

Project Nexus

Wednesday 26th November

Agenda

- 10:00 House keeping & Agenda
- 10:05 Project Nexus and the Consultation
Jeff Scott, CEO xoserve
- 10:20 Review of Topics
Chris Smith, Nexus Project Manager, xoserve
- 11:00 Questions
- 11:15 Tea and Coffee
- 11:30 From Topics to Requirements
Nick Salter, Head of Strategy & Development, xoserve
- 12:00 The View from the Joint Office
Tim Davis, Chief Executive, Joint Office
- 12:15 Questions to the panel of speakers
- 12:45 Conclusion and next steps
- 13:00 Lunch

Project Nexus and the Consultation

Jeff Scott
CEO, xoserve

Messages from the Consultation Launch

- Project Nexus is a key element of our investment programme
- The primary driver is sustaining the delivery of services at required levels / standards on fully supported systems
- Project Nexus builds on previous industry discussions and the outcome of the Price Control Review (PCR)
- The scale and scope of change provides a unique opportunity to shape the future – so make the most of it!

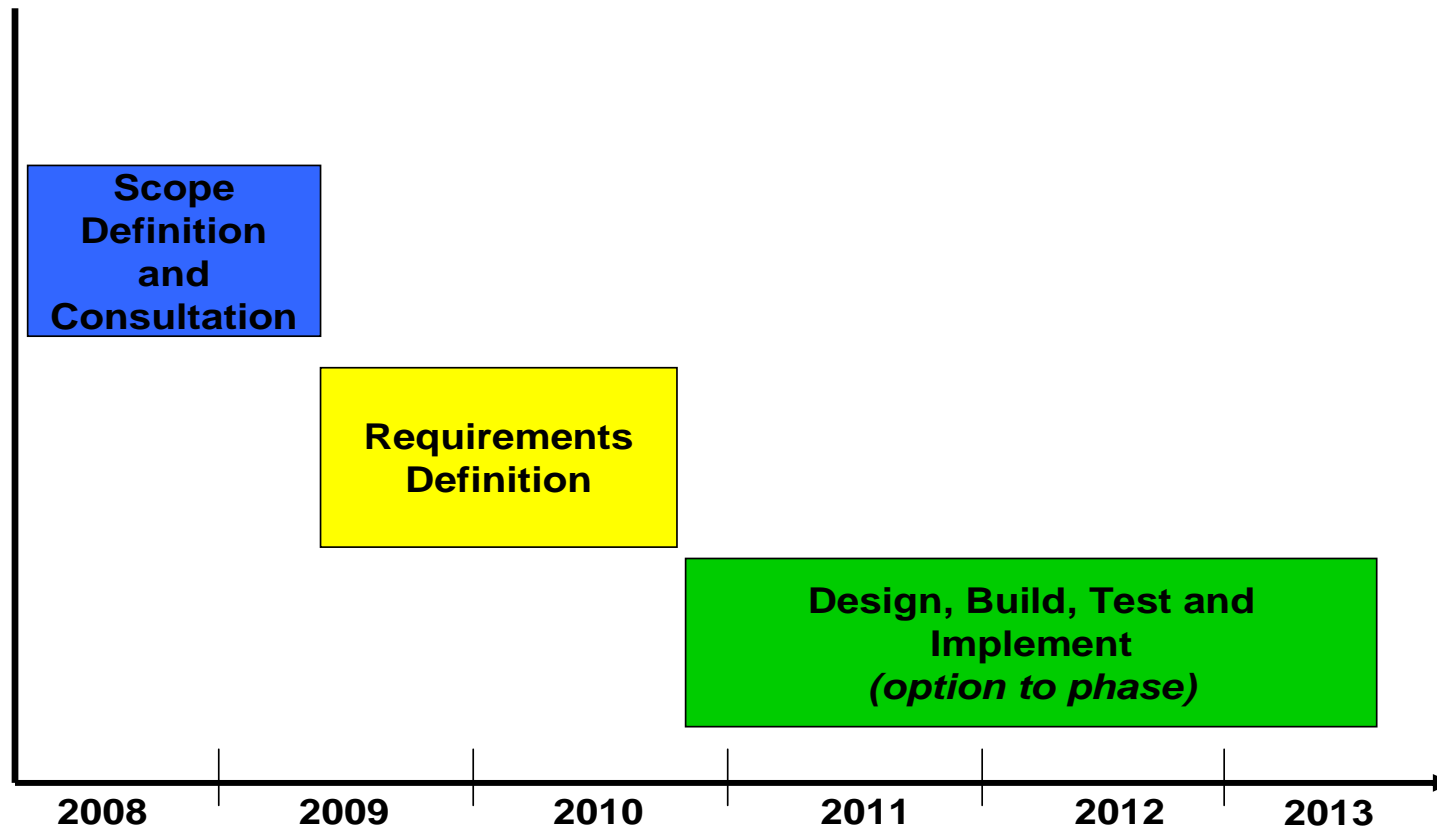
A Reminder of the Need for Investment

- Age of the systems is the primary driver
 - Most originate from the early days of gas competition
- Systems have developed, been modified and refreshed as the industry has evolved
- But, the capacity of our core systems to accommodate change is limited
- xoserve submitted a proposed programme of system investments as part of the PCR process
 - Included funding for GTs for an “as is” replacement of UK Link
 - PCR conclusions referenced “as is” funding and also highlighted beneficiary pays as a potential source of additional funding

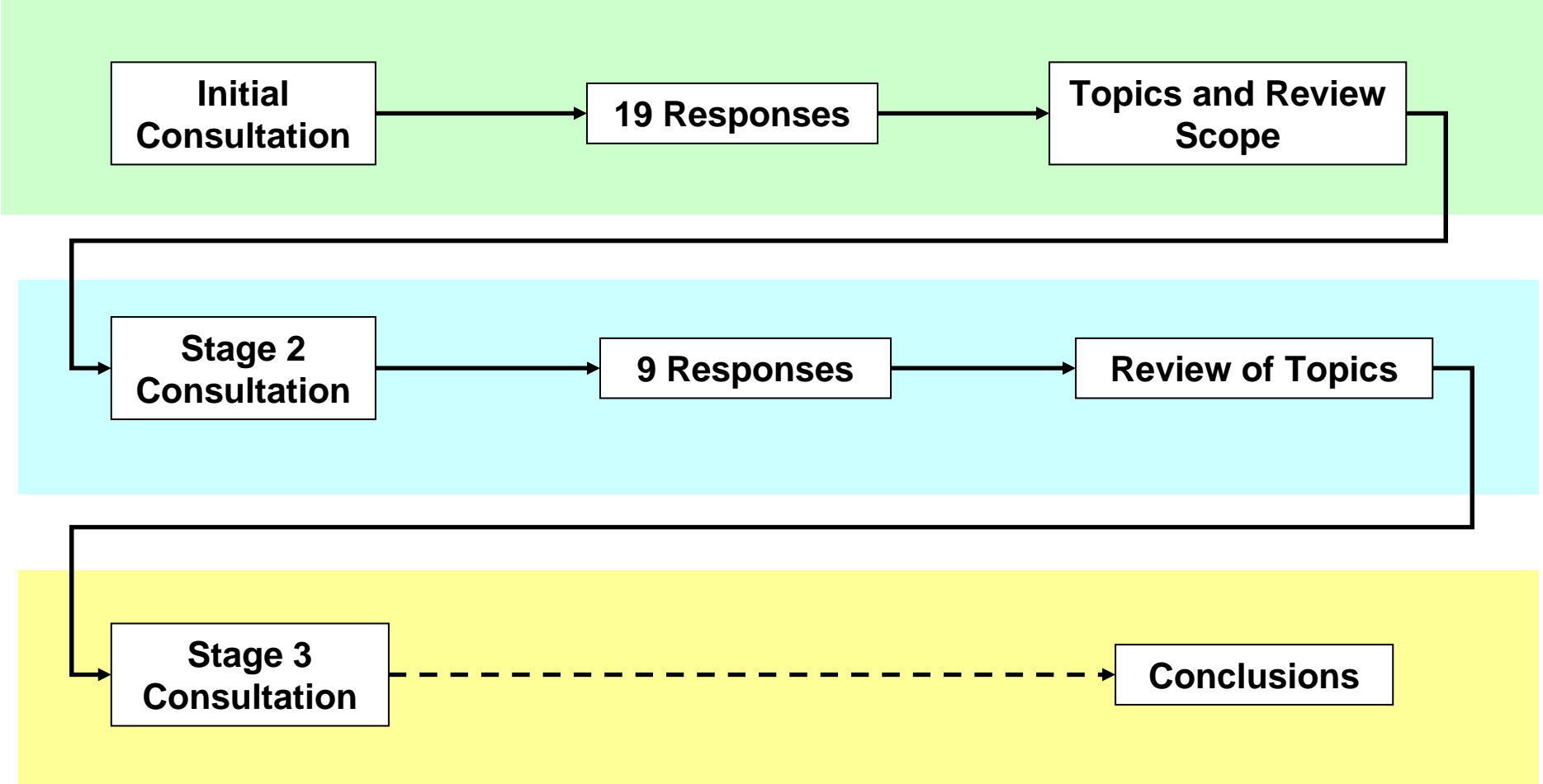
Our Approach

- Consult widely throughout the process
- Gather views from across the industry
- Identify themes, requirements and options
- Provide feedback at each stage on the responses received and how they have influenced our development plans

Anticipated Phases of Project Nexus



Consultation Phase - The Journey So Far



Some Messages from the Launch Event

“Engage at the right level”

“Push ourselves and xoserve hard to challenge where we are now”

“The only correct ‘Go Live Date’ is when things are ready”

“Maintain capability to support current processes and activities”

Opportunity

- The opportunity to contribute has been taken – you have made the most of it!
- Consultation responses received from across the industry with comments covering the whole range of our services, and more
- Constructive and helpful thoughts on how the provision of services to the industry can develop
- Feedback informs the whole of our investment plan, not just Project Nexus

Challenge

- Some significant topics have been raised with implications for services and for industry participants
- The challenge for the industry is to take these forward and develop the business rules and requirements
 - We are aiming to conclude the requirements phase by Autumn 2010
- This 3rd stage of the consultation is about the grouping and development of topics and how they are progressed during the next phase
- Chris and Nick will be covering these in more detail in their presentations

The Next Phase

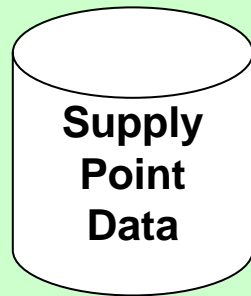
- Stage 3 of the consultation contains proposals for how we see the next phase being approached
- It provides the opportunity to influence the approach
- To be successful, the next phase will require a constructive approach from all parties and commitment of resources
- We are looking for feedback on the proposed approach and also confirmation of your commitment to the next phase
- Again, make the most of it!

Review of Topics

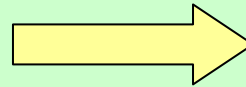
Chris Smith
Project Manager

Initial Consultation

Managing Supply Point Data

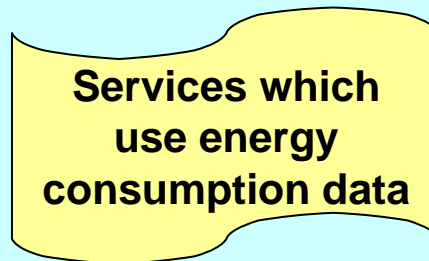


- Receive
- Process
- Store
- Disseminate

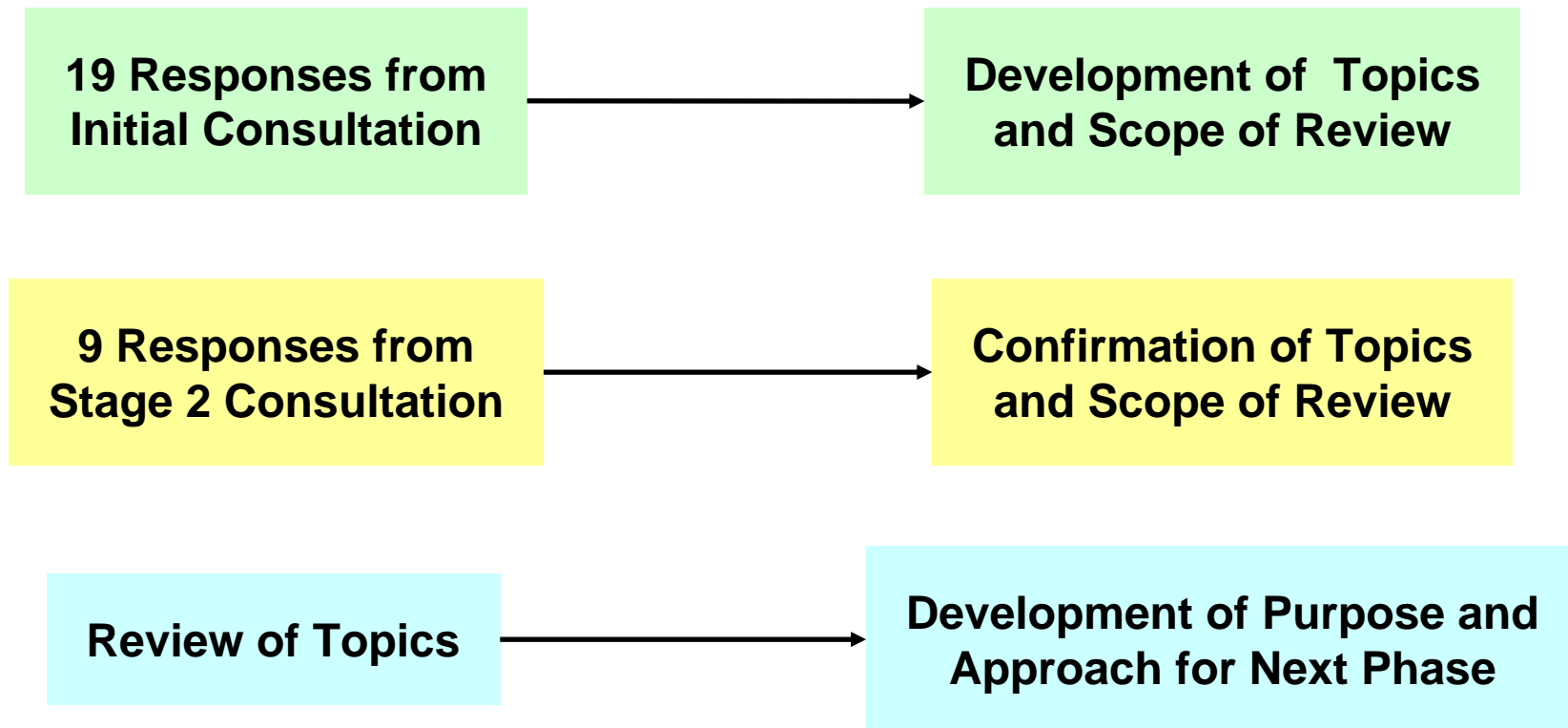


Maintenance and Availability
Quality
Validation
Formats

xoserve's Services

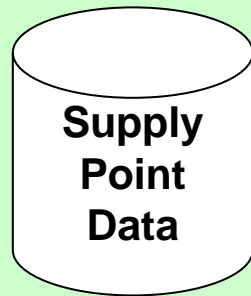


Moving from Responses to Proposals

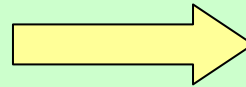


Managing Supply Point Data

Managing Supply Point Data



- Receive
- Process
- Store
- Disseminate



- Maintenance and Availability
- Quality
- Validation
- Formats

INITIAL CONSULTATION RESPONSES

- Responsibilities for Holding Master Data
- The Quality of Data
- The Scope of Data Made Available
- The Means of Access to Data

Managing Supply Point Data

Range of potential approaches

- Responsibilities fully distributed
- Participants maintain own copies of data

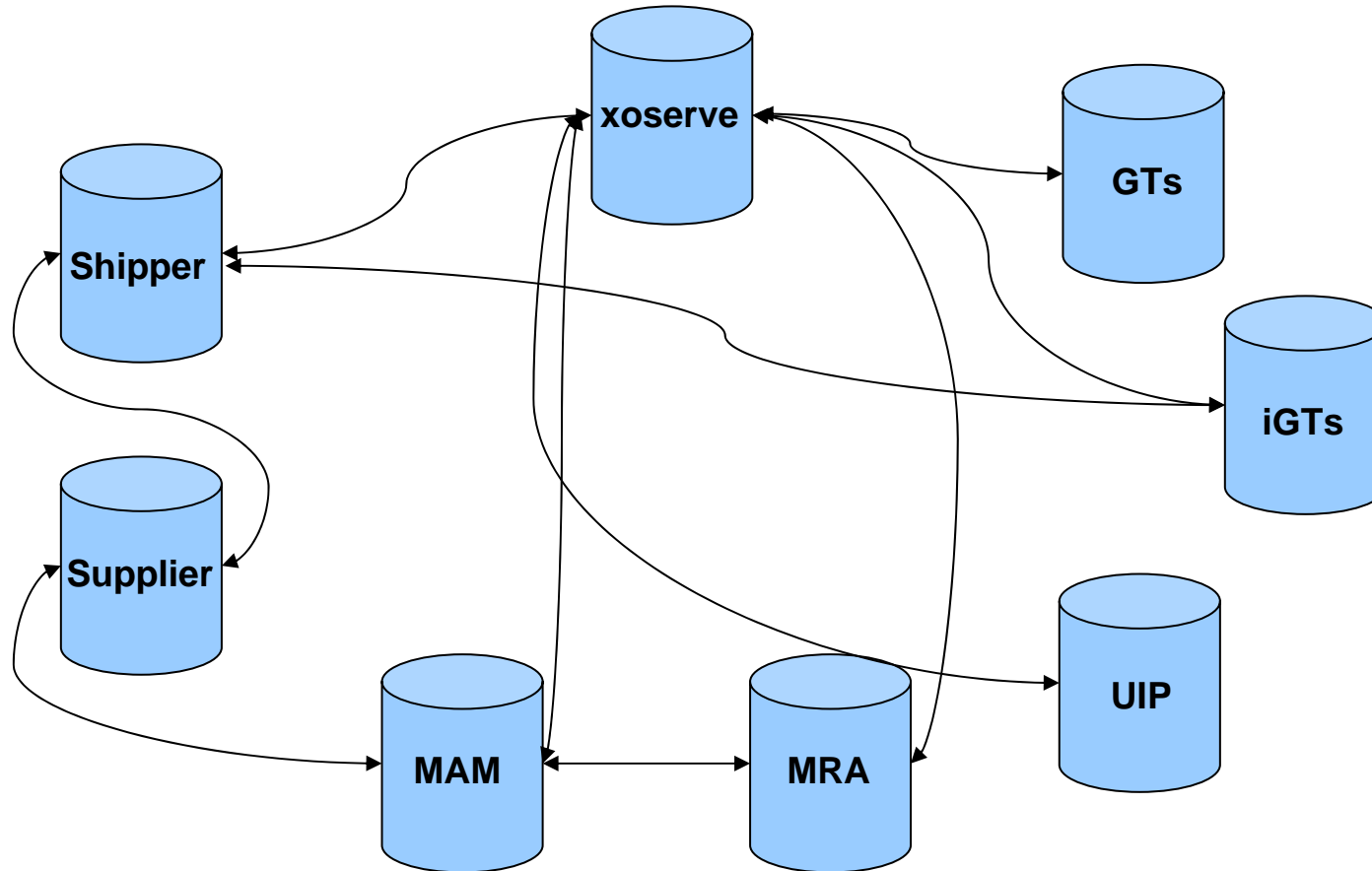


- Single and authoritative source of data
- Accessible by all participants

REVIEW TOPICS

- Data Hub
- Quality Assurance
- Exchange and Flows of Data

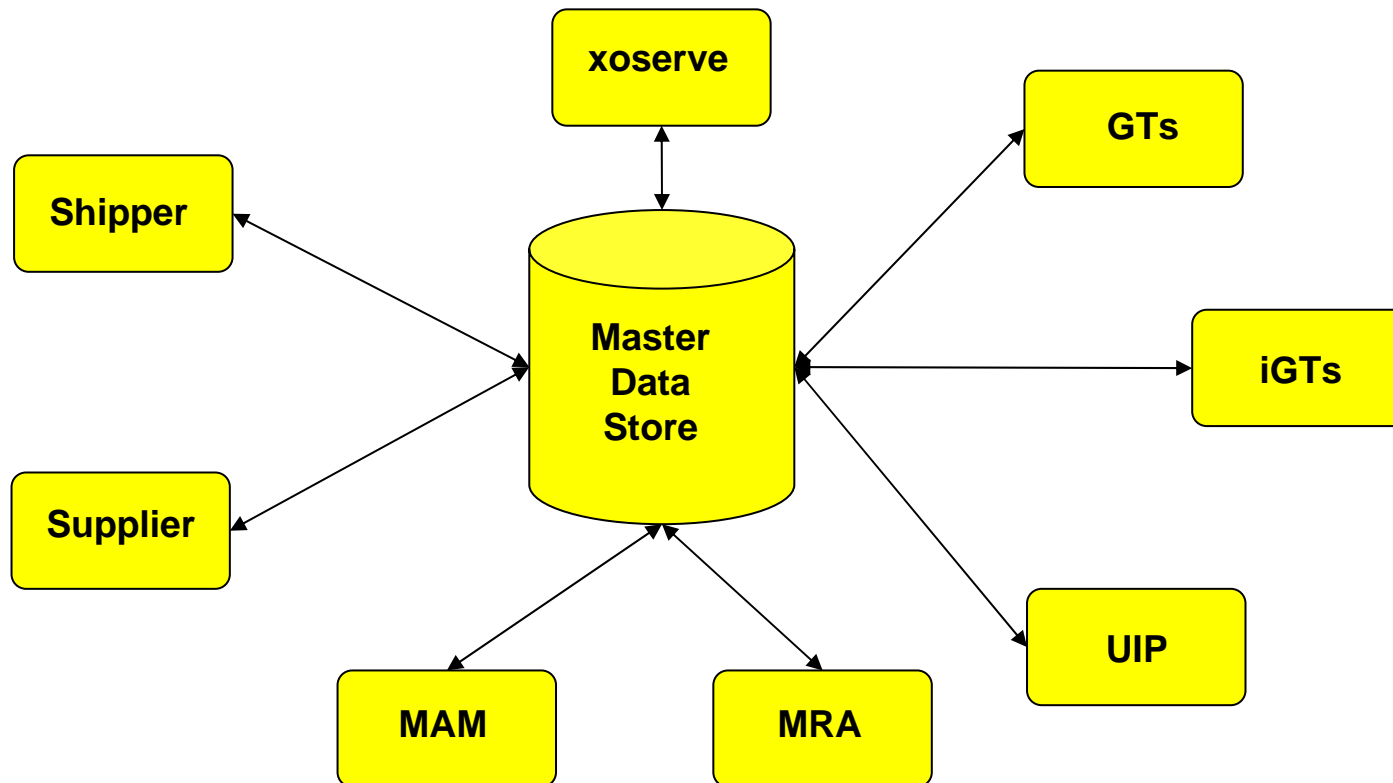
Data Management



- Multiple Copies of Data
- Long Supply Chains

- Inconsistent Validation
- Data Quality?

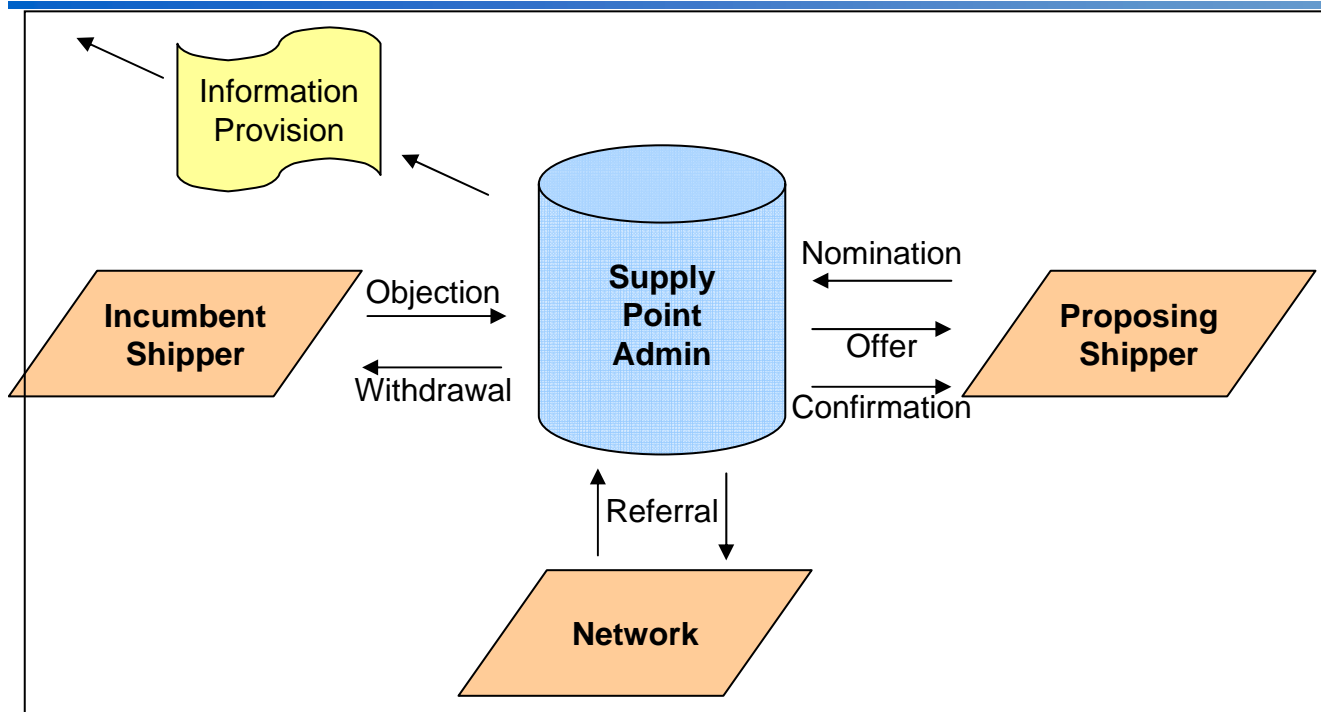
Data Management



- Single Source and Shorter Chains
- Quality Assurance Role

- Data Available on a “pull” Basis
- Data Quality Enabler

Supply Point Administration Services



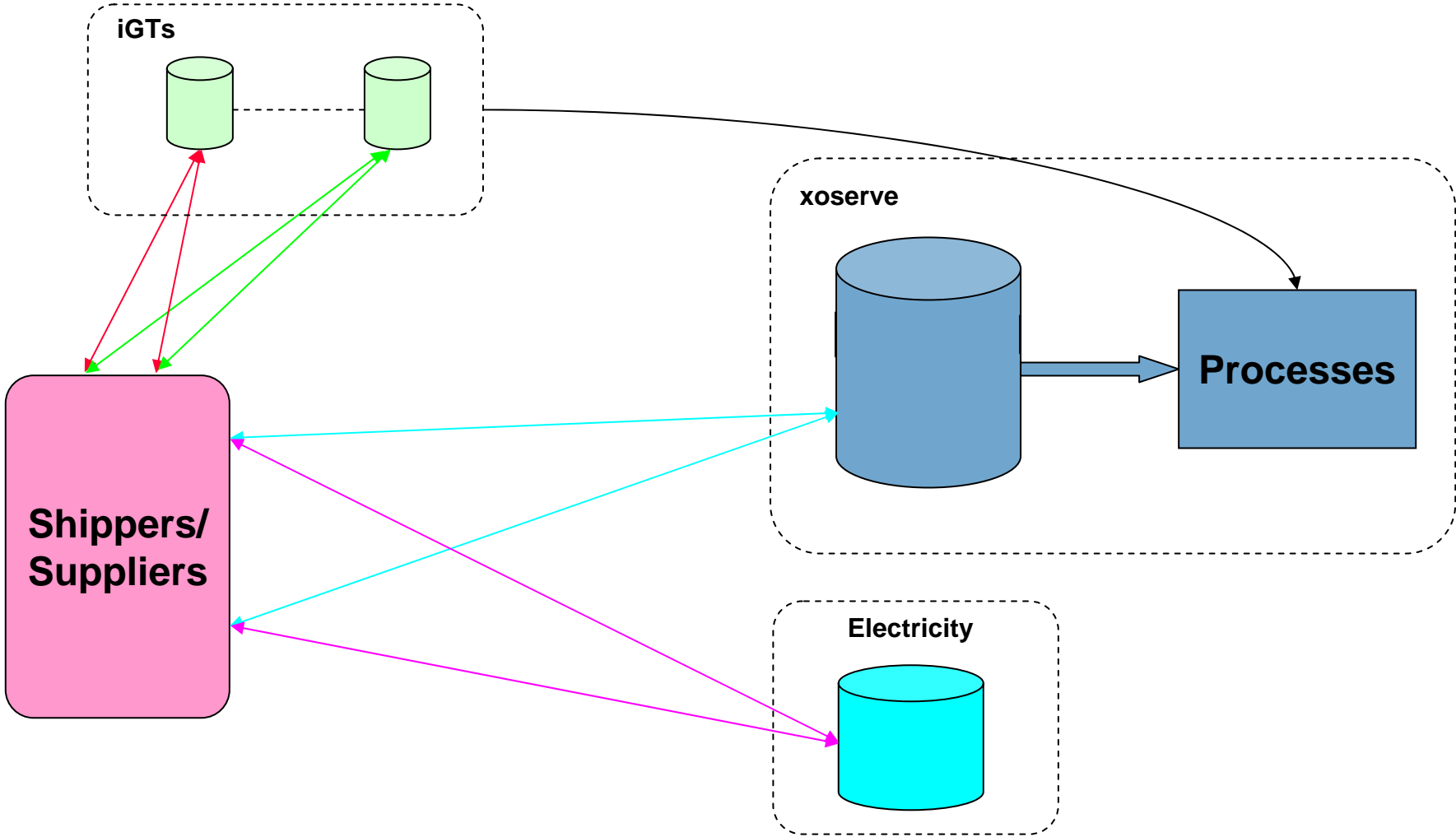
REVIEW TOPICS

- Supplier Switching
- iGT Services
- Market Differentiation
- Connection & Registration

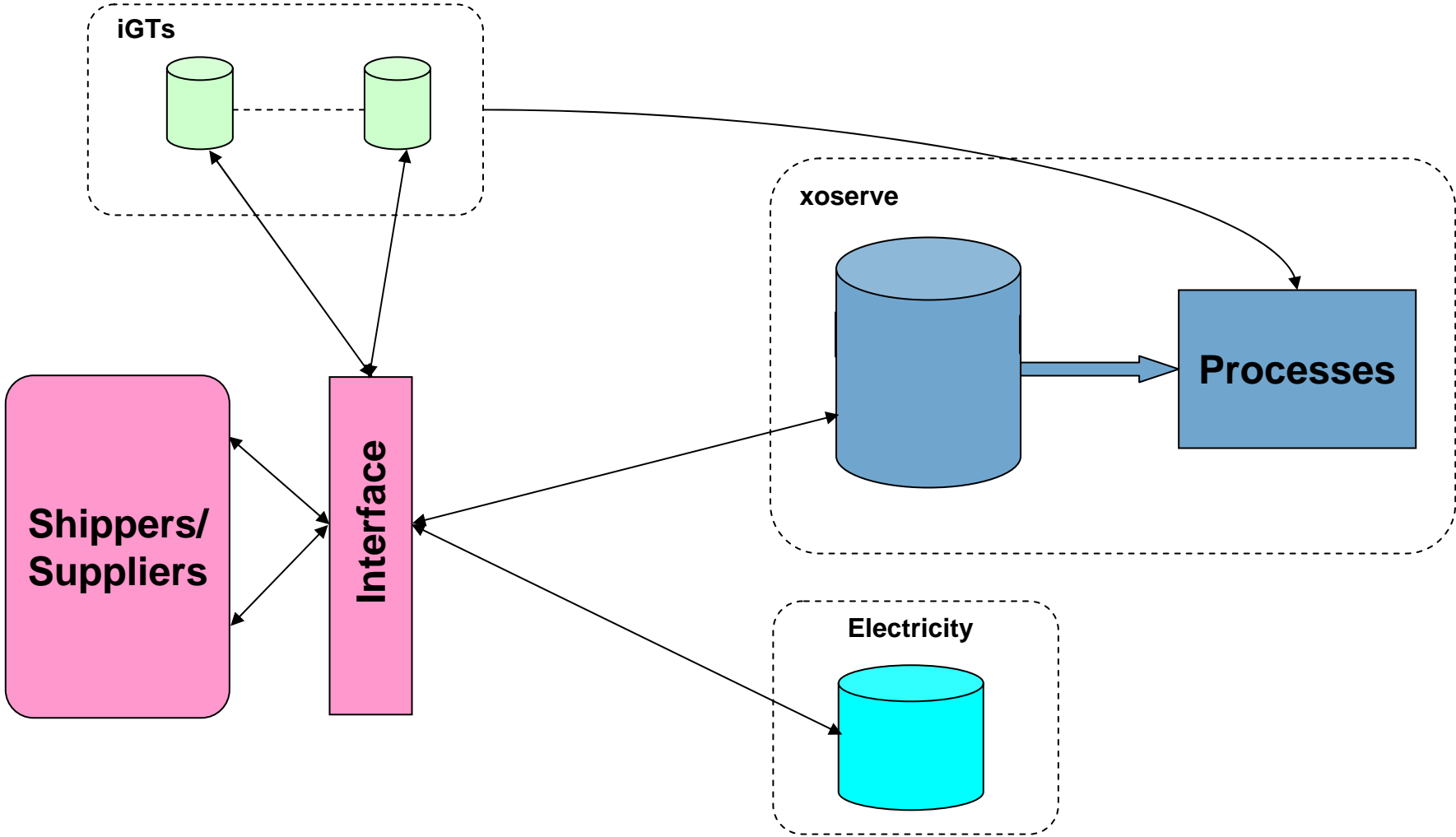
INITIAL CONSULTATION RESPONSES

- Inclusion of iGT supply points within scope of xoserve
- Shortening switching timescales and alignment with electricity industry processes
- Developing the supply point registration process

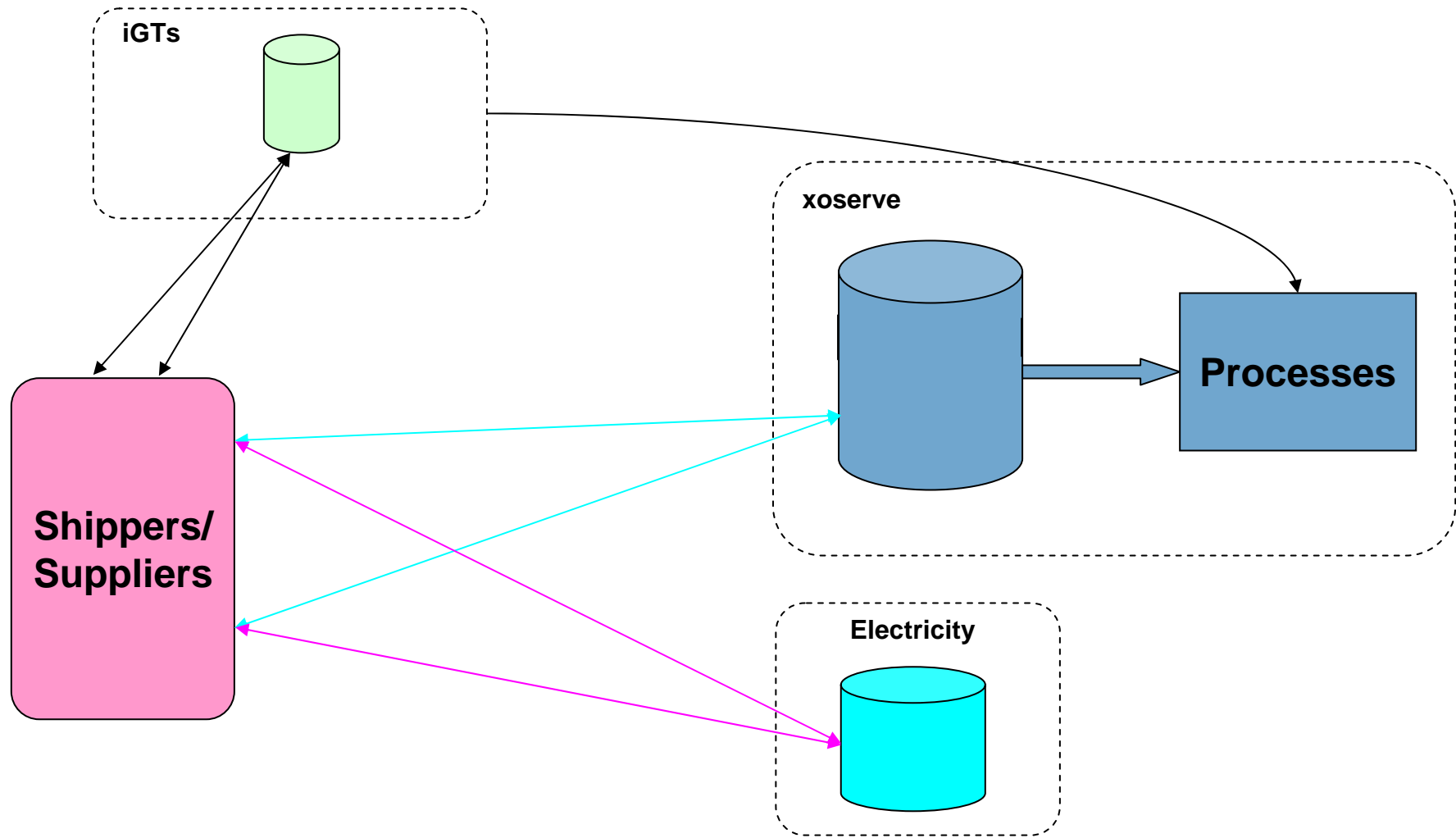
Supplier Switching (1)



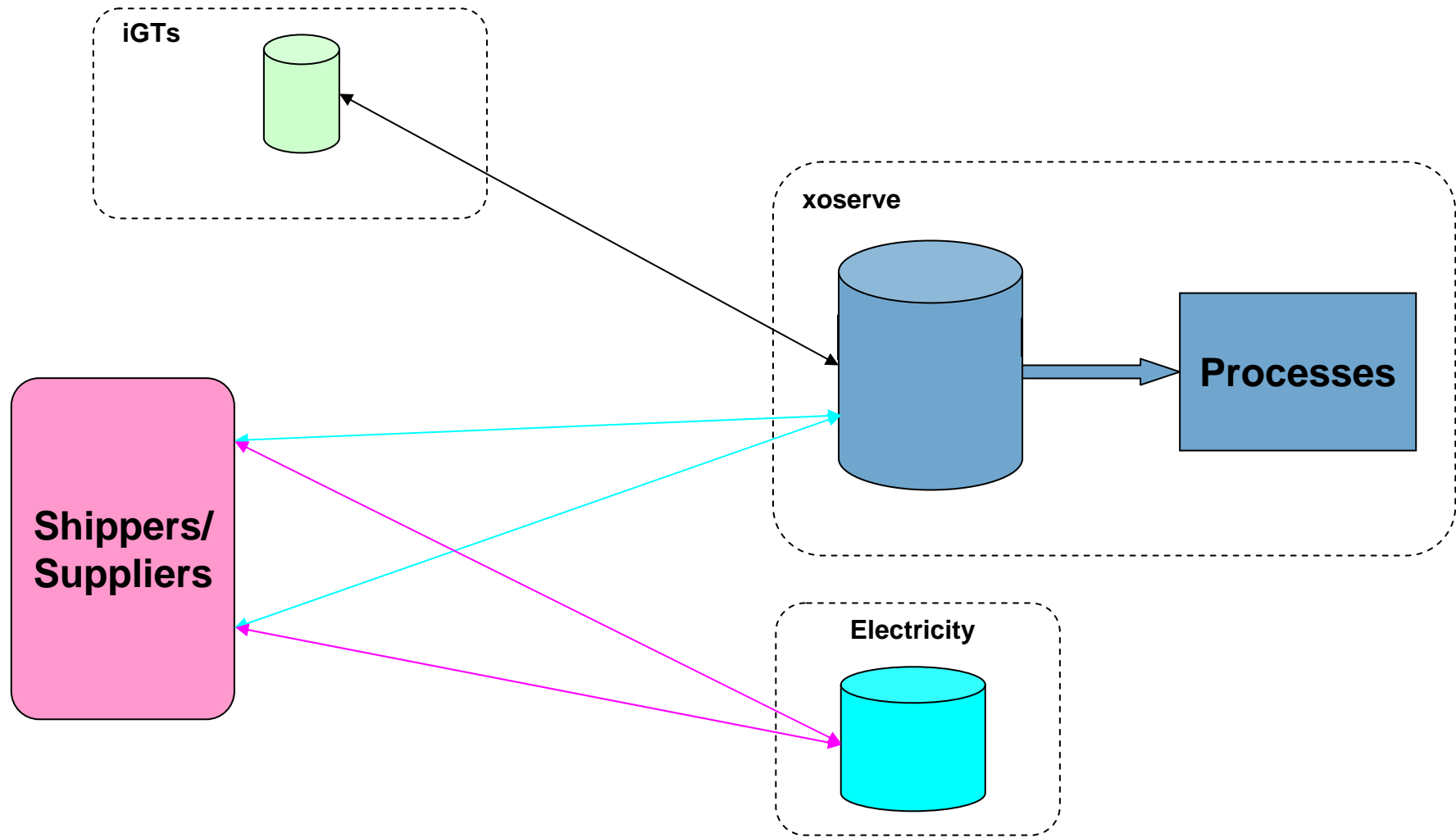
Supplier Switching (2)



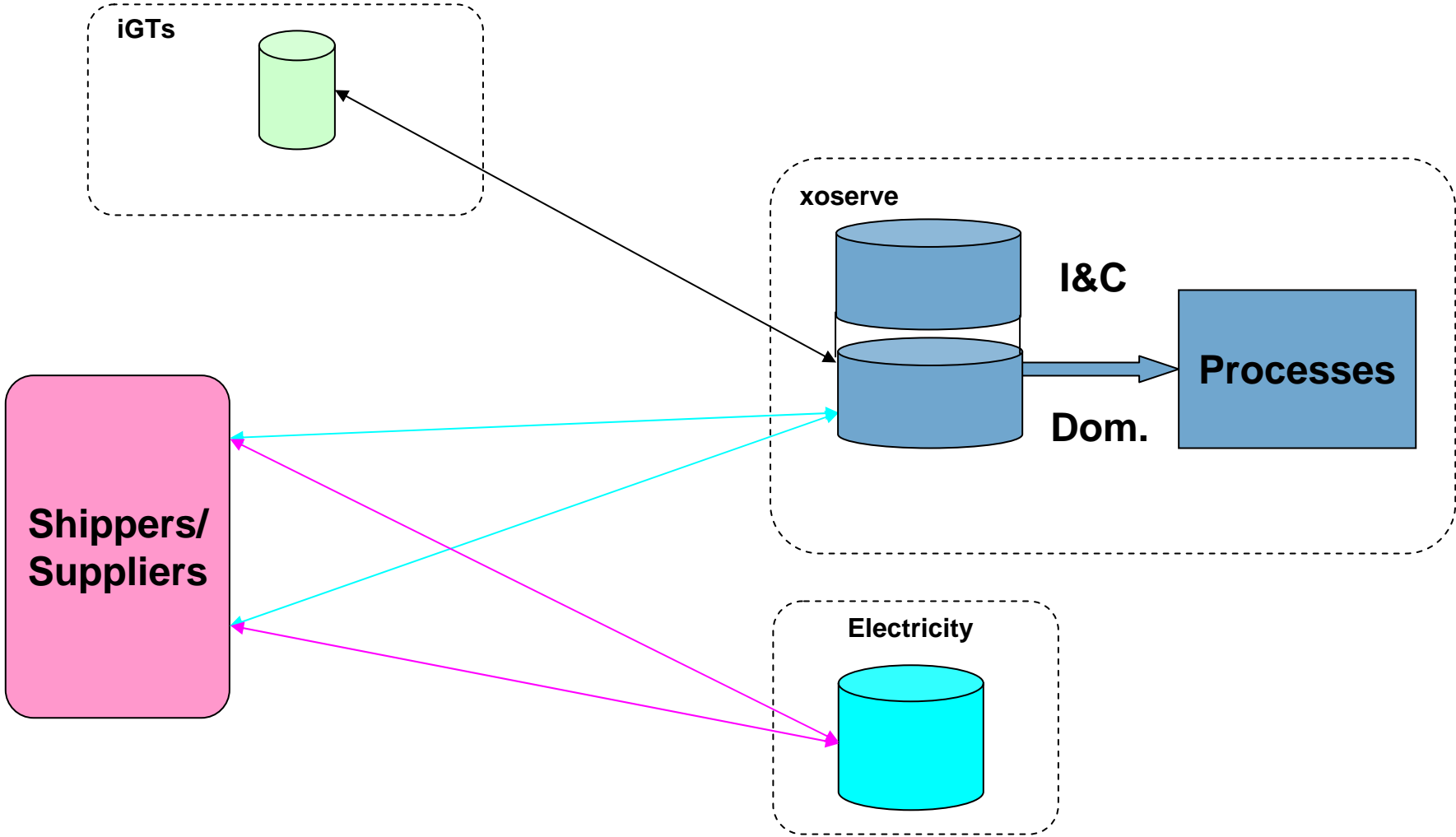
Supplier Switching (3)



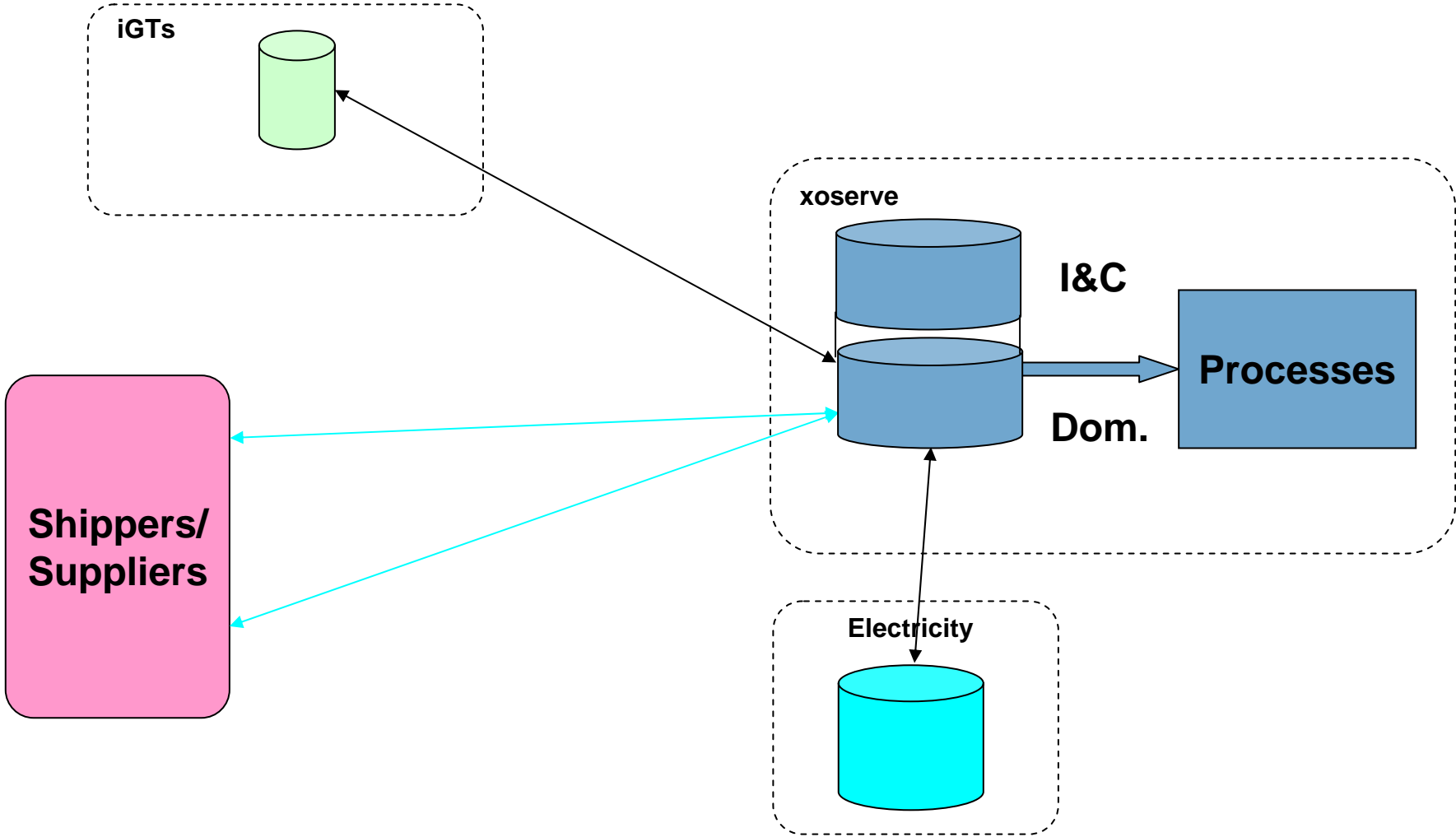
Supplier Switching (4)



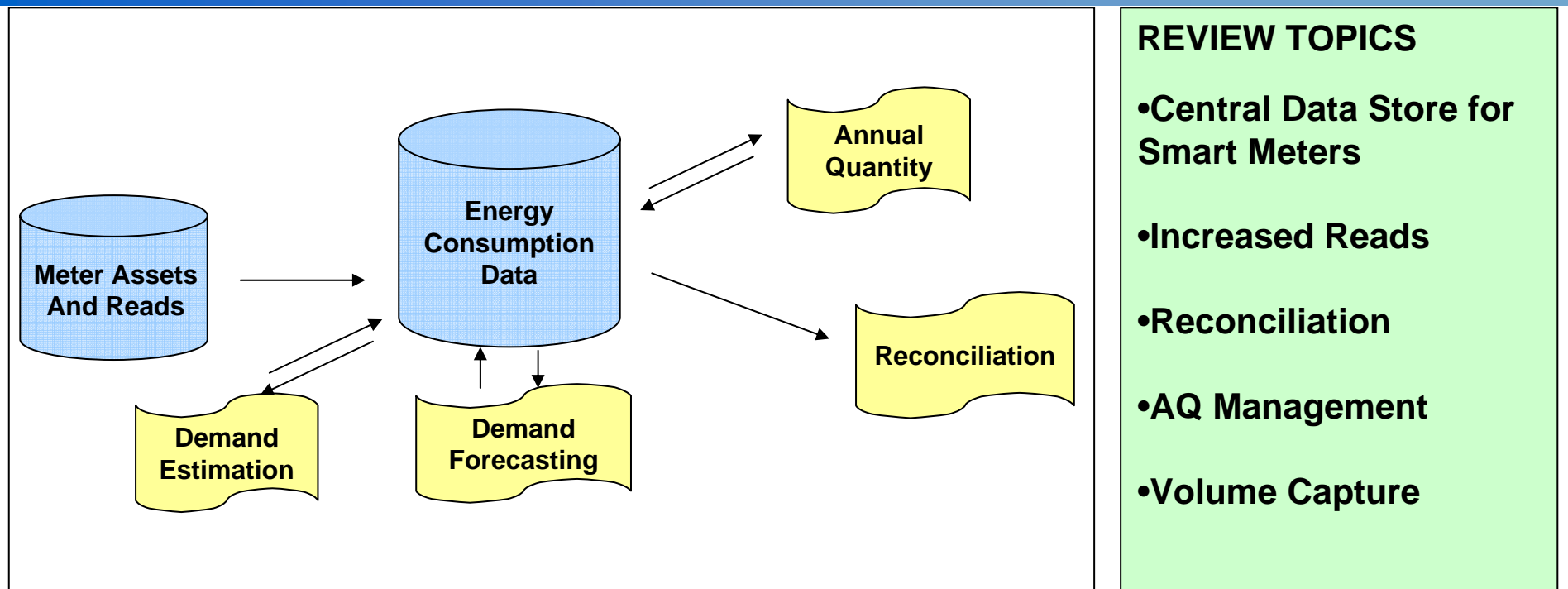
Supplier Switching (5)



Supplier Switching (6)



Services That Use Energy Consumption Data



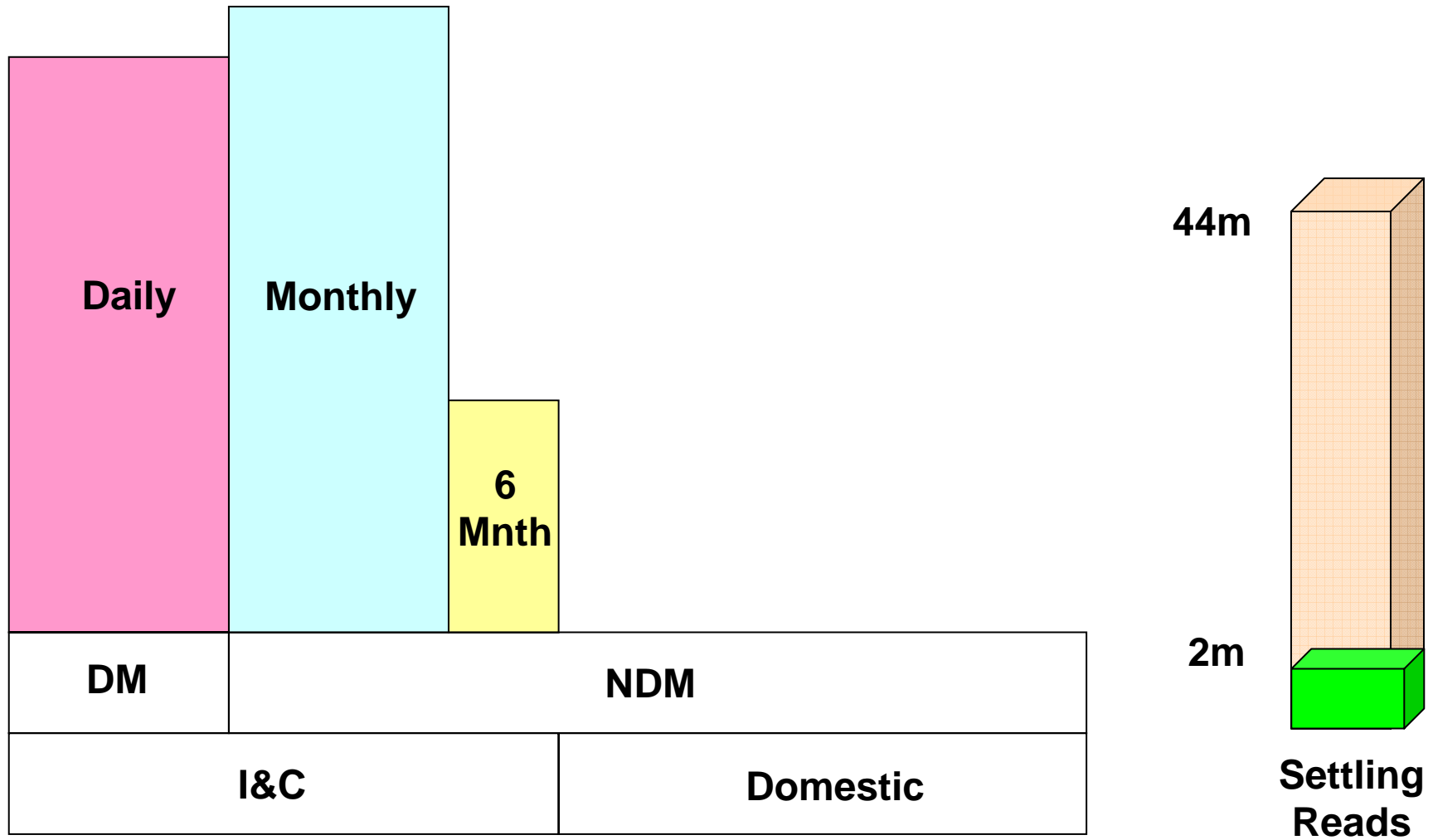
REVIEW TOPICS

- Central Data Store for Smart Meters
- Increased Reads
- Reconciliation
- AQ Management
- Volume Capture

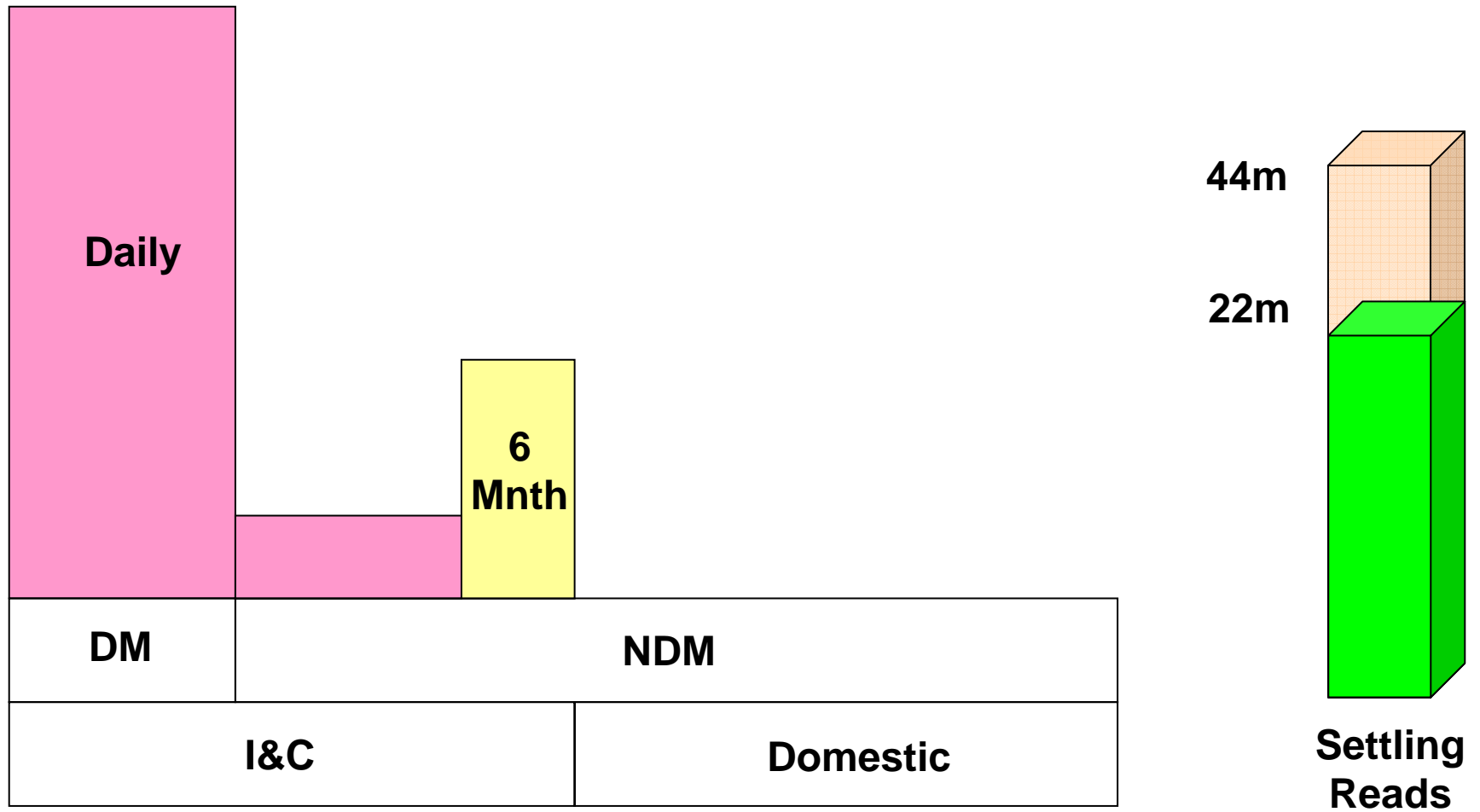
INITIAL CONSULTATION RESPONSES

- Impacts of AMR/Smart Meters and dependency on market model discussions
- Mixed views on use of additional data in allocation and reconciliation services
- Supported inclusion of “Rolling AQ”

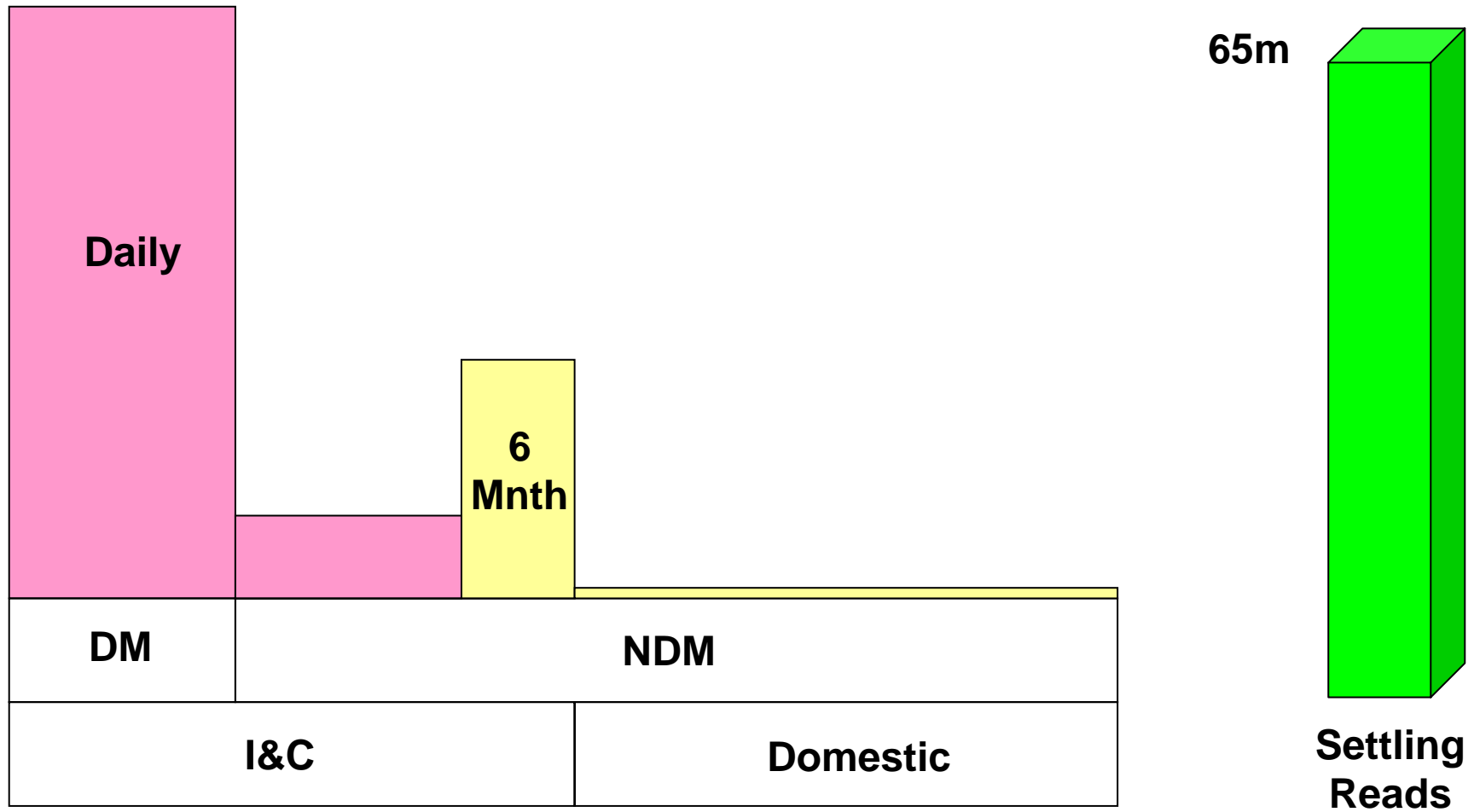
Increased Reads (1)



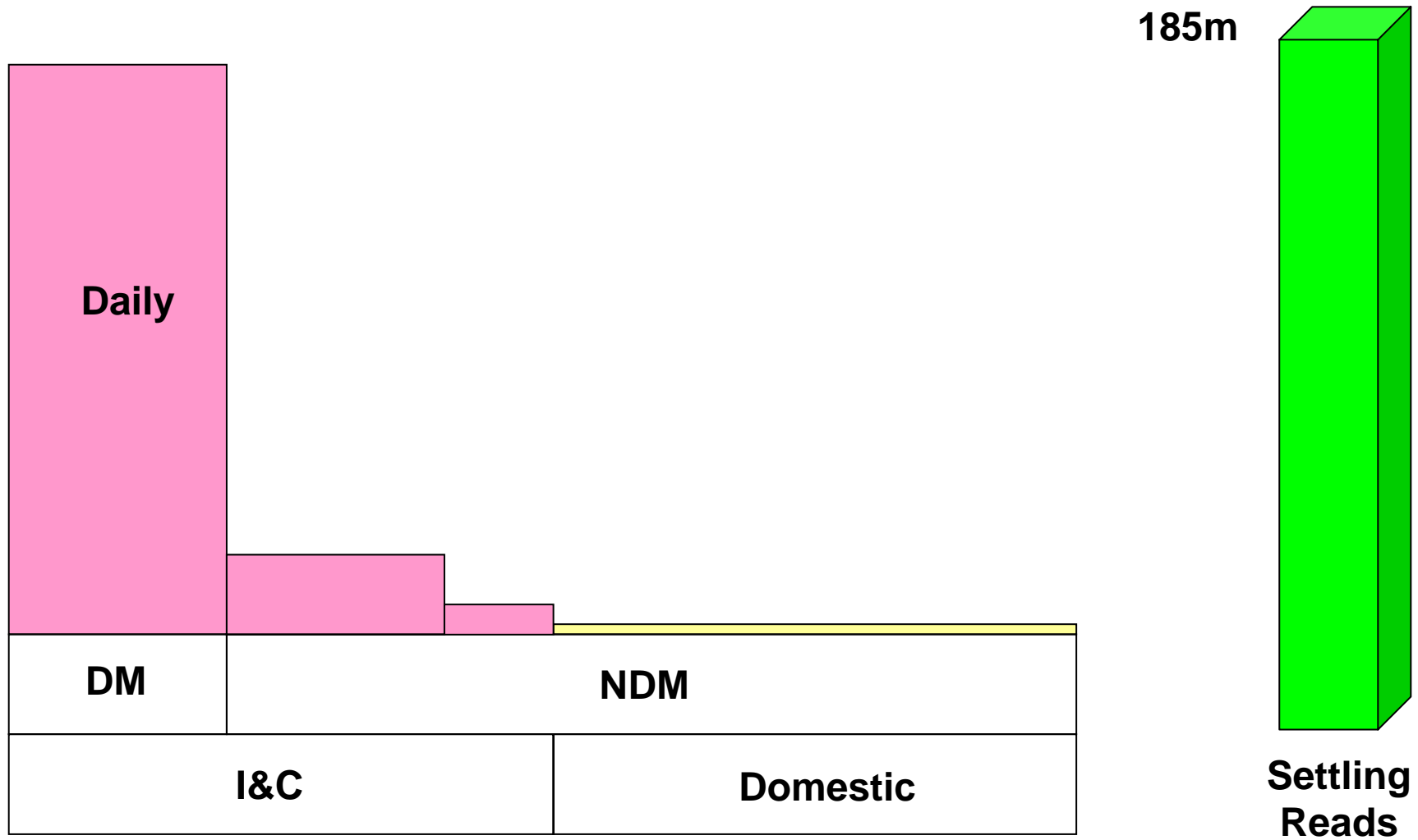
Increased Reads (2)



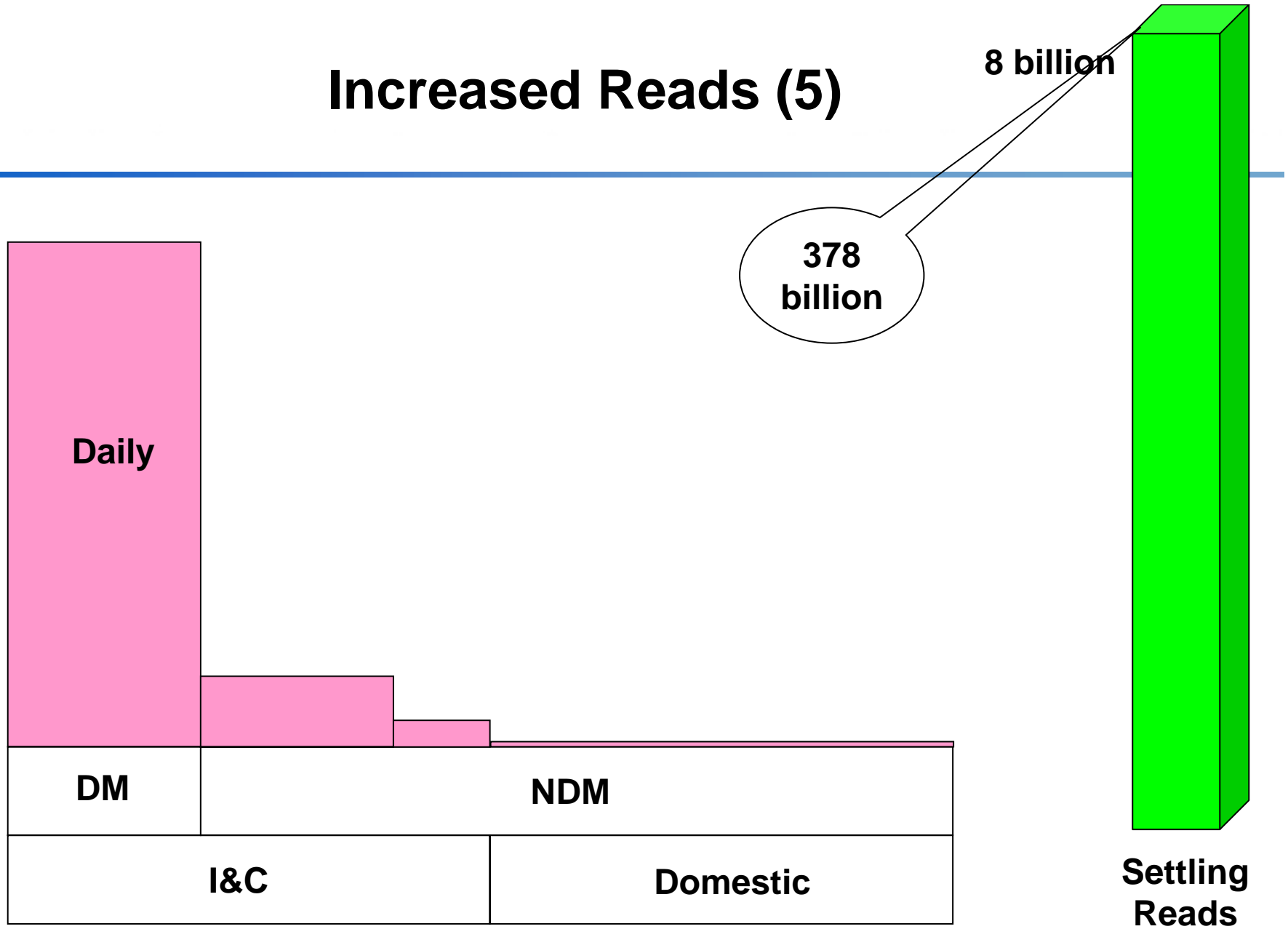
Increased Reads (3)



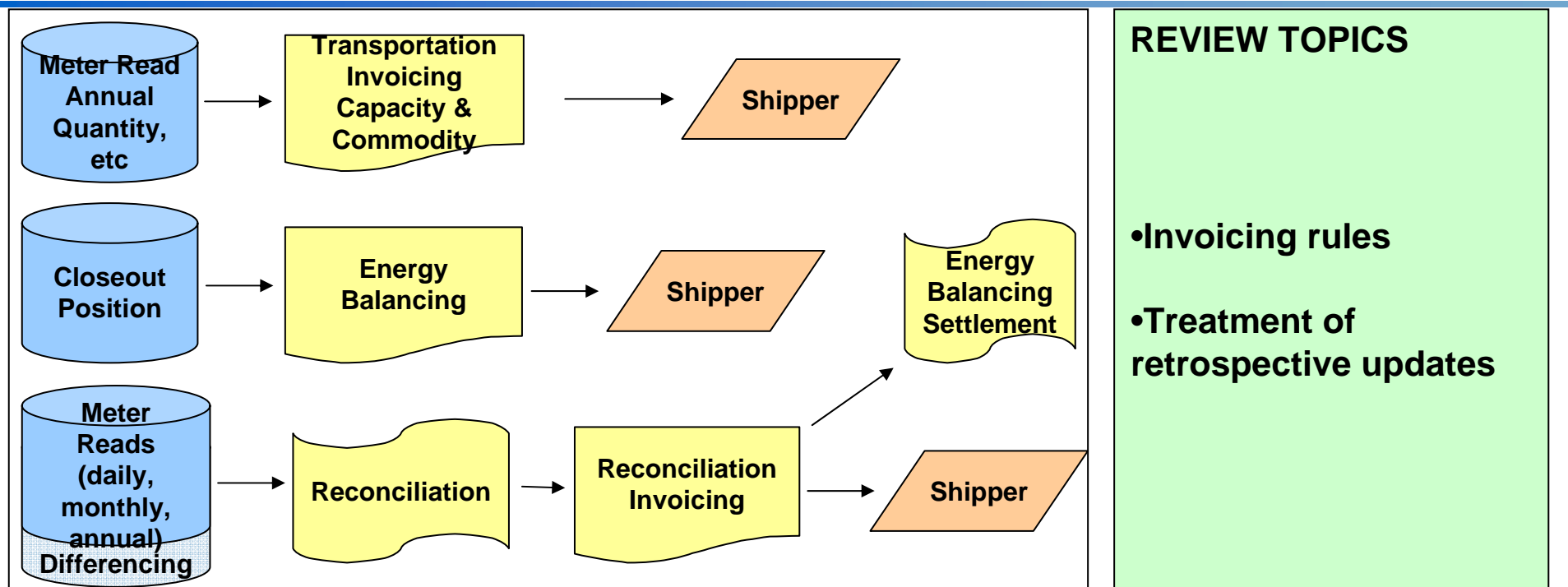
Increased Reads (4)



Increased Reads (5)



Invoicing Services



REVIEW TOPICS

- Invoicing rules
- Treatment of retrospective updates

INITIAL CONSULTATION RESPONSES

- Invoice delivery methods improved to take advantage of new technology
- Ability to amend erroneous data more easily
- Offline services brought online, reduced use of “Ad Hoc” invoice

Other Subjects Raised

- Other subjects have been raised in the consultation responses
 - Registration of more than one shipper per legal entity
 - Allocation of energy costs across different customer portfolios
- They will be recorded and brought forward during the next phase

Purpose & Scope of Our Topic Review

Provide additional information to help to confirm a broad set of requirements

Assist with the definition of the scope of the future phases of Project Nexus

IMPACTS ON

- **Arrangements for managing supply point data**
- **The scope and nature of xoserve's services**
- **Interfaces with industry participants and industry processes**

- **The principal risks, assumptions and interdependencies associated with the topics**

KEY FEATURES THAT

- **Drive the requirement for investment expenditure**
- **Impact post delivery running costs**
- **Influence the benefits case**

- **The key dependencies on contractual, regulatory and legislative change**

Categorisation of Topics

Category	Topic	Industry Framework
Within prevailing scope of agency services	<ul style="list-style-type: none"> • Supplier Switching • Market Differentiation • Connection & Registration • Increased Reads • Reconciliation • AQ Management • Volume Capture • Invoicing Rules • Retrospective Updates 	Uniform Network Code
Outside prevailing scope of agency services	<ul style="list-style-type: none"> • iGT Services 	iGT Uniform Network Code and iGT / GT licence
	<ul style="list-style-type: none"> • Data Management (including central store for smart metering data) 	No formal framework at present

Key Points Within Prevailing Scope

- Arrangements for Managing Supply Point Data
 - Increased Reads
 - Reconciliation
 - Volume Capture
- Scope of Services
 - Volume Capture
 - Connection & Registration
- Nature of Services
 - Market Differentiation
 - Increased Reads
 - Supplier Switching
- Interfaces
 - Cross topic discussion

Key Points Within Prevailing Scope

- Investment and Ongoing Costs
 - Increased Reads
 - Supplier Switching
 - Market Differentiation
- Benefits
 - Magnitude and beneficiaries not clear
- Risks
 - High level of change
 - Mitigation through agreement
- Interdependencies
 - Data Management
- Contractual Dependencies
 - Largely UNC

Key Points Outside Prevailing Scope

- iGT Services

- Potential to create significant benefit
- Significant change to arrangements for managing supply point data
- Key dependency on governance and funding arrangements
 - CSEP Governance Review Group
- Once key dependencies are understood possible to explore further

- Data Management

- Major potential impacts on arrangements for managing supply point data and scope and nature of services
- Significant potential benefits
- Significant contractual, regulatory and potentially legislative change
- Further clarity is required on possible operating models

Review Conclusions

- Focus on services that by their nature are “agency services”
- Where changes are being considered, important to understand and agree at an early stage:
 - Responsibilities for providing services
 - Funding principles
- All topics should remain in scope for further consideration
- The scale of potential change and benefits merit the industry investing effort to understand options and requirements

Project Nexus

Questions?

Project Nexus

Tea and Coffee

From Topics to Requirements

Nick Salter

Head of Strategy and Development

xoserve

Moving to the Next Phase

- Looking ahead
- Timescale
- Deliverables
- Approach

Moving to the Next Phase

- Consultation responses cover the whole range of our services
- Initial conclusions from responses and review of topics
- How should topics be taken forward, to establish:
 - If change is desirable
 - Requirements

Completing the Consultation

		2008						2009		
		Jun / Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Industry	Stage 1 ✓		Stage 2 ✓			★ Stage 3				
		Consider Responses ✓		Consider Responses ✓					Consider Responses	Consultation Conclusions
xoserve										

- Summary of Stage 2 responses
- Review of selected topics
- Next phase definition
- Next phase approach

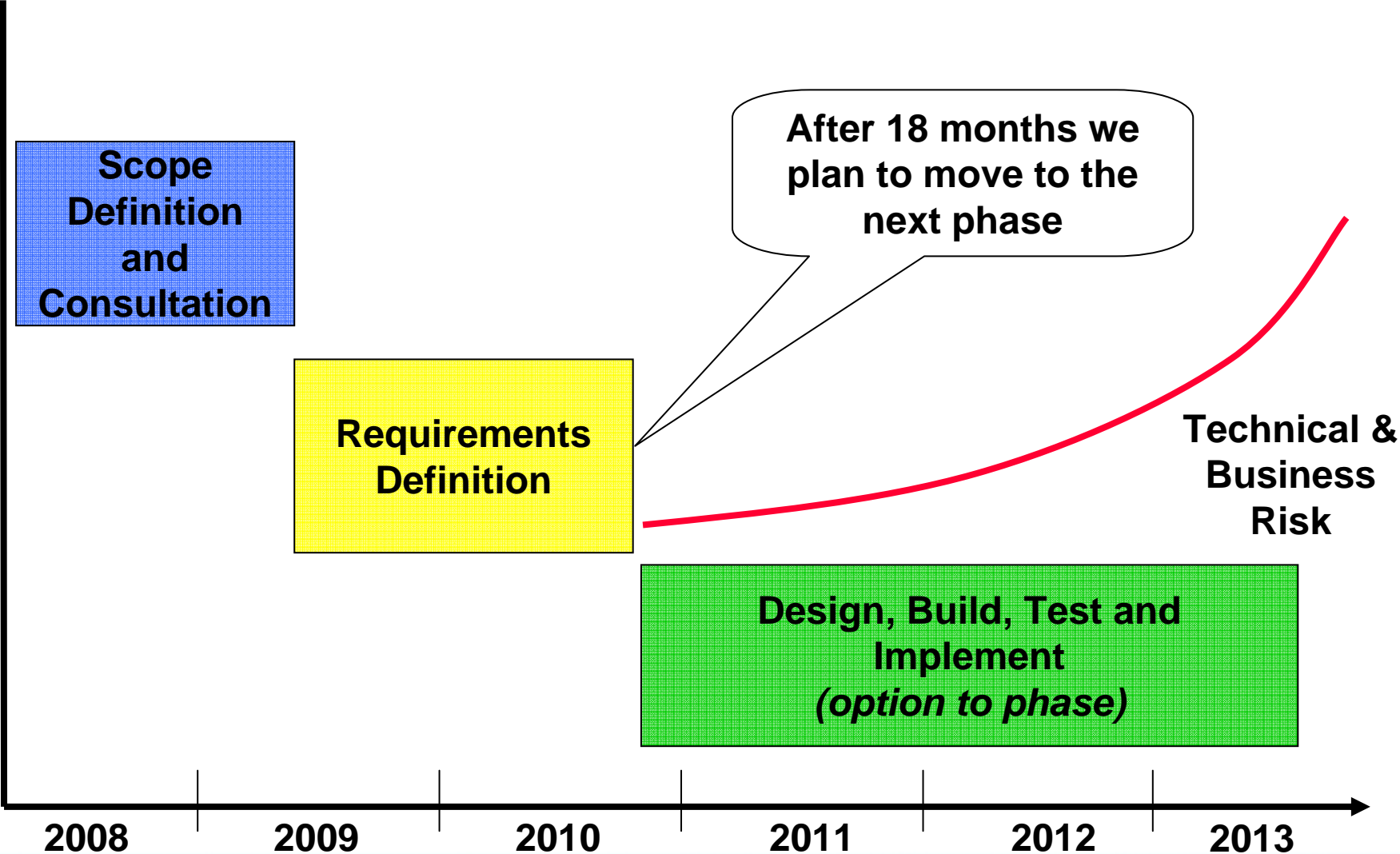
Refresher on Purpose

- Understanding strategic requirements for xoserve's services
- Baseline a set of requirements for up to 10-15 years ahead
- Inform xoserve's system investment plans

So What's Next?

- To incorporate new requirements in investment decisions we will need definition before the design and build phase
- We are planning to move to design from Autumn 2010

Revised Timeline



Purpose and Deliverables of Next Phase

- Industry agreed definitions of the future scope and nature of agency services
- Requirements and business rules developed to a level of confidence to allow all to make robust investment decisions
- Priorities for introducing new services or changes to services
- Principles to identify who will fund investment in services
 - The beneficiaries of services
 - Associated commercial and regulatory responsibilities

Key Factors Determining Approach

- Topics are both within and outside the current scope of agency services
- Governance frameworks for determining business rules
- Wide range of interested stakeholders
- Some general principles should be clarified at an early stage
- Work is already ongoing to address a number of topic areas
- Planned timing to move to the design phase

Within Prevailing Agency Scope Topics

Category	Topic	Industry Framework
Within prevailing scope of agency services	<ul style="list-style-type: none">• Supplier Switching• Market Differentiation• Connection & Registration• Increased Reads• Reconciliation• AQ Management• Volume Capture• Invoicing Rules• Retrospective Updates	Uniform Network Code

Within Prevailing Scope Preparatory Activities

- Prioritisation and grouping of topics
- Assumptions that support the development of requirements
- Governance arrangements and engagement approach for the requirements gathering phase
- The principles of funding change, given commercial and regulatory responsibilities

Within Prevailing Scope Requirements Definition

- Phased in accordance with the agreed prioritisation and grouping of topics
- Conducted in a manner consistent with the UNC
- Administered by the Joint Office
- xoserve's role
 - Facilitate, co-ordinate and manage a programme of work
 - Provide information on the nature of interdependency and connectivity between topics
 - Provide advice and support to industry participants' discussions

Outside Prevailing Scope Topics

Category	Topic	Industry Framework
Outside prevailing scope of agency services	• iGT Services	iGT Uniform Network Code and iGT / GT licence
	• Data Management (including central store for smart metering data)	No formal framework at present

- Utilise existing industry forums and build on discussions already taking place
- Prior to requirements definition, we envisage existing forums would address:
 - Assumptions
 - Governance arrangements
 - Responsibilities of industry participants for the provision of services
 - Identify industry participants who will fund investment

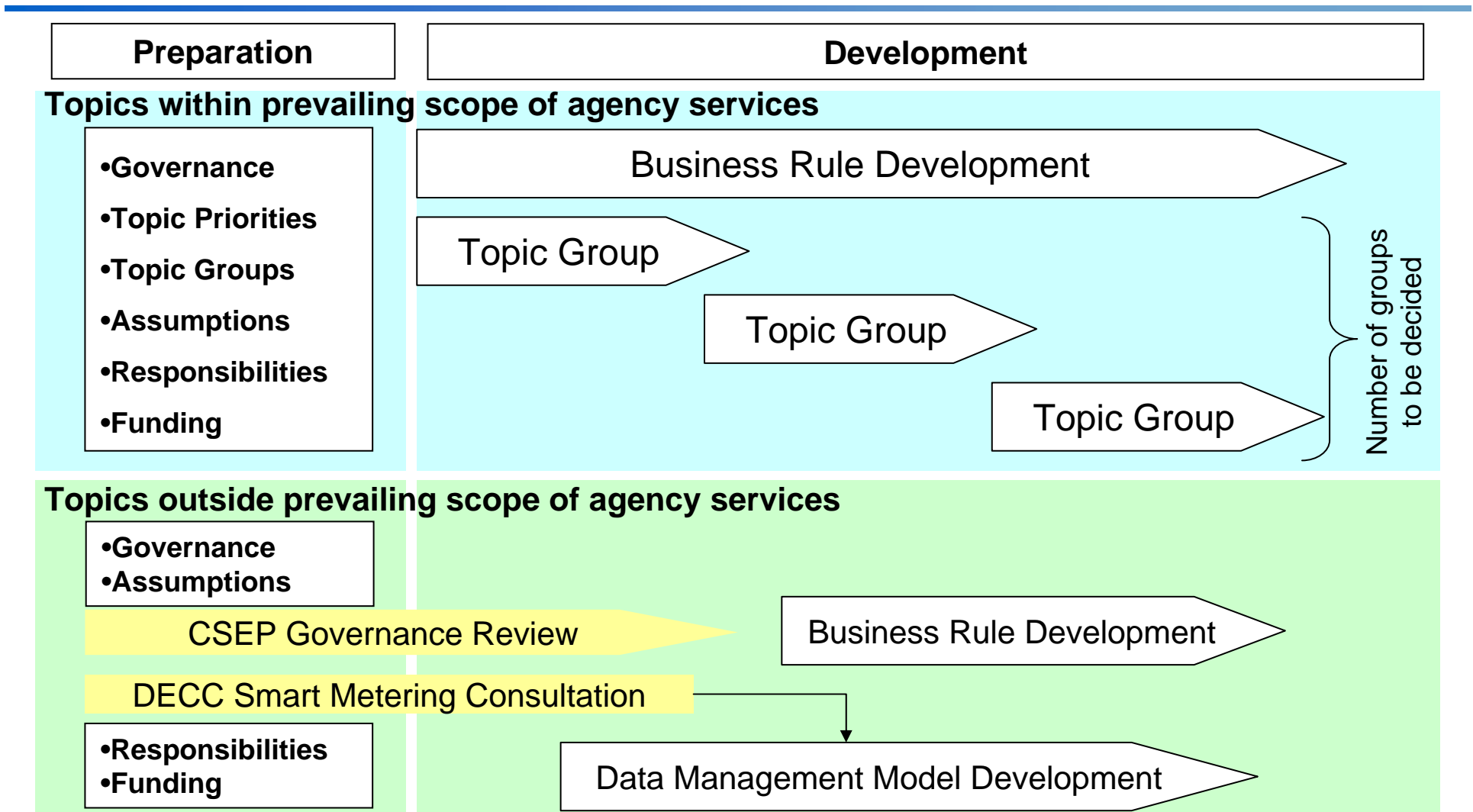
Outside Prevailing Scope iGT Services

- CSEP Governance Review Group is actively considering preparatory issues - xoserve will continue to provide input and support
- Depending on outcome, likely to proceed in a similar manner to within prevailing scope topics, but additionally:
 - Further engagement with iGT organisation representatives
 - Progress business rules through both UNC and iGT UNC
 - Involve all relevant code administrators
- Review Group progress to be closely monitored to understand dependencies and assess impact for Project Nexus

Outside Prevailing Scope Data Management

- Smart Metering: DECC's Market Model Definition and Evaluation Project includes options for a centralised approach to the management of the data
- As data management is not confined to rollout of smart metering, we suggest work is needed to develop a greater collective understanding of the drivers and potential opportunities and impacts
- The impact of DECC's conclusions on data management will need to be considered during this work
- xoserve will facilitate a number of initial workshops to develop the scope of the work

Next Phase Approach



In Conclusion

- We are proposing
 - To maximise use of existing governance frameworks
 - Tailor approaches for topics within and outside prevailing scope of agency services
- The approach will require input from all parties - shippers/suppliers, transporters and other parties
- xoserve will support the approach
- We are planning to move to the design phase from Autumn 2010
- Window of opportunity to enable robust systems investment decisions across the industry

Responding to the Consultation

- Responses by **Friday 16th January, 2009**
- Send to xoserve.projectnexus@xoserve.com
- Same mailbox for queries, or contact
 - Graham Frankland, Customer Manager – 0121 623 2355
 - Martin Baker, Business Planning Manager – 0121 623 2692

Project Nexus

**Tim Davis, Chief Executive, Joint
Office of Gas Transporters**

The View from the Joint Office



Tim Davis

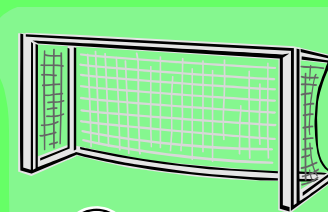
Joint Office
of Gas Transporters

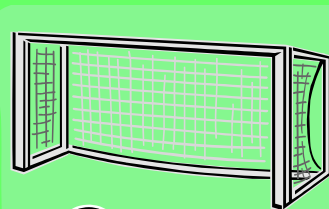
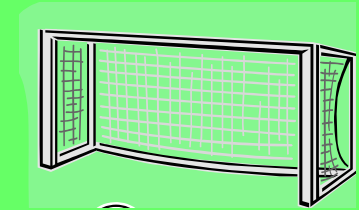
Ofgem Principles

- Inclusive, accessible and effective consultation
- Transparent easily understood rules and processes
- Independent and objective administration
- Deliver rigorous and high quality analysis of the case for and against proposals
- Cost effective
- Flexible to circumstances – allowing for efficient change management
- Be delivered in a manner that results in a proportionate regulatory burden

Three Cs

- Clarity
- Commitment
- Consistency





Three Cs

- Clarity
- Commitment
- Consistency

Three Ps

- Planning
- Preparation
- Participation

The View from the Joint Office



Tim Davis

Joint Office
of Gas Transporters

Project Nexus

Questions to the Panel

Project Nexus

Conclusions and Next Steps