

## **Project Nexus Implementation Steering Group – Terms of Reference**

### **Scope and Purpose**

1. The primary purpose of the Project Nexus implementation Steering Group (the “Steering Group”) is to facilitate the timely implementation of systems to replace the existing UK Link systems, and incorporate those enhanced business processes developed as part of Project Nexus. In particular, the Steering Group will provide governance around matters which do not sit readily within the terms of reference of existing industry groups and/or which Xoserve cannot appropriately determine at its sole discretion due, for example, to the implications for wider market participants. The steering group will therefore provide a forum for cross-industry decision-making on the implementation of Project Nexus.
2. The Steering Group will not generally consider matters which may ordinarily be determined under an established governance body (e.g. a sub-committee or workgroup of the uniform network code (UNC)). However, should any matter that is scheduled to be determined under existing governance need to be resolved in a timescale or manner that is not consistent with the ordinary practice of that governance, the Steering Group may communicate, to that governance, the importance of the decision to Project Nexus, including any dependencies and associated deadlines.
3. The Steering Group can make decisions on issues relating to the transition to the new Link systems on 1 October 2015. This includes actions on Xoserve and industry parties to ensure they are ready for the new systems. However, decisions to change the 1 October implementation date set out in the UNC cannot be made by the Steering Group. As set out in paragraph 2, changes to the UNC would need to be progressed through existing code governance processes. In the event that the Steering Group determines that the “go live” criteria have not and/or cannot be met, it will issue a report to that effect and provide a recommendation on the necessary action. To the extent that the recommendation may require a change to the scheduled implementation date and/or other modification to the UNC, this will be progressed as an urgent UNC modification proposal.
4. The Steering Group will be supported by independent project assurance/management (PA/M), to be appointed by Ofgem.
5. The Steering Group will be responsible for monitoring and liaising with other industry governance bodies, such as UNC work streams that are considering business relevant to Project Nexus.
6. Should any member of the Steering Group become aware of any other committee or governance body which is affected by, or has an impact upon, Project Nexus they shall report this to the Steering Group so that appropriate action can be taken.

**Deliverables: Steering Group**

7. The responsibilities of the Steering Group, will include, but not be limited to:
  - a. agreeing a holistic plan to fully incorporate all stakeholder deliverables and dependencies;
  - b. providing change control for any documents produced under a) and communicate such changes to all stakeholders;
  - c. overseeing regular progress, readiness and issue reporting from the PA/M to wider stakeholders;
  - d. recommending remedial action if a UNC party's plan does not appear to facilitate readiness for implementation, and/or progress against that plan is not maintained;
  - e. informing, and where appropriate, influencing the recommendations and/or decisions of any relevant governance body, as required, where they may result in a significant impact on the overall implementation plan;
  - f. considering and deciding upon (or, to the extent a UNC modification may be required, recommending) actions to mitigate the risk(s) to the 1 October implementation date;
  - g. approving a documented "go/no go" framework and methodology for testing readiness against that framework document (as determined by the PA/M), and subsequently testing readiness against that framework;
  - h. considering options (including the costs and benefits of each option) and providing a recommendation on alternative implementation dates in the event that "go" criteria are not met;
  - i. considering and providing recommendations on potential remedies that would offset the impacts on UNC parties of any alternative implementation date.

**Deliverables: PA/M**

8. Unless otherwise instructed by the steering group, the deliverables of the PA/M will be those set out in contract, which will include but not be limited to:
  - a. Provide pro-active leadership and management to the market wide programme, supported with ad-hoc deliverables and reporting required to achieve this objective.
  - b. Maintain a cohesive 'assurance plan' for Nexus – which highlights the schedule of assurance activities at key points and the key assurance providers.
    - i. Agreeing and rolling-out GONG framework covering market trials entry, market trials exit and final go/no-go criteria.
    - ii. Monitoring and reporting on industry progress and readiness against the criteria including periodic audit/validation of supporting evidence on a sample basis. Roll-out of assessments via the PwC Assurance Hub to support early and transparent measurement of participant progress towards key implementation milestones.
    - iii. Providing ongoing project assurance reports to the steering group,

- including recommendations for remedial action where necessary in order to ensure that the implementation date remains viable.
- c. Building on the milestones in the assurance plan, own and maintain the market-wide Nexus implementation plan. This will draw on plans and data held by xoserve and relevant market participants.
  - d. Project Management Office ('PMO') duties, including planning, progress monitoring, risk and issues management and steering group pack preparation/presentation.
    - i. Coordinating BAU Steering Group pack including ongoing aggregation of market-wide information, progress, risks and issues reporting.
    - ii. Maintaining documentation such as risk and issues logs, and an assumptions register.
    - iii. Performing specific risk and issue 'deep dives' as instructed by the PNSG – e.g. RAASP/US feasibility.
    - iv. Highlighting potential future issues, based on our experience of similar transformation programmes.
  - e. Market Trials coordination of Industry participants for market trials and reporting
    - i. Coordinating industry input into a revised market trials plan and approach
    - ii. Aligning views on the extent, depth and breadth of market trials
    - iii. Coordinating further industry input into market trials as the approach is executed.

## **Membership**

9. The Steering Group shall comprise, and unless otherwise agreed by the group, be limited to, one representative from each constituency listed below:
  - a. Joint Office – Chair
  - b. Ofgem
  - c. Xoserve
  - d. GT - Distribution
  - e. GT - NTS
  - f. GT – independent
  - g. UNC User - Small/newer entrant shipper
  - h. UNC User - I&C shipper
  - i. UNC User - Large mixed portfolio shipper
  - j. Ofgem-appointed project and assurance manager - advisory
  - k. Joint Office – secretariat
10. Each Steering Group member will need to have sufficient experience and knowledge of the issues arising from the implementation of Project Nexus which may include, but not be limited to, the operation of the UNC arrangements and/or the implementation of large-scale IT projects.
11. Steering Group members are required, as far as possible, to represent the views of companies that fall within their constituency. Such members are therefore expected to communicate with other parties within that constituency and solicit

01 September 2015

views on the issues listed on the agenda for consideration. The member will be required to act in good faith, reconciling as far as possible the views of all those they represent on Project Nexus implementation issues.

12. Steering Group members have the responsibility for arranging for an alternate from their constituent grouping in the event that they are unable to attend any scheduled meeting of the Steering Group, in whole or in part.
13. Upon invitation by the Chairman, individuals such as subject matter experts may attend a specific meeting of the Steering Group if members agree in advance that the input of such an individual would assist them in discharging the scheduled business of that meeting.

## **Decisions**

14. The voting members of the Steering Group will be the three representatives of gas transporters, and the three UNC user representatives. The Steering Group will be quorate if at least two transporter representatives and at least two UNC user representatives are present.
15. *Decisions* on implementation issues will be taken by a simple majority of voting members present (whether in person or via telephone). These decisions will not cover matters that which may ordinarily be determined under an established governance body as set out in paragraph 2.
16. In the event that a simple majority cannot be reached, the decision will be tabled at the next scheduled meeting of the Steering Group, unless:
  - a. the chairman considers the matter to be of sufficient urgency that it cannot reasonably await the next scheduled meeting, in which case the chairman will schedule an additional ad hoc meeting. No additional items other than the urgent matter(s) will be added to the business of the ad hoc meeting; or
  - b. the chairman considers that deferment and/or consideration of further information is impracticable or unlikely to produce a different result, in which case the Ofgem representative may be invited to exercise a casting vote. In exercising any casting vote, the Ofgem representative will have regard to the relevant objectives of the UNC and its wider statutory duties.
17. Where a matter which is relevant to Project Nexus implementation is to be decided upon by another governance body, the steering group may make a *recommendation* to that body. Recommendations will also be made on the basis of a simple majority vote, but in the event of an equal split of votes no casting vote shall be applied. The votes underpinning the recommendation, or as the case may be the failure to reach a recommendation, will be communicated to the relevant governance body ahead of any decision being taken.

## **Timescales**

18. The Steering Group will initially meet on a fortnightly basis with at least one meeting in every four weeks being a physical meeting (i.e. not a teleconference).

01 September 2015

19. All physical meetings will be held at Ofgem's offices, Millbank, London.
20. The Steering Group will have fulfilled its terms of reference and will cease to meet when the UNC modifications which set out the requirements of Project Nexus have been implemented in full.

### **Communication**

21. The Steering Group will collaborate with Xoserve to ensure that an open and transparent communications strategy is established and maintained.
22. Minutes and deliverables of the Steering Group will be published on the website of the Joint Office within [5] days of the meeting.
23. Other than in the case of urgent matters as referred to in paragraph 15(a), all items for consideration by the Steering Group will be placed on the agenda for a scheduled meeting at least [5] working days ahead of that meeting taking place.
24. Information presented to the Steering Group and/or made available for publication by the PA/M will be in a non-attributable, anonymised form.
25. Any information provided directly to the PA/M will, unless otherwise stated, be treated in confidence and subject to the confidentiality provisions of the contract between the PA/M and Ofgem. In this regard the PA/M will be acting as Ofgem's agent and any information requested by the PA/M or directly by Ofgem will be pursuant to its statutory duties and handled in accordance with its information-handling processes.
26. Notwithstanding paragraph 24, no Steering Group member shall use or disclose any information that it becomes privy to by serving on the Steering Group, other than that which is to be published or otherwise agreed to be disclosed as part of the Steering Group's communication strategy.