Project Nexus UNC Group validated NFRs during 2015 and 2016.
- Xoserve Performance Testing executed between July and December 2016.
- Performance proved under stressed conditions, other than proving 32 million meter reads on a daily basis against a target of 42 million.
- Xoserve have undertaken scenario analysis indicating initial industry volumes will be significantly below 32 million meter reads and PNSG decided this was acceptable and does not present a Go Live issue.
- Solution has been designed to be scalable and Xoserve has arrangements in place with its IT partners to increase the capacity of the systems, with an expected lead time of 2-3 months.
- Gas Day Testing successfully completed.
- IDR1 (Sep-Oct 16) completed outside of planned timetable, with a number of optimisations included for IDR2. Changes were subsequently agreed through UNC and programme governance to increase non-variant business days.
- IDR2 and IDR3 completed successfully within the planned timetable.

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3. Sustainable

- ○ Documentation is in place across Xoserve and Market Participants
- ○ Knowledge transfer completed from programme to operational teams
- ○ Industry change management processes and release plans are fit for purpose
- ○ Ongoing data governance processes are defined and operational
- ○ Contingency options and governance arrangements are identified
- ○ Xoserve hypercare and service management processes are effective and cope with demand.

- ● Xoserve has an exceptions workstream in its programme, which has undertaken an analysis of likely sources of exceptions and their likelihood of occurring.
- ● Xoserve has sized its team that will manage exceptions according to this analysis. This has included scenario planning, stress testing and including head room for unexpected exceptions.
- ● Xoserve has also adopted a flexible resource model, with the ability to quickly increase resources from third parties as necessary.
- ● Exception resolution paths have been tested through MT and MTR phases with handling instructions prepared for staff
- ● Xoserve has presented its Post Go Live Plan on a Page to industry. As part of this a release plan will be finalised before Go Live (Xoserve are currently engaging with industry on this plan).
- ● Xoserve has presented the transaction KPIs it will monitor system performance during the post Go Live period. It is preparing further, more detailed metrics that it will monitor and these will be shared with industry before Go Live.
- ● Knowledge transfer is included as part of the Xoserve and participant GONG criteria: in the most recent GONG assessment all organisations except 1 rated themselves as Green against this criteria. The 1 non-green organisation rated themselves Amber.

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4. Enables a positive consumer experience

- ○ No impacts on energy industry reputation
- ○ Market SLAs defined, measured and achieved
- ○ Organisational structure developed to support the new processes and systems
- ○ Industry staff are sufficiently trained and effective from day 1

- Ofgem expects shippers to communicate with their supplier customers to make them aware of the Go Live of Project Nexus and any potential implications. Ofgem has also held a Supplier Forum to assist their understanding of the implications for end consumers and the activities they should be co-ordinating with their shippers.
- Xoserve SLAs are defined in the Data Services Contract and will not be changing as a result of Project Nexus Go Live, but some additions will be made to reflect the provision of IGT services.
- Xoserve is finalising its plans for Post Implementation Support (PIS), which is due to be baselined on 12 May.
- Over the PIS period the established cross-industry Issue Resolution Group (IRG) will continue to be in place to deal with major issues.
- Ofgem intends to leave existing programme governance in place for a period after Go Live (at least until end June) to provide for stability.
- Ofgem expects the transition to BAU governance will take a few months, but it will be criteria based.
- Ofgem is developing a set of Exit Criteria to manage this transition.
- Availability of sufficiently trained staff are included as part of the Xoserve and participant GONG criteria: in the most recent GONG assessment all organisations except 2 rated themselves as Green against this criteria. The 2 non-green organisations rated themselves Amber

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- **Go Live:** We are expecting next week to take a decision not to determine a change to the Go Live date, following discussion at the Project Nexus Steering Group

- **Residual Risk:** As is unavoidable for an IT programme of this type, there will be risks and problems that we will need to resolve post Go Live

- But we do not believe - *unless something changes before 19 May* – that the benefits of delaying to further reduce these risks or tackle those problems now, would warrant the significant costs to industry

- Our confidence in going live based on the 1 June date in the UNC is based on a significant body of independent expert assurance of both Xoserve's and industry participants' preparations

- **Success Factors:** We believe the Success Factors can be met by going live:
  o the functionality of the system has been extensively tested,
  o the system meets the non-functional requirements agreed by industry,
  o there is good data already in the system and robust, well-tested methods for updating it,
  o transition plans with appropriate contingency are in place, including freezing the current governance for at least a month,
  o Xoserve are completing their post Go Live preparations (building in-house SAP capabilities, improved management info on system health, crisis management)

- **Collaborative Approach:** Project Nexus has been a shared endeavour and we expect the collaboration demonstrated over the last twelve months to continue to bed down the new systems successfully

- We propose to have the next PNSF meeting in early July.

- The new UK Link System would have been running for a month and there will be information to formulate market-wide views on performance.

- It would also be once we expect to have started the transition to BAU governance following the conclusion of the governance freeze.

Does PNSF agree that a meeting in early July is the right time for the next meeting?