ofgem Making a positive difference
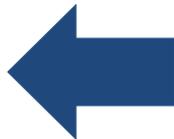**for energy consumers**

**Project Nexus
Governance Model**

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Summary of Nexus Governance proposals

ofgem Making a positive difference for energy consumers

Feedback from Xoserve and participants indicates that it is necessary to improve the governance of Project Nexus. This pack outlines the proposed changes, rationale and benefits.
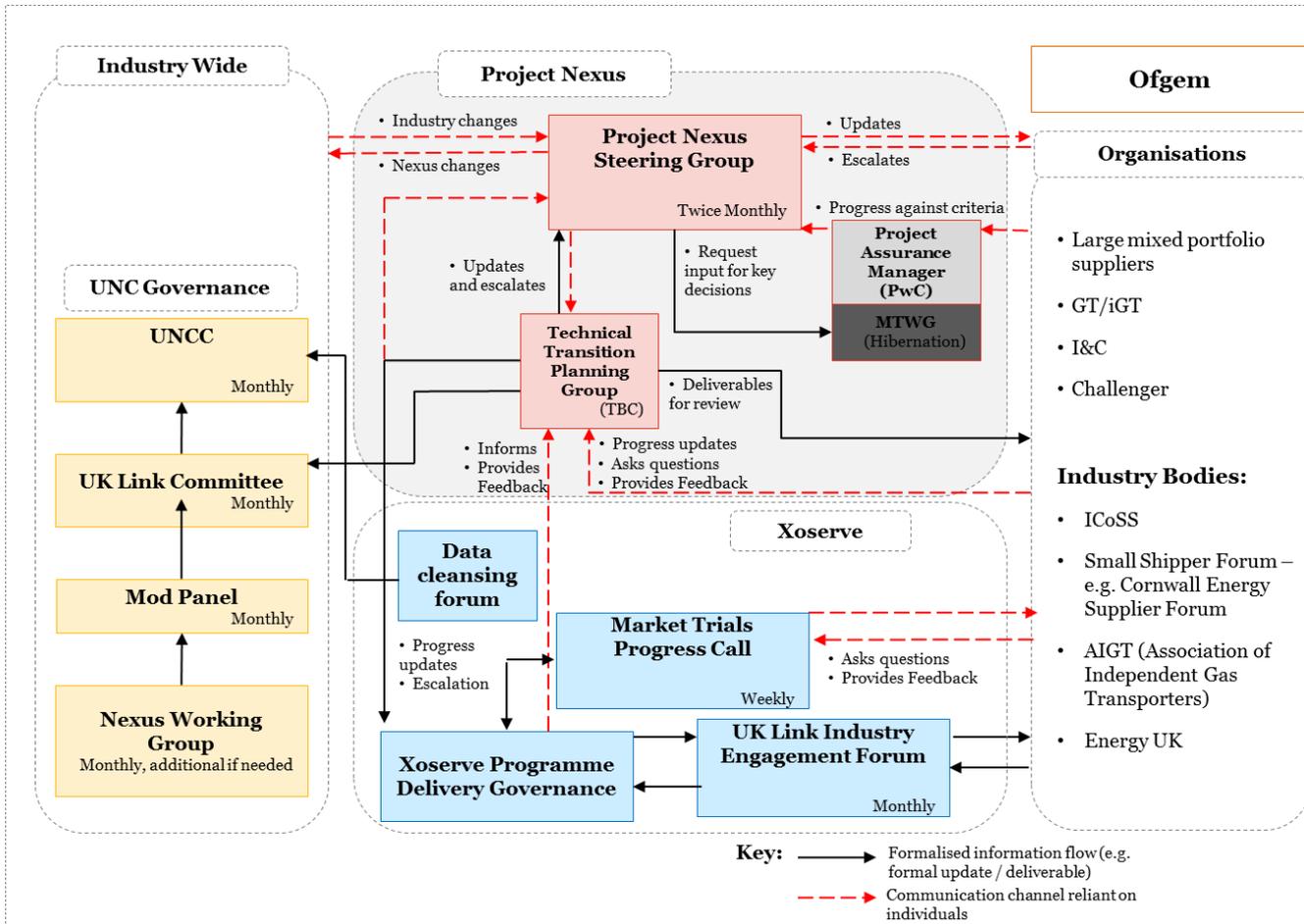
Programme Benefits

- Provide more efficient mechanisms to fully engage the right people

- Facilitate quicker consultation and decision making

- Drive a delivery focussed approach

- Greater transparency across the whole programme

Change	Outcomes
• A new senior executive sponsor group	• Appropriate level of executive support • A shift in behaviour across the programme towards constructive delivery
• Refocussed Project Nexus Steering Group (PNSG)	• A primary decision making body • Driven and accelerated decision making • Decisions that are aligned to the delivery strategy
• A new Project Nexus Delivery Group (PNDG)	• Effective review and management of delivery progress and issues • Effective co-ordination cross programme
• A cross industry project management function	• A greater transparency of progress and risks to all relevant parties

Key changes and rationale

The current governance structure and communication has evolved over time….

Industry Wide

UNC Governance

- UNCC — Monthly
- UK Link Committee — Monthly
- Mod Panel — Monthly
- Nexus Working Group — Monthly, additional if needed

Project Nexus

- Project Nexus Steering Group — Twice Monthly
- Technical Transition Planning Group (TBC)
- Project Assurance Manager (PwC)
- MTWG (Hibernation)
- Data cleansing forum

Xoserve

- Market Trials Progress Call — Weekly
- Xoserve Programme Delivery Governance
- UK Link Industry Engagement Forum — Monthly

Ofgem

Organisations
- Large mixed portfolio suppliers
- GT/iGT
- I&C
- Challenger

Industry Bodies:
- ICoSS
- Small Shipper Forum – e.g. Cornwall Energy Supplier Forum
- AIGT (Association of Independent Gas Transporters)
- Energy UK

Flows:
- Industry changes
- Nexus changes
- Updates
- Escalates
- Progress against criteria
- Updates and escalates
- Request input for key decisions
- Deliverables for review
- Informs / Provides Feedback
- Progress updates / Asks questions / Provides Feedback
- Progress updates / Escalation
- Asks questions / Provides Feedback

Key:
— Formalised information flow (e.g. formal update / deliverable)
- - - → Communication channel reliant on individuals

Issue boxes (right column):
- Unclear decision rights
- Issues circulate
- Lack of executive sponsorship
- Indistinct accountability
- Slow decision making
- Lack of a robust cross industry plan
- Industry and market participant experience is sometimes not effectively utilised

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… and is not aligned with leading practice

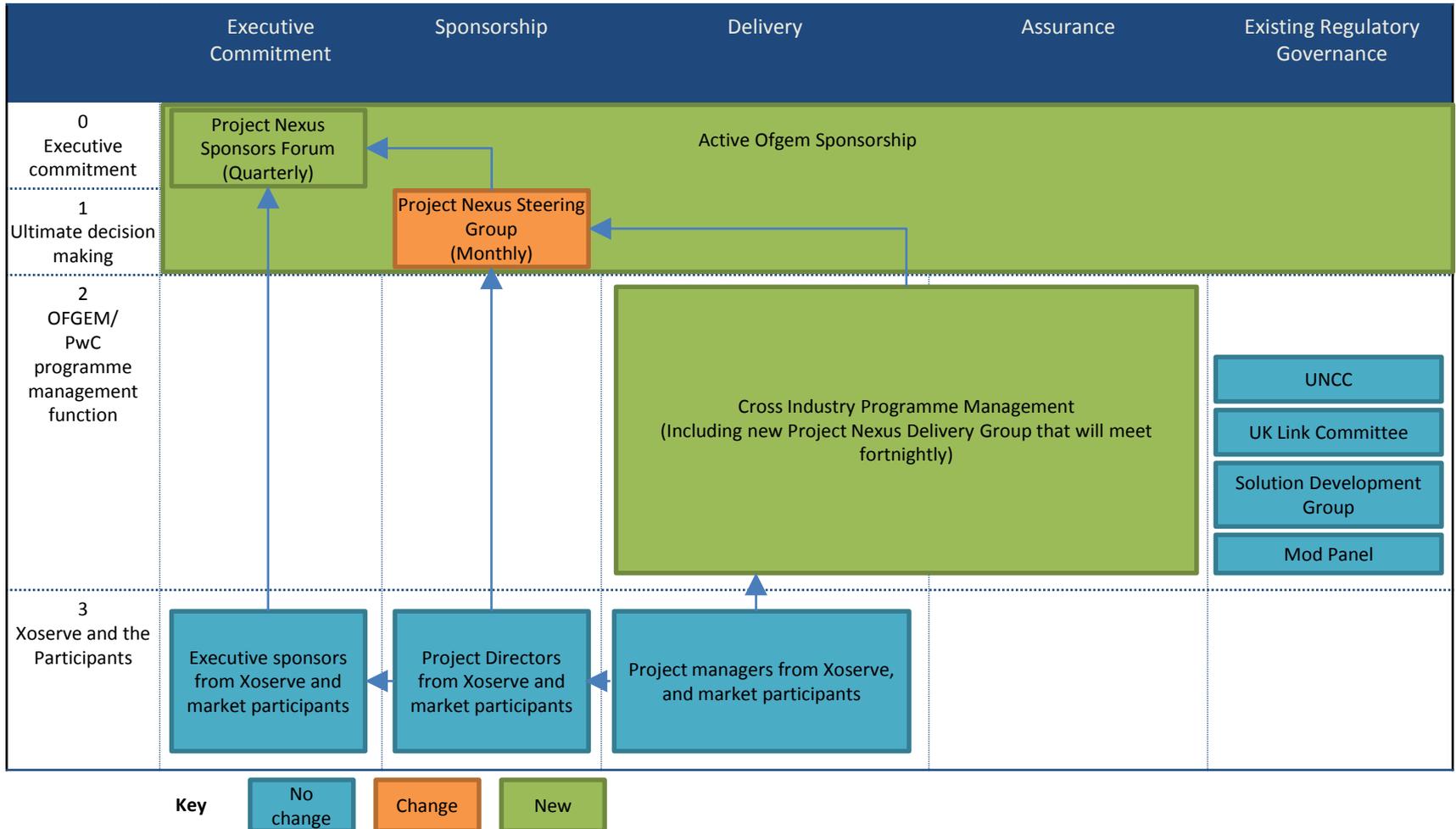**Best practice governance principles**

• Clarity over the decision rights and composition of each body	• Adoption as far as possible of a standard programme structure
• Rapid decision making	• Clear accountability for overall programme success
• Transparency across the programme	• Skills and experience of Xoserve and market participants leveraged appropriately
• Adoption of the learning and best practice from industry successes	

We are proposing changes to the existing governance structure to overcome these issues and move governance towards leading practices. Specifically the changes include:

- An active sponsorship by Ofgem which will include their chairing of key meetings;
- A new Project Nexus Sponsors Forum that will ensure that executive sponsors are fully engaged and understand what is expected of their respective organisations;
- A reset Project Nexus Steering Group that will provide a mechanism for informing decisions over scope, design, timetable and delivery strategy;
- A new Project Nexus Delivery Group that will provide a focal point for cross industry coordination between Xoserve and market participants; and
- A new Cross Industry Programme Management function that will play a central role in driving the new governance model and driving coordination and delivery across the industry.

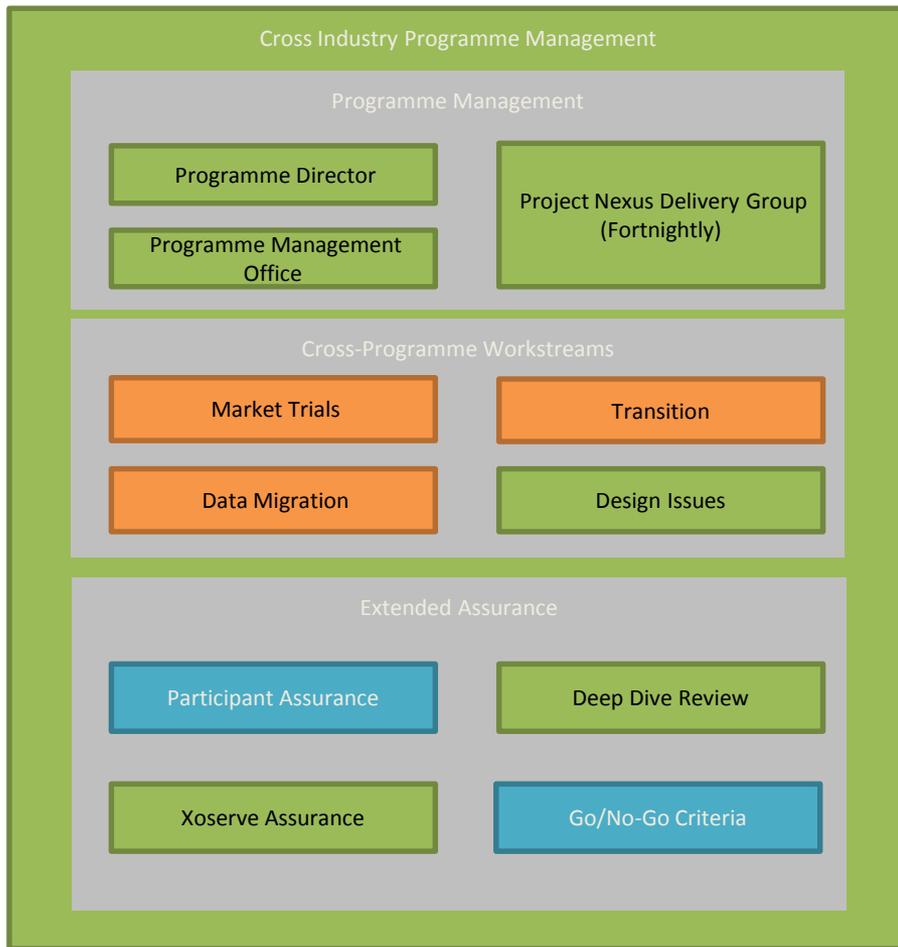These changes are described further in the following slides.

Structure and principal changes

	Executive Commitment	Sponsorship	Delivery	Assurance	Existing Regulatory Governance
0 Executive commitment	Project Nexus Sponsors Forum (Quarterly)	Active Ofgem Sponsorship			
1 Ultimate decision making		Project Nexus Steering Group (Monthly)			
2 OFGEM/ PwC programme management function			Cross Industry Programme Management (Including new Project Nexus Delivery Group that will meet fortnightly)		UNCC / UK Link Committee / Solution Development Group / Mod Panel
3 Xoserve and the Participants	Executive sponsors from Xoserve and market participants	Project Directors from Xoserve and market participants	Project managers from Xoserve, and market participants		

Key   No change   Change   New

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Summary of key changes

Function/ Group/Board	Purpose	Change required
Active Ofgem Sponsorship	• Ensure that decisions are made in a timely manner and take account of the greater programme context	• Attendance and chairing of the PNSF, PNSG and PNDG
Project Nexus Sponsors Forum (PNSF)	• Ensure that executive sponsors in Xoserve and participants are engaged and understand what is expected of their respective organisations	• Creation and establishment of PNSF
Project Nexus Steering Group (PNSG)	• Ensure the right information is provided to the right people to allow critical decisions to be informed and issues to be resolved rapidly	• Ensure the group is focused on the right level and that detailed matters are delegated to the other appropriate bodies within the CIPM
Cross Industry Programme Management (CIPM)		
	• Drive detailed collaboration, delivery and issues resolution across the Xoserve and participant delivery teams • The CIPM includes the Project Nexus Delivery Group (PNDG), Programme Management Office (PMO). Cross-Programme Workstreams (CPWs) and assurance of Xoserve and participant delivery. More information on these may be found on the next page	• Creation and establishment of PNDG, PMO • Creation, establishment, and management of CPWs • Extend existing assurance to include Xoserve delivery

Cross Industry Programme Management

Cross Industry Programme Management

Programme Management

Programme Director

Programme Management Office

Project Nexus Delivery Group (Fortnightly)

Cross-Programme Workstreams

Market Trials

Transition

Data Migration

Design Issues

Extended Assurance

Participant Assurance

Deep Dive Review

Xoserve Assurance

Go/No-Go Criteria

Key | No change | Change | New

Cross Industry Programme Management (CIPM)	
Project Nexus Delivery Group (PNDG)	• Act as the first point of escalation for cross industry issue resolution • Drive cross industry delivery
Programme Management Office (PMO)	• Responsible for advising on the programme's progress against plans • Develop and maintain standard tools and templates and record and manage risks, issues and changes • More details can be found on the next page
Cross-Programme Workstreams (CPWs)	• Manage and drive coordination and progress across the programme participants in key areas such as market trials, design issues, data migration and transition
Xoserve Assurance	• Assurance of Xoserve core system capabilities and how well this meets industry requirements
Deep Dive Review	• Conduct a deep dive review of the deliverability of the overall programme

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Programme Management Office (PMO)

Membership

- Programme Management Office lead
- Programme Management Office support team
- Risk and Quality Management Lead
- Issues Resolution Lead
- Schedule Lead

Inputs

- Baseline roadmap
- Programme level risk and quality reporting
- Xoserve and market participant status reports
- Programme risks and issues
- Change requests
- Change log

Outputs

- Portfolio dashboard report and status narrative
- Recommendations regarding decisions required and issue resolution
- Programme wide plan showing key cross industry dependencies
- Programme RAID log
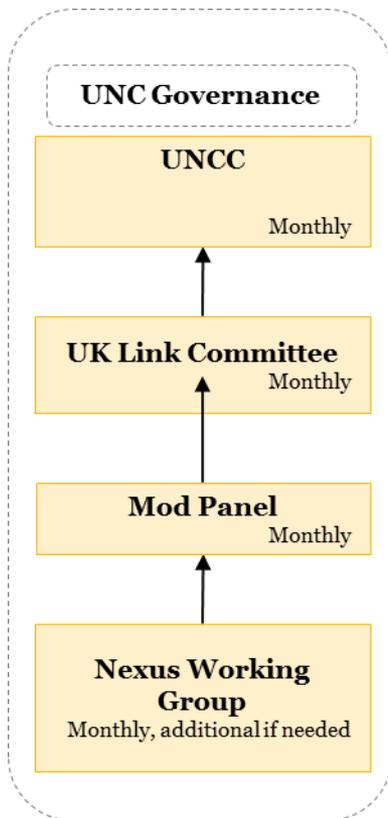- Prioritisation framework and decision criteria

Objectives

1. To drive overall alignment of Xoserve and market participants around a single view of the programme plan, status, issues and risks
2. The Programme Management Office's remit includes but is not limited to:
   - Collation, assessment and escalation of change requests, stakeholder management, risks, issues, actions, decisions, schedules;
   - Prioritisation of programme activities; and
   - Recommendations to the PNSG regarding decisions.
   - Develop, maintain and publish standard tools and templates to record and manage risks, issues, actions, decisions, schedule and changes on a routine business rhythm.
3. Communications
   - Develop, maintain and communicate the overall plan for Project Nexus; and
   - Execute programme communications in accordance with the plan.
3. Manage implementation of new programme governance arrangements
4. Provide secretariat to the new PNSF, revised PNSG and new PNDG

Escalation

- As required

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Interactions with existing industry governance

We will work with existing governance processes in order to establish a more agile approach to reviewing and agreeing any changes that need to go through industry governance.

UNC Governance

UNCC
Monthly

UK Link Committee
Monthly

Mod Panel
Monthly

Nexus Working Group
Monthly, additional if needed

Principles of change
• Work with existing industry governance
• Establish a reasonable process of decision and issue management
• Improve the ability of existing governance to be responsive to programme decisions
• Timelines to be set on a case by case basis

Project Nexus UNC Working Group:

- It is anticipated that this group will continue until current modifications are discharged, at which point it will cease to exist
- In the event of further formal modifications, it will be determined if necessary for the group to reform or if these can be cleared within an existing distribution workgroup as appropriate

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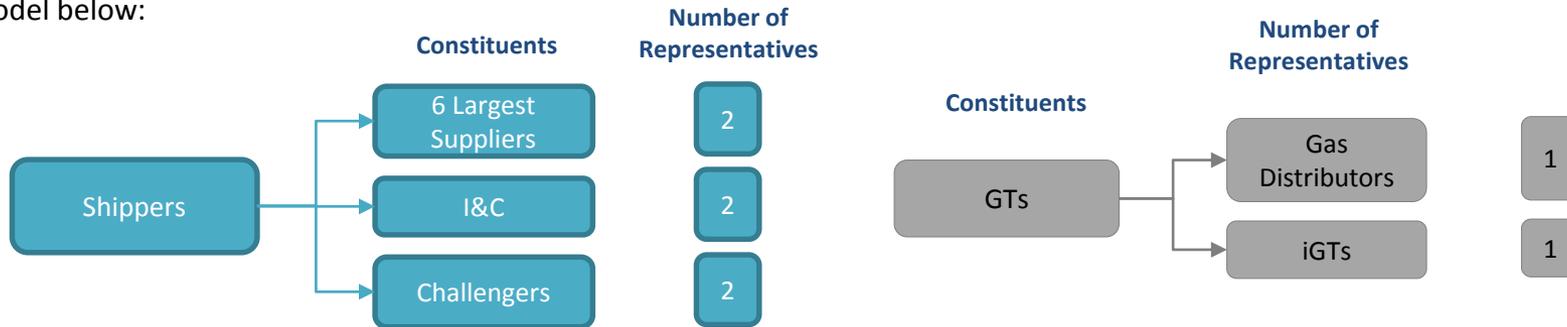# Terms of reference documents for PNSF, PNSG and PNDG

Group Composition and Attendance

		PNSF		PNSG		PNDG	
		Now	Future	Now	Future	Now	Future
Xoserve			X	X	X		X
Ofgem			X	X	X		X
Shippers			X	X	X		X
GTs			X	X	X		X
IGTs			X	X	X		X

Group	**Meeting Attendee Representation**
• Project Nexus Sponsors Forum (PNSF)	• Representatives from all organisations are expected to attend
• Project Nexus Steering Group (PNSG)	• A constituency based representation model will be implemented - more details regarding this may be found on the following pages • There will be a broadcast summary meeting held after the PNSG for all market participants to attend to ensure good communication of outcomes
• Project Nexus Delivery Group (PNDG)	• Representatives from all organisations will be invited • An organisation may nominate a designated representative from their constituency if they do not wish to attend any particular meeting. Such representation must be notified in advance. • There is an expectation that there will be consistent attendees, all issues will be submitted in advance, and timing will be rigorously adhered to

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Participant Representation at PNSG

Participant Representation Model: The Project Nexus Steering Group (PNSG) attendee structure will follow the representation model below:

Constituents	**Number of Representatives**
6 Largest Suppliers	2
I&C	2
Challengers	2

Shippers

Constituents	**Number of Representatives**
Gas Distributors	1
iGTs	1

GTs

Principles of representation
• All organisations will be represented
• All representatives will be a named individual who is expected to attend the majority of meetings
• Constituents will agree how they will be represented – it remains the responsibility of individual shipper and gas transporter communities to nominate and decide their representative(s) for each group. The constituent groups are outlined on the next page

The role of representative
• Review issues raised by constituents prior to their submission
• Ensure issues are properly documented prior to submission
• Ensure they understand issues sufficiently to explain them to the meeting
• Representatives are **not** screening issues. The final decision on whether an issue is submitted rests with the originating constituent.

Participant Representation Constituencies

Shippers			GTs	
6 Largest Suppliers	I&C	Challenger	GDN	iGT
British Gas	BP Gas Marketing Limited	Barrow Shipping	Scotia Gas Metering	Brookfield Utilities UK
E.ON	Contract Natural Gas Limited	Better Energy Supply LTD	National Grid (Transmission & Distribution)	Energetics Gas Limited
EDF	Co-Operative Energy Limited	Daligas Limited	Northern Gas Networks	ES Pipelines
Npower	Corona Energy	First Utility Limited	SGN	Fulcrum Pipelines Limited
Scottish Power	Crown Gas & Power	Flow Energy Ltd	Wales & West Utilities Ltd	Indigo Pipelines Limited
SSE	DONG Energy Sales (UK) Ltd	Green Energy (UK) Plc		
	ENGIE	Green Star Energy		
	ENI	Hudson Energy Supply UK Limited		
	ExxonMobil Gas Marketing Europe Ltd	Opus Energy Limited		
	Gazprom	Places for People		
	Statoil (UK) Limited	Plus Shipping Services Limited		
	Total Gas & Power Ltd	Regent Gas Limited		
	WINGAS UK Limited	Smartest Energy		
		Spark Gas Shipping Ltd		
		The Renewable Energy Company Limited		
		Utilita		
		Vayu		
		Winchester Gas Distribution Limited		

Project Nexus Sponsors Forum (PNSF) – ToR

Frequency & Timing

- Quarterly and/or driven by strategic points in the programme
- 1-2 hours (face-to-face initially)

Objectives

- Ensure that executive sponsors in Xoserve and market participants are engaged and understand what is expected of their respective organisations; and
- Provide a forum for senior executives to be updated with overall delivery status and potential risk to consumers

Decisions taken

- None

Inputs

- Rolled up programme status reports
- Customer impact assessment
- Monthly summary circulated with highlights from PNSG meeting

Outputs

- Committed and engaged teams working collaboratively across the industry

Chair

- Rachel Fletcher (Senior Partner, Consumers & Competition – Ofgem)

Membership

- Senior executives who hold the responsibility for Nexus delivery within their respective organisations
- Chris Murray
- Rob Salter-Church

Standing Agenda

- Probability of successful delivery
- Risk to consumers

Escalation

- None

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Project Nexus Steering Group (PNSG) – ToR

Frequency & Timing

- Monthly with ability to call ad-hoc meetings when rapid decisions required
- 2 hours

Objectives

- Provide input on the impacts of decisions and preferred outcomes in order that the chair may make an informed decision;
- Approve a documented Go/No-Go framework and criteria; and
- Principal decision making on overall timeline, scope, Go/No-Go and gate progression

Decisions taken

- The chair has the ultimate decision making body for the programme regarding:

  - Schedule
  - Scope
  - GONG
  - Gate progression
  - Design
  - Changes
  - Issues resolution
  - Issues impacting consumers

Inputs

- Programme Dashboard (roll-up)
- Status narrative
- Escalated risks & issues
- Decisions required

Outputs

- Actions to be taken by programme participants and industry governance bodies
- Decisions regarding change, design, schedule and quality

Chair

- Rob Salter-Church (Partner, Consumers & Competition – Ofgem)

Membership

- **From participants:** Individuals with responsibility for delivery within their organisation. A representation model will be applied in order to ensure continuity of attendance and a workable group size.
- **From Xoserve:** The Project Director, Project Manager and Baringa
- **From PwC:** The Programme Director and other staff as required

Standing Agenda

- Probability of successful delivery
- Risk to consumers
- Risks, issues and mitigations
- Decisions required

Escalation

- Project Nexus Sponsors Forum (PNSF)

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Project Nexus Delivery Group (PNDG) – ToR

Frequency & Timing

- Fortnightly
- 3 hours

Objectives

- Oversee regular progress, readiness and issue reporting from the PMO to wider stakeholders;
- First point of escalation for cross industry issue resolution;
- Consider all changes with a potential cross programme impact for decision; and
- Consider and decide upon actions to mitigate risk(s) to the implementation date.

Decisions taken

- Decisions regarding:
  - L2 milestones
  - Design with no customer impact
  - Change recommendations e.g. to codes
- *Cannot make decisions regarding (must be escalated):*
  - *Overall timelines (L1 milestones)*
  - *Scope*
  - *GONG*
  - *Gate progression*
  - *Issues with a consumer impact*

Inputs

- Programme Dashboard (detailed)
- Status narrative
- Escalated risks and issues
- Change log
- Decisions required

Outputs

- Actions to be taken by programme participants
- Decisions regarding change, design, schedule and quality

Chair

- Jonathon Dixon (Senior Policy Manager, Consumers & Competition – Ofgem) with support from PwC

Standing Members

- **From participants:** Individuals who are managing the delivery projects or programmes within their organisations on a day-to-day basis.
- **From Xoserve:** The Xoserve Project Manager and Baringa
- **From PwC:** The Programme

Office Manager and the Cross Programme Workstream Manager and other staff as required

Standing Agenda

- Probability of successful delivery
- Risks, issues and mitigations
- Assurance report
- Project updates
- Working group updates
- Decisions required (changes/issues/etc.)
- Cross programme integration points

Escalation

- Project Nexus Steering Group (PNSG)

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Where and how do decisions get made

This section sets out the process for decision making in the governance structure.

Decision	Summary of process
Any decision **_not_** impacting overall timeline (L1 milestones), scope, GONG and/or gate progression.	• Decided within Project Nexus Delivery Group (PNDG) – ultimate decision responsibility is with the chair; • The Project Nexus Steering Group (PNSG) is informed of the decision outcome
Any decision which the PNDG as been unable to conclude	• Escalated to PNSG; • The Project Nexus Sponsors Forum (PNSF) is informed of the decision outcome
Any decision impacting overall timeline (L1 milestones), scope, GONG and/or gate progression.	• The PNSG will inform the meeting chair who will make any final decision or recommendation passed onto the relevant regulatory body to make a decision – ultimate decision responsibility is with the chair; • The PNSF is informed of the decision outcome

How decisions will be made:

- Representatives will present items requiring decisions on behalf on their constituents;
- These items will be discussed within the group – this discussion will be driven by the chair who will seek to drive this to a consensus;
- If a decision is not unanimous, or when otherwise necessary, the chair will hold the ultimate decision responsibility.

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Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.