

PROJECT NEXUS

CONSULTATION CONCLUSIONS

March 2009

About this document

xoserve is planning a major systems investment programme, and has consulted on the potential scope of the investment prior to undertaking requirements definition and design work with a view to achieving solution delivery by 2013.

The Project Nexus consultation is concerned with data management arrangements in the gas industry and the scope and nature of xoserve's services, and has been conducted in a number of Stages. The Conclusions is the final Stage, and its publication represents the end of the scoping definition phase of Project Nexus. This document presents our consultation outcome and sets out responses to the Stage 3 Consultation together with xoserve's comments on the responses. It also contains further detail on our plans for taking forward the Requirements Definition phase.

Any queries about the Consultation Conclusions should be submitted by e-mail to xoserve.projectnexus@xoserve.com and marked for the attention of Martin Baker, or sent to the following postal address:

Martin Baker
Business Planning Manager
xoserve Limited
31 Homer Road
Solihull
West Midlands
B91 3LT

Phone: 0121-623-2692
Fax: 0121-623-2792

An electronic copy of this document is available at www.xoserve.com/nexus_consultation.asp

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Concluding the first phase of Project Nexus

Thank you very much for all of your contributions to the Project Nexus consultation. Your responses at each stage, and especially to the Stage 3 Consultation document, have been most helpful in enabling us to draw clear conclusions about the scope of topics that will be taken forward into the next phase of the project. Your contributions have also added clarity in respect of the purpose, deliverables and approach for this next 'Requirements Definition' phase.

I am pleased with the way the consultation process has run since its launch last spring. The formal aspects of the consultation, in terms of the consultation documents and responses, and the two industry events that we hosted to support the Initial and Stage 3 publications have been very informative. The time and attention that the industry has given to engaging in the consultation process and providing us with quality responses is clearly evident and very much appreciated.

Publication of this document formally concludes the Consultation phase of Project Nexus, and also marks the start of the transition to the next phase. We have included in this document some information on the proposed format, structure and timetable for the Requirements Definition phase, and we will shortly be publishing a number of supporting documents setting out the further detail required to initiate the 'Preparation' stage of this important next phase.

The Requirements Definition phase can only succeed with ongoing commitment and significant input from the industry over the next eighteen months or so. I therefore welcome and very much value your continuing support for Project Nexus.

Jeff Scott, xoserve CEO

Contents

1. Introduction	6
2. Consultation Outcome	9
3. Review of Topics.....	11
4. Next Phase Purpose and Deliverables	16
5. Next Phase Approach	18
6. Next Steps	23

1. Introduction

This section summarises the previous Consultation Stages, provides information about the responses received, and outlines the structure of this document

1.1 Consultation purpose

On 29th May 2008, we launched our consultation on Project Nexus. The primary purpose of the consultation was to solicit views from a wide range of industry participants on the strategic requirements for xoserve's services for up to 10 - 15 years ahead. The conclusions of the consultation inform the scope, purpose, deliverables and approach for Requirements Definition, which is the next phase of Project Nexus.

1.2 The Initial Consultation

In our Initial Consultation, we provided background information on the xoserve business and the reasons for consulting at this time. We then discussed and asked questions about:

- (a) How the industry manages supply point data;
- (b) The scope and nature of xoserve's services; and
- (c) Other considerations.

We received a total of 19 responses to the Initial Consultation from a range of industry participants and their representative organisations:

- Shippers - 11
- Networks - 4
- Independent Gas Transporters - 1
- Meter Operators and Providers - 1
- Others - 2

All non-confidential responses to our Initial Consultation have been published on the xoserve website and are available at www.xoserve.com/nexus_consultation.asp

1.3 The Stage 2 Consultation

On 5th September 2008, we published our Stage 2 Consultation, the purpose of which was twofold:

- (a) To provide the industry with a digest of responses to our Initial Consultation, and to solicit views on its completeness and accuracy; and
- (b) To set out and solicit views on our proposals to review further the topics arising from the responses to our Initial Consultation.

We received a total of 9 responses to our Stage 2 Consultation from a range of industry participants and their representative organisations:

- Shippers - 6
- Networks - 2
- Meter Asset Managers - 1

All non-confidential responses to our Stage 2 Consultation have been published on the xoserve website and are available at www.xoserve.com/nexus_consultation.asp.

1.4 The Stage 3 Consultation

On 14th November 2008, we published our Stage 3 Consultation, the purpose of which was threefold:

- (a) To provide the industry with a summary of responses to our Stage 2 Consultation;
- (b) To set out and solicit views on the results and conclusions of our review of topics listed in the Stage 2 Consultation; and
- (c) To set out and solicit views on the purpose, deliverables and approach to the next phase of Project Nexus following completion of the consultation.

At the same time, we also published the detailed observations from our review of topics in a separate document “Stage 3 Consultation Supplement – Review of Topics”.

We received a total of 10 responses to our Stage 3 Consultation from a range of industry participants and their representative organisations:

- Shippers - 8

- Networks - 2

All non-confidential responses to our Stage 3 Consultation have been published on the xoserve website and are available at www.xoserve.com/nexus_consultation.asp.

We would like to express our appreciation for the submissions received in response to all Stages of the consultation, and the considerable care and attention that respondents have clearly given to formulating their responses to the questions that we asked.

1.5 Document structure

We have set out in this document:

- (a) The consultation outcome (Section 2);
- (b) A digest of responses to the questions in our Stage 3 Consultation that addresses:
 - (i) The results and conclusions of our review of topics (Section 3);
 - (ii) The purpose and deliverables of the Requirements Definition phase of Project Nexus (Section 4); and
 - (iii) The approach to the Requirements Definition phase of Project Nexus (Section 5);
- (c) xoserve's comments on industry participants' responses to the Stage 3 Consultation, including in some instances further clarification of our proposals, which support both the consultation outcome and the next steps; and
- (d) Further details on our plans for taking forward the Requirements Definition phase (Section 6), taking account of the views of respondents.

1.6 Preparation and Development stages

The responses to the questions in our Stage 3 Consultation were broadly supportive of the proposed approach to the Requirements Definition phase. As such, we plan to take forward the Requirements Definition phase in two stages, namely a 'Preparation' stage followed by a 'Development' stage, as outlined in Section 5.2 of this document.

The document includes a number of references to these two stages, and comments, proposals and conclusions should be read in this context.

2. Consultation Outcome

This section summarises the outcome of the consultation

2.1 Introduction

We set out in our Stage 3 Consultation a number of preliminary conclusions and proposals in respect of the next phase of Project Nexus, including:

- (a) Our conclusions from our review of topics (outlined in Section 3.2 of this document);
- (b) Our proposals for the next phase purpose and deliverables (outlined in Section 4.2 of this document); and
- (c) Our proposals for the approach to the next phase (outlined in Section 5.2 of this document).

We have considered carefully the responses to our Stage 3 Consultation, and have drawn a number of conclusions from the consultation. These are set out in Section 2.2 below.

2.2 Summary of conclusions

From the responses, we have concluded that, subject to some changes of emphasis contained in this document, the preliminary conclusions and proposals that we set out in our Stage 3 Consultation remain appropriate. We welcome industry participants' support for our plans to conclude the Scope Definition and Consultation phase of Project Nexus and to commence the Requirements Definition phase.

With regard to the individual preliminary conclusions and proposals that we set out in our Stage 3 Consultation, we have concluded that:

- (a) All the topics identified in the Consultation phase are within the scope of Project Nexus at the outset of the Requirements Definition phase, and that it is appropriate to categorise the topics between those that fall within and those that fall outside of the prevailing scope of agency services, as set out in Section 3.1 of this document;
- (b) The purpose of the Requirements Definition phase is to arrive at industry agreed definitions of the future scope and nature of agency services and to develop associated business requirements;
- (c) The deliverables of the Requirements Definition phase should be those outputs that are necessary to achieve clarity in the areas that require industry agreed definitions,

as set out in Section 4.2 of this document, with the inclusion of cost and benefit assessments that will require input from a range of industry participants;

- (d) The approach to the Requirements Definition phase should reflect the differentiation of review topics between those that fall within and those that fall outside the prevailing scope of agency services, and should comprise a 'Preparation' stage followed by a 'Development' stage, as illustrated in Section 5.2 of this document;
- (e) The role of xoserve in the Requirements Definition phase is to:
 - (i) Manage, co-ordinate and facilitate a programme of work covering both the 'Preparation' and 'Development' activities;
 - (ii) Engage industry participants and secure their input through the proposed requirements gathering framework; and
 - (iii) Organise and facilitate a number of data management workshops to identify potential impacts in that area;
- (f) The completion of the Requirements Definition phase by autumn 2010 is a challenging but achievable timescale; and
- (g) Industry commitment to the Requirements Definition phase will be critical to its success. The level of commitment that industry participants are willing and able to give needs to be fostered and confirmed through further dialogue during the 'Preparation' stage.

The comments included within Sections 3 to 5 provide the underlying rationale for these conclusions. Further information on the proposed 'Preparation' activities at the start of the Requirements Definition phase is set out in Section 6.

3. Review of Topics

This section contains a digest of responses to questions in the Stage 3 Consultation about the review of topics and sets out xoserve’s comments on the responses

3.1 Introduction

We set out in our Stage 3 Consultation the results from our review of topics. The review outputs included the categorisation of the topics and our thoughts on impacted industry frameworks as set out in the table below.

Category	Topic	Industry Framework
Within prevailing scope of agency services	<ul style="list-style-type: none"> • Supplier Switching (Dual Fuel, Bulk Transfer) • Market Differentiation • Connection & Registration • Increased Reads for Energy Allocation, Balancing and Transportation Charging • Reconciliation • AQ Management • Volume Capture • Invoicing Rules • Treatment of Retrospective Updates 	Uniform Network Code
Outside prevailing scope of agency services	• iGT Services	iGT Uniform Network Code and potentially iGT / GT licence
	• Data Management	No formal framework at present

We used the term ‘Data Management’ to refer to a number of connected review topics, namely Data Hub, Quality Assurance, Exchange and Flows of Data and Central Data Store for Smart Metering Data.

Detailed observations from our review of topics were published as a separate document “Stage 3 Consultation Supplement – Review of Topics”. We made these observations available in order to share with the industry some initial rather than conclusive views on the various topics, and to provide a starting point for the further discussions that we anticipate will take place during the Requirements Definition phase of Project Nexus.

Our review was carried out with reference to respondents’ comments to both our Initial Consultation and our Stage 2 Consultation. The questions in the Stage 3 Consultation document were intended to obtain further input from industry participants and to assist in the formulation of consultation conclusions.

3.2 Conclusions included in our Stage 3 Consultation

We concluded from our review of topics in our Stage 3 Consultation that:

- (a) Those services that by their nature are “agency services”, i.e. that are most efficiently provided as centrally managed, common services to a community of users, should be considered;
- (b) Where changes to the prevailing scope or nature of services are being considered, it is important to understand and agree at an early stage:
 - (i) The responsibilities of industry participants to provide those services; and
 - (ii) The principles that determine the identity of the industry participants that will fund investment in the development of services;
- (c) All topics included in the review remain in scope for further consideration in the next phase of Project Nexus; and
- (d) The scale of potential change to supply point data management arrangements and to the scope and nature of xoserve’s services and the potential benefits to be gained from these changes indicate the merits of the industry investing effort in undertaking further work to understand change options, leading to definition of business rules.

3.3 Questions about our review of topics

We set out in the Stage 3 Consultation questions about our review of topics that sought views on the review outputs, results and conclusions. The section references in the questions are to the Stage 3 Consultation.

1. Do you agree with our categorisation of review topics and our thoughts on the impacted industry frameworks as set out in Section 3.3?
2. Do you agree with our review results as set out in Sections 3.5 and 3.6? Do you think that our evaluation has underestimated or misrepresented the impact of potential changes on either the industry’s data management arrangements or the scope and nature of xoserve’s services?
3. Do you support our conclusions as set out in Section 3.7 about what the outcome of the review of topics means for the definition of the next phase of Project Nexus?

4. Do you have any further views or thoughts about any of the topics that we have reviewed that might have a bearing on our review results and conclusions, and that should be taken into account in determining the activities to be included in the next phase of Project Nexus?

3.4 Digest of responses to questions about our review of topics and xoserve's comments on the responses

Categorisation of review topics and impacted industry frameworks

The majority of respondents expressed broad agreement with both the list of topics that we proposed to include within the scope of the Requirements Definition phase and the categorisation of the topics between those that fall within and outside of the prevailing scope of agency services, including our thoughts on the impacted industry frameworks. A number of respondents emphasised the importance of identifying all potentially impacted frameworks in addition to the UNC, including but not limited to the Supply Point Administration Agreement ("SPAA"), the UK LINK Committee, the User Pays contractual framework and Supplier Licences.

A small number of respondents were less certain about the inclusion of iGT Services and the Central Data Store for Smart Metering Data in the scope of topics for the Requirements Definition phase. Other respondents were of the opinion that Data Management, including the Central Data Store for Smart Metering Data should be expressly included in the list of topics that are within the prevailing scope of agency services.

xoserve's comments

1. The topics for inclusion in the Requirements Definition phase of Project Nexus are set out in the table in Section 3.1 above. They comprise both topics that are within the scope of xoserve's prevailing services, as defined by the Agency Services Agreement and User Pays Framework Contract, and topics that are outside the scope of xoserve's prevailing services, namely iGT Services and Data Management. We have classified topics as being outside the scope of xoserve's prevailing services where we have no remit or authority at present to provide such services.
2. In our Stage 3 Consultation, we included the Central Data Store for Smart Metering Data topic as part of the suite of Data Management topics. In order to provide the necessary focus on this important subject, we are anticipating that this topic will receive specific focus within the suite of Data Management topics, and as part of the proposed data management workshops, albeit that it is outside the scope of prevailing services.

3. In respect of both the iGT Services and the Central Data Store for Smart Metering Data topics, we propose that the initial emphasis in the 'Preparation' stage should be on engaging at an appropriate level with those parties who are already leading or facilitating the relevant industry debates, with Shippers, Gas Transporters and xoserve being involved in these discussions. Once the nature and extent of any requirement for xoserve to provide agency services has been decided, it is envisaged that, where relevant, subsequent business rule development discussions would be taken forward within Project Nexus.
4. In respect of the "Data Management" topic, we are proposing that xoserve should organise and facilitate a number of workshops to further develop a common understanding of the potential scope and benefit of the central data management topics ("Data Hub", "Quality Assurance" and "Exchange and Flows of Data"). These workshops will include a consideration of how the scope and nature of a Central Data Store for Smart Meters might impact supply point data management arrangements.
5. 'Preparation' activities at the beginning of the Requirements Definition phase should include the drafting of a comprehensive list of potentially impacted industry frameworks.

Review conclusions

Respondents generally supported the conclusions arising from the review of topics, although a small number expressed a degree of concern that the statement that "all topics listed in Section 3.1 remain in scope for further consideration in the next phase of Project Nexus" might preclude the inclusion of other topics. In addition, one respondent was uncertain about the use and meaning of the term "agency services" in the statement of conclusions.

A number of respondents stressed the importance to Project Nexus of future decisions associated with the deployment of smart meters, and recommended that xoserve increase its level of engagement with relevant industry discussions. One respondent expressed the view that Project Nexus should be specifically aligned to the delivery of reforms associated with smart meter deployment.

xoserve's comments

1. A key purpose of the consultation has been to obtain agreement on the scope of services that are to be considered further in the Requirements Definition phase. The topics that are within scope are as previously set out in our Stage 3 Consultation, and are reproduced in Section 3.1 of this document. We have not presented respondents' detailed requirements as topics in their own right, but we propose to publish a register of all service requirements that were included in the Initial, Stage 2 and Stage 3 Consultation responses. In addition, we recognise

the possibility that the industry may identify new requirements that are outside the scope of the topics listed in Section 3.1. In such an event, new requirements would be subject to a change control process and impact assessment that would inform a decision about their inclusion or otherwise within the scope of Project Nexus.

2. We set out in our Stage 3 Consultation a definition of “agency services”, namely that they are those services that are most efficiently provided as centrally managed, common services to a community of users.
3. We are engaged in industry discussions on smart meters, and we expect to increase our level of engagement going forward. In addition, the data management workshops will include a consideration of how the scope and nature of a Central Data Store for Smart Meters might impact supply point data management arrangements.

Topic reviews

A number of respondents also provided detailed requirements on the individual topics. In some instances, these were provided by respondents who felt that the reviews had not fully captured or given sufficient emphasis to points made in their responses to the Initial Consultation or the Stage 2 Consultation.

xoserve’s comments

1. We appreciate the submission of respondents’ detailed requirements and expect these to be drawn on in industry discussions during the Requirements Definition phase. To assist industry discussions, we propose to publish a register of all service requirements that were included in the Initial, Stage 2 and Stage 3 Consultation responses.

4. Next Phase Purpose and Deliverables

This section contains a digest of responses to questions in the Stage 3 Consultation about the next phase purpose and deliverables and sets out xoserve's comments on the responses

4.1 Introduction

We set out in our Stage 3 Consultation our thoughts on the purpose and deliverables of the next phase of Project Nexus. These thoughts were informed by the responses to our Initial Consultation and our Stage 2 Consultation, as well as our conclusions from the review of topics.

4.2 Proposals included in our Stage 3 Consultation

We proposed in our Stage 3 Consultation that the purpose of the next phase should be:

- (a) To build on the outcome of the scoping phase by taking forward the consultation conclusions so as to arrive at industry agreed definitions of the future scope and nature of agency services; and
- (b) To develop associated business requirements, including the necessary clarification of business rules, to a level of detail that will enable xoserve and industry participants to make systems investment decisions with confidence.

We proposed that the deliverables of the next phase should be those outputs that are necessary to achieve clarity in those areas that require industry agreed definitions, and we set out in the table below our thoughts on the phase deliverables that are relevant to each area.

Area requiring definition	Phase deliverables
The future scope and nature of agency services, and associated business rules	<ul style="list-style-type: none"> • Definition of prevailing scope and nature of agency services • Additions and amendments to the prevailing scope and nature of services • Business rules in respect of additions and amendments to prevailing services • Priorities for introducing new services or changes to prevailing services
Industry participants' commercial and regulatory responsibilities	<ul style="list-style-type: none"> • Definition of prevailing responsibilities • Changes to prevailing responsibilities
The principles that determine the identity of the industry participants that will fund investment in development of services	<ul style="list-style-type: none"> • Definition of prevailing funding principles • Changes to prevailing funding principles • Application of these principles to identify funding arrangements for system investment
The beneficiaries of agency services	<ul style="list-style-type: none"> • Definition of service beneficiaries

4.3 Questions about the purpose and deliverables of the next phase

We set out in our Stage 3 Consultation questions about the proposed purpose and deliverables for the next phase of Project Nexus. The section references in the questions are to the Stage 3 Consultation.

5. Do you agree with the proposed purpose and deliverables for the next phase of Project Nexus?
6. Do you have any further information or observations about any matters raised in our review results and conclusions as set out in Sections 3.3 to 3.7 that might have a bearing on the proposed purpose and deliverables?

4.4 Digest of responses to questions about the purpose and deliverables of the next phase and xoserve's comments on the responses

The majority of respondents expressed broad agreement with our proposed purpose and deliverables for the next phase of Project Nexus. Many respondents were of the opinion that priority should be given to achieving an early definition of funding principles and understanding the application of these principles to the funding of Project Nexus. Some respondents recommended that commonly used funding terms such as “core services”, “User Pays services” and “like for like replacement” should be clearly defined, and considered that the involvement of Ofgem in this matter might be helpful.

One respondent also suggested that, in order to further inform the funding debate, xoserve should consider the provision of indicative costs as early as possible during the project lifecycle, and should develop a view as to when industry participants would be required to commit to funding xoserve's costs.

Individual respondents suggested that the proposed deliverables might be supplemented by the preparation of end-to-end process maps and the provision of industry cost benefit analysis.

xoserve's comments

1. We propose that priority should be given to the development of funding definitions during the 'Preparation' stage of Requirements Definition.
2. We propose that 'Preparation' activities should include the drafting of more detailed specifications for the deliverables from the 'Development' stage, to include process maps and industry cost benefit analysis.

5. Next Phase Approach

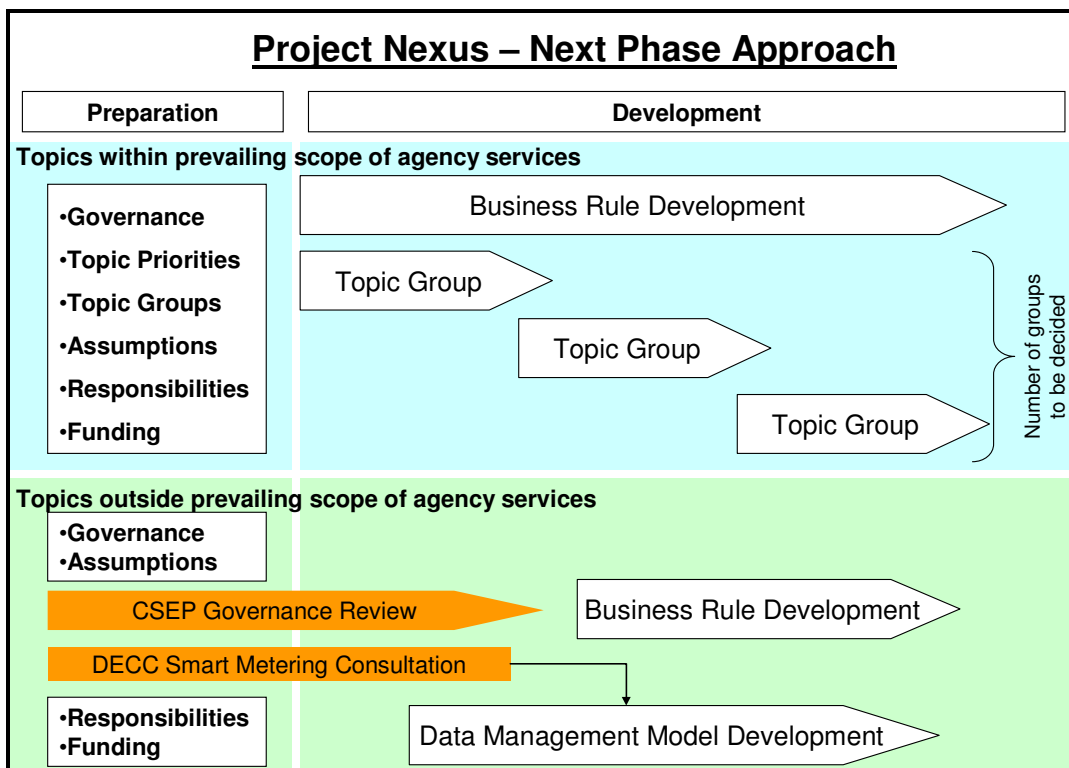
This section contains a digest of responses to questions in the Stage 3 Consultation about the next phase approach and sets out xoserve's comments on the responses

5.1 Introduction

We set out in our Stage 3 Consultation our thoughts on the approach to the Requirements Definition phase of Project Nexus. We suggested that any consideration of the approach to this next phase of Project Nexus should be concerned with finding the most efficient and effective means of achieving timely, quality outputs for each of the next phase deliverables.

5.2 Proposals included in our Stage 3 Consultation

We proposed in our Stage 3 Consultation an approach that reflected the differentiation of review topics between those that fall within the prevailing scope of agency services and those that fall outside the prevailing scope of agency services. We illustrated the proposed approach in the picture below, and indicated that a period of approximately eighteen months would be required for completion of the overall Requirements Definition phase.



We also set out our thoughts on:

- (a) The role of xoserve in respect of the next phase activities;

- (b) The potential impacts and benefits to the project of the proposed approach; and
- (c) The timing and duration of the next phase.

5.3 Questions about the next phase approach

We set out in our Stage 3 Consultation questions about the proposed approach to the next phase of Project Nexus. The section references in the questions are to the Stage 3 Consultation.

7. To what extent do you think that the proposed approach as set out in Sections 5.3 to 5.5, offers the most efficient and effective means of achieving the next phase purpose and deliverables as set out in Section 4? What alternative approaches might be considered and why?
8. Do you think that we have correctly identified the main impacts and benefits of the proposed approach as set out in Section 5.6? If not, what do you think are the further impacts and benefits?
9. Do you think that a period of approximately eighteen months is sufficient to complete the next phase activities as set out in Sections 5.3 to 5.5? What do you think are the highest priority topics that should be addressed within the available window?
10. What constraints, if any, might prevent the industry from progressing to the next phase without significant delay after the publication of the Consultation Conclusions?

5.4 Digest of responses to questions about the next phase approach and xoserve's comments on the responses

Proposed approach

The majority of respondents expressed broad agreement with the proposed approach, including xoserve's role. A number of respondents emphasised the importance to a successful outcome of certain aspects of the approach, including:

- (a) In respect of 'Preparation' activities, the early consideration of both funding issues and the relative prioritisation of topics, including determination of the level of support for topics and the identification of associated benefits;
- (b) In respect of 'Development' activities, the use of existing industry frameworks and administration processes where these are available, rather than initiating new working groups;

- (c) The establishment of a body that would provide a forum for industry participants to contribute to the development of the project; and
- (d) The preparation of a more detailed plan of work, against which progress would be regularly communicated to all interested parties.

xoserve's comments

1. We propose that priority should be given to the consideration of funding and topic prioritisation issues during the 'Preparation' stage of Requirements Definition.
2. For topics that are within the prevailing scope of agency services, we will work closely with the Joint Office of Gas Transporters to develop proposals for industry discussions that make efficient use of existing frameworks and administration processes.
3. For topics that are outside the prevailing scope of agency services, we will look to build on the discussions that are being facilitated by Ofgem and the SPAA in respect of iGT Services and DECC in respect of smart meters. As there is no established framework for the "Data Management" topic, xoserve will take responsibility for the organisation and facilitation of initial workshops.
4. Prior to the commencement of the 'Preparation' stage, we intend to publish proposals for how Project Nexus will be managed during the 'Preparation' stage, including the scope, composition and terms of reference for a body that would provide support and advice to xoserve during the Requirements Definition phase of the project.

Impacts and benefits

Most respondents agreed that the Stage 3 Consultation identified the main impacts and benefits of the proposed approach. A number of respondents expressed support for the management and progression of topics that are within and outside of the prevailing scope of agency services as separate pieces of work, but emphasised the importance of careful management of interdependencies between topics so that discussions and decisions are not fragmented.

xoserve's comments

1. We propose that, during the Requirements Definition phase, xoserve should provide information and insight to the industry on the form and nature of interdependency and connectivity between topics. We expect to contribute an initial view to the topic grouping and prioritisation activities during the 'Preparation' stage and to maintain and update this view with appropriate input from the industry during the 'Development' stage.

Next phase duration

With regard to the duration of the next phase, the majority of respondents were of the opinion that the proposed period of approximately eighteen months is challenging. Individual respondents suggested that early decisions on matters such as topic grouping, funding and the data management approach could contribute to an effective response to this challenge.

One respondent expressed the opinion that the Requirements Definition timeline should be aligned to the planning timeline for the deployment of Smart Meters to the domestic market. We have noted that Government anticipates that there will be a planning period of approximately two years following DECC's decision on the Smart Metering Market Model prior to the commencement of deployment.

Some respondents asked whether the scope of Requirements Definition is to include the implementation of business rules in the relevant industry frameworks (including but not limited to the Uniform Network Code, the Supply Point Administration Agreement, the User Pays contractual framework and industry participants' Licences) and raised concerns about the time pressures that inclusion of this activity might place on the phase duration.

xoserve's comments

1. We are not proposing to change our planning assumption that the Requirements Definition phase should be completed by autumn 2010. The implications of future decisions on smart metering market models for the scope of agency services are unknown at present. As and when these implications become clear, it may be appropriate to review our planning assumption. We will work closely with the industry to keep abreast of developments to ensure that Project Nexus is appropriately positioned and to minimise the risk of rework.
2. Given the dynamics of the environment in which we operate, there may be a point at which it will be necessary for us to initiate investment because of technical drivers, even if some of the topics have not reached a definitive conclusion. We would then have to consider how further functionality might be brought into the scope of subsequent incremental investment as and when there is sufficient clarity.
3. Our proposals for next phase deliverables that were set out in the Stage 3 Consultation did not assume the implementation of business rules in the relevant industry frameworks, although we recognise that this would be useful where it could be achieved. We propose that this be addressed as part of the drafting of more detailed specifications of the deliverables during the 'Preparation' stage.

Priority topics

A small number of respondents made suggestions as to the prioritisation of topics. Those topics suggested as high priority were “Data Management”, “Market Differentiation” and “Supplier Switching”. “Increased Reads for Energy Allocation, Balancing and Transportation Charging” was also suggested as relatively high priority, but dependent upon the outcome of market differentiation and smart metering discussions. “AQ Management”, “Invoicing” and “Treatment of Retrospective Updates” were suggested as relatively low priority topics.

xoserve’s comments

1. We expect these comments to be used to inform the topic grouping and prioritisation activities during the ‘Preparation’ stage.

Constraints

Respondents identified a small number of constraints that might prevent progression. These were mainly concerned with the risk of failure to obtain agreement on key decisions such as funding and topic prioritisation

xoserve’s comments

1. The ‘Preparation’ activities will include the drafting of a risk register for the Requirements Definition phase. Management of the risk register will be subject to the governance arrangements that are put in place for the Requirements Definition phase.

6. Next Steps

This section sets out further details on our plans for taking forward the Requirements Definition phase of Project Nexus

6.1 Introduction

We have considered carefully the responses to our Stage 3 Consultation, and have taken into account the key points of feedback in developing our proposals for the initiation and execution of the Requirements Definition phase of Project Nexus. Section 6.2 outlines the proposed key activities in the 'Preparation' stage and the proposed organisational arrangements that will enable their completion, and Section 6.3 sets out our thoughts on the 'Development' stage, recognising that these are largely dependent on the outcome of 'Preparation' stage. Finally, Section 6.4 provides a summary timetable of Project Nexus documents that we plan to publish and the key meetings that will be taking place.

We anticipate starting the 'Preparation' stage in April 2009, for completion by summer 2009. The 'Development' stage would then get underway in September 2009, for completion by autumn 2010.

6.2 'Preparation' stage

Key activities

We consider that the 'Preparation' stage should comprise four key activities:

- (a) Clarifying the principles associated with funding arrangements and industry participants' responsibilities in relation to the provision of services;
- (b) Planning the 'Development' stage activities to address matters such as the grouping and prioritisation of the topics that are within the prevailing scope of agency services, the means by which requirements are to be gathered, reviewed and agreed, and the defining of underlying assumptions;
- (c) Undertaking initial data management discussions that will determine the scope and potential benefits of further consideration of this topic, including consideration of how the scope and nature of a Central Data Store for Smart Meters might impact supply point data management arrangements; and
- (d) Determining the nature and extent of engagement with the SPAA led discussions about the provision of iGT services.

We anticipate that the first three key activities would be progressed through a series of workshops that would commence in May 2009 for completion by summer 2009. Proposed terms of reference and a timetable for the workshops will be made available in March 2009.

Organisational arrangements

With regard to the gathering, review and agreement of requirements for the topics that are within the prevailing scope of agency services, we consider that it would be appropriate to establish a UNC Project Nexus Workstream (“the Workstream”) that will have oversight of a number of topic discussion groups. The establishment of the Workstream will require the approval of the UNC Mod Panel, and its meetings would be administered by the Joint Office of Gas Transporters. A request to establish the Workstream will be submitted to the UNC Modification Panel in March 2009.

In addition, we consider that there would be benefit in establishing at the outset of the ‘Preparation’ stage a Project Nexus Advisory Group (“the Group”) that would be constituted from a cross-section of industry participants. The purpose of the Group would be to provide advice and support to xoserve during the Requirements Definition phase, with an initial focus on ‘Preparation’ stage activities. The Group would also have an important contribution to make in promoting Project Nexus amongst industry stakeholders and maximising their support for the Requirements Definition activities.

Proposed terms of reference for this group will be published in March 2009.

6.3 ‘Development’ stage

The ‘Development’ stage is anticipated to include:

- (a) Meetings of the UNC Project Nexus Workstream, whose primary purpose will be to receive the output of requirements generated by topic discussion groups for topics that are within the prevailing scope of agency services;
- (b) Dependent upon the outcome of the initial workshops, further consideration of alternative supply point data management arrangements; and
- (c) To the extent that there is a requirement for xoserve to provide services, business rule development discussions in respect of iGT Services and the Central Data Store for Smart Meters.

6.4 Timetable

We have set out below a summary timetable of the Project Nexus documents that we plan to publish and the key meetings that will be taking place prior to and during the 'Preparation' stage.

March	<ul style="list-style-type: none">• Request to UNC Modification Panel to establish Project Nexus Workstream• Terms of reference for Project Nexus Advisory Group• Terms of reference and proposed timetable for initial 'Preparation' stage workshops, including data management workshops• 'Requirements Register' based on consultation responses
April	<ul style="list-style-type: none">• Project plan for 'Preparation' stage activities• Inaugural meeting of UNC Project Nexus Workstream• Inaugural meeting of Project Nexus Advisory Group
May	<ul style="list-style-type: none">• Commencement of 'Preparation' stage workshops