



# Smart Meters Programme Schedule 8.8

(Projects) (CSP Central version)

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Amendment History		
Version	Date	Status
v.1	Signature Date	Execution Copy

## **SCHEDULE 8.8 PROJECTS**

### **1. INTRODUCTION**

- 1.1 This Schedule 8.8 sets out the process for:
- (a) the parties to agree the scope of a project under which the Contractor shall (in conjunction, where applicable, with the DCC and/or DCC Service Providers) provide certain development and/or consultancy services in relation to any aspect of the Smart Metering Programme, or, if requested by the DCC, any other matter (each, a "**Project**"); and
  - (b) the implementation of Projects.
- 1.2 The Contractor acknowledges that its obligations in respect of any Project shall be deemed to be part of the Services and that, accordingly, it shall perform such obligations in accordance with the applicable provisions of this Agreement.
- 1.3 The Contractor acknowledges that it is not the exclusive provider of any Project services and that nothing in this Schedule 8.8, or this Agreement generally, prevents the DCC from performing such services itself or procuring such services from a third party.
- 1.4 Unless otherwise agreed with the DCC, the Contractor shall manage and deliver all Projects in accordance with the principles of PRINCE2 and otherwise in accordance with Good Industry Practice, including in respect of:
- (a) reporting;
  - (b) quality management (as discussed at paragraph 6.6);
  - (c) risk and issue management (as discussed at paragraph 6.7);
  - (d) stakeholder management;
  - (e) resource planning; and
  - (f) project planning.
- 1.5 Any terms used in this Schedule 8.8 which are not defined, either in this Schedule 8.8 or Schedule 1 (Interpretation and Definitions), shall have the meaning given to those terms under the PRINCE2 methodology.
- 1.6 The content of the Appendix 3 to this Schedule 8.8 shall be completed by the DCC within thirty (30) days of the Effective Date for the Contractor's approval (not to unreasonably withheld or delayed) and the Contractor shall provide any information required from the Contractor for this purpose in accordance with the DCC's reasonable requests.

2. **PROJECTS AND CHANGE CONTROL**

The parties acknowledge and agree that Projects shall be reviewed and agreed in accordance with this Schedule 8.8 and, except as specified in paragraph 6.5, shall not be subject to the Change Control Procedure.

3. **PROJECT REQUEST**

3.1 The DCC may request a new Project at any time during the Service Period by issuing a statement of its requirements for the Project to the Contractor (each, a "**Project Request**").

3.2 Each Project Request shall specify the following in respect of the proposed Project:

- (a) the DCC's business objectives;
- (b) the anticipated scope of the Project;
- (c) the anticipated scope of the Contractor's services in relation to the Project;
- (d) if any DCC Service Providers (or other third parties) are required to be involved in the Project and, if so, the anticipated scope of their services;
- (e) any known constraints (e.g. time, budget, technical, regulatory);
- (f) any known dependencies or related projects being conducted by the DCC, any DCC Service Providers or other third parties;
- (g) any specific requirements regarding the co-operation between the Contractor and the DCC, any relevant DCC Service Providers or other third parties;
- (h) any specific project management or reporting requirements;
- (i) any high level acceptance criteria for the Contractor's services or the Project generally;
- (j) the DCC's preferred charging model for the Project, as further described in Schedule 7.1 (Charges and Payments);
- (k) the proposed ownership of any deliverables relating to the Project (including any relevant Intellectual Property Rights);
- (l) any required mechanisms for avoiding or mitigating Project delays, including any requirement for Delay Payments or other liquidated damages in respect of delays caused by the Contractor;
- (m) any required arrangements for the sharing of any cost savings or other financial gains generated as a result of the Project (including how such savings or gains are to be shared between the DCC, the Contractor and any relevant DCC Service Providers (or other third parties)), as further described in Part B of Schedule 7.3 (Value for Money);

- (n) any relevant delivery milestones to the extent to which they are known at the time; and
  - (o) any other information which is deemed relevant by the DCC.
- 3.3 In the Project Request, the DCC shall also classify the Project (based on the DCC's reasonable estimates and understanding of the Project at the time of issuing the Project Request) as either a Level 1, Level 2, Level 3 or Level 4 Project in accordance with Appendix 2 (Project Levels).
- 3.4 If the Contractor (acting reasonably and in good faith) does not agree with the DCC's classification of the Project under paragraph 3.3, it shall notify the DCC accordingly as soon as reasonably possible (and, in any event, within five (5) Working Days) after the date of receipt of the Project Request, specifying the reasons for its disagreement. Any dispute between the parties regarding such matters shall be resolved in accordance with the Fast Track Dispute Resolution Procedure.
- 3.5 Within five (5) Working Days after receipt of a Project Request from the DCC, the Contractor shall:
- (a) acknowledge receipt of the Project Request by written notice to the DCC; and
  - (b) if applicable, shall specify in such notice any clarifications of the Project Request that the Contractor (acting reasonably) requires from the DCC in order to prepare a Statement of Work in accordance with paragraph 4.
- 3.6 The DCC shall use reasonable endeavours to provide any clarifications requested by the Contractor under paragraph 3.5(b) as soon as reasonably practicable.

4. **STATEMENT OF WORK AND PROJECT PLAN**

- 4.1 The Contractor shall provide a draft statement of work relating to the conduct and implementation of the proposed Project ("**Statement of Work**") as soon as reasonably practicable and, in any event, within the following timescales (each measured from the date of receipt of the Project Request by the Contractor but excluding the time taken by the DCC to provide clarifications required by the Contractor pursuant to paragraph 3.5(b) above):

<b>Project type</b>	<b>Required timescale</b>
<b>Level 1</b>	10 Working Days
<b>Level 2</b>	15 Working Days
<b>Level 3</b>	20 Working Days
<b>Level 4</b>	30 Working Days

Each Project type listed above is further described in Appendix 2.

- 4.2 Each Statement of Work shall include (as a minimum):
- (a) a commentary on the Project Request and the feasibility of the Project generally (including how the Contractor proposes to address any business objectives, constraints, dependencies and/or related projects identified by the DCC in the Project Request);
  - (b) a delivery approach to the Project, including:
    - (i) Product Descriptions (and associated RACI matrix) for each Product (such Product Descriptions to be structured in accordance with PRINCE2 requirements);
    - (ii) a delivery schedule for each Product (which shall reflect, and be consistent with, the milestones identified in the Project Plan); and
    - (iii) details of the proposed acceptance testing regime (including acceptance criteria) for each Product;
  - (c) a draft project plan relating to the Project that defines control and delivery of the Project ("**Project Plan**") and which will:
    - (i) comply with paragraph 4.3 and Appendix 1 (Stages of Project Plan);
    - (ii) ensure the design allows sufficient time for rework and retest;
    - (iii) include milestones, full details of any contingency built into plans and, if specified in the Project Request, Delay Payments or other liquidated damages in respect of delays caused by the Contractor; and
    - (iv) attach a draft project initiation document ("**PID**") which addresses (as a minimum):
      - (A) the background to the Project;
      - (B) Project definition;
      - (C) a quality plan for the Project;
      - (D) risk analysis;
      - (E) contingency planning arrangements;
      - (F) the organisational structure for the Project;
      - (G) Project controls; and
      - (H) exceptions process;
  - (d) a proposal for the charges that shall apply in relation to the acceptance of each Product or milestone;

- (e) the Contractor's proposal regarding the sharing of any cost savings or other financial gains generated as a result of the Project;
  - (f) the Contractor's proposed working practices in relation to any DCC Service Providers (or other third parties) who will be involved in the Project;
  - (g) the Contractor's proposed project management and reporting arrangements for the Project; and
  - (h) confirmation of the ownership of any Products or other deliverables.
- 4.3 The Statement of Work shall be consistent with the DCC's requirements set out in the Project Request or, where the Contractor (acting reasonably) believes that any such requirements are not technically feasible or otherwise impractical for any reason, the Statement of Work shall specifically identify such objections of the Contractor.
- 4.4 The Project Plan shall be a Product-based plan which defines how the Project shall be controlled and delivered and a detailed description of the stages of each Project (including the activities to be conducted by all persons involved in the Project in respect of each stage) in accordance with Appendix 1 (Stages of Project Plan).
- 4.5 The parties acknowledge that the Design, Build and Test stages of any Project may be run in parallel where agreed by the parties (e.g. where any Products are subject to different development timescales or the development of Products on an incremental basis is more suitable for the Project).
- 4.6 Where the Statement of Work requires input or support from a DCC Service Provider, the Contractor shall (without limiting any other obligation) seek that input and support in accordance with the principles and provisions set out in Schedule 8.7 (Co-operation).
- 4.7 Unless otherwise agreed as part of the Statement of Work, the Contractor shall ensure there shall be no unplanned downtime of the Services (or any related Systems) at any time, including at the point of migration or as a result of any of the activities during the Migration, Acceptance and Transition Stages.

## 5. **CONSIDERATION OF STATEMENT OF WORK**

- 5.1 The draft Statement of Work shall be reviewed at the next scheduled meeting of the appropriate Operational Management Board (as determined by the DCC (acting reasonably)).
- 5.2 Following such meeting, the DCC shall notify the Contractor that:
- (a) it wishes to proceed with the Project in accordance with the draft Statement of Work, in which case, the Statement of Work shall be signed by the authorised signatories of the parties (and, if applicable, any DCC Service Provider or other third party involved in the Project), and the Project shall be implemented in accordance with paragraph 6;

- (b) it (acting reasonably) requires further information in order to assess the Project and/or the draft Statement of Work;
  - (c) it (acting reasonably) wishes to make any amendments to the draft Statement of Work; or
  - (d) it does not wish to proceed with the Project, in which case, no further action shall be taken in relation to the Project or the draft Statement of Work.
- 5.3 If the DCC requests any further information or any amendments in accordance with paragraph 5.2, the Contractor shall submit a revised Statement of Work incorporating such information or amendments in accordance with the timescales agreed by the parties (but, in any event, within fifteen (15) Working Days after the date of receipt of the DCC's notice under paragraph 5.2).
- 5.4 If the Contractor (acting reasonably and in good faith) does not agree with any of the amendments requested by the DCC, then either party may refer the matter to the Dispute Resolution Procedure.
- 5.5 Following receipt of the revised Statement of Work from the Contractor under paragraph 5.3, the DCC shall notify the Contractor that:
- (a) it wishes to proceed with the Project in accordance with the draft Statement of Work, in which case, the Statement of Work shall be signed by the authorised signatories of the parties (and, if applicable, any DCC Service Provider or other third party involved in the Project), and the Project shall be implemented in accordance with paragraph 6; or
  - (b) it does not wish to proceed with the Project, in which case, no further action shall be taken in relation to the Project or the draft Statement of Work.

## 6. **IMPLEMENTATION**

- 6.1 Once the Statement of Work has been signed by the authorised signatories of the parties (and, if applicable, any DCC Service Provider or other third party involved in the Project), the Contractor shall implement the Project in accordance with:
- (a) the agreed Statement of Work (including the Project Plan and PID);
  - (b) Good Industry Practice; and
  - (c) the applicable provisions of this Agreement.
- 6.2 The Contractor shall ensure that all Products, objectives and other deliverables in respect of each stage of the Project (as specified in the agreed Project Plan) shall have been met or delivered (and, where applicable, accepted or approved by the DCC) before proceeding to the next stage, except for any exceptions which have been approved by the DCC and recorded by the Contractor in the applicable "End of Stage" report (such report to be in the format agreed by the parties from time to time).



- 6.3 The Contractor shall provide such reports and information on the Project (including as to progress) as is specified in the agreed Statement of Work.
- 6.4 The Contractor shall not implement any Statement of Work until such time as it has been signed by an authorised signatory of the DCC under paragraph 6.1. Without prejudice to the generality of paragraph 6.1, any work undertaken by the Contractor to implement any Statement of Work or Project prior to signature of the relevant Statement of Work by an authorised signatory of the DCC under paragraph 6.1. shall be strictly at the Contractor's risk, cost and expense and the Contractor hereby waives all claims it may have at any time for compensation under the "quantum meruit" doctrine or any other basis whatsoever pending such signature.
- 6.5 Any change to the scope of a Project, or the terms of any Statement of Work, after agreement of the parties under paragraph 6.1, shall be subject to the Change Control Procedure.
- 6.6 The Contractor shall apply quality assurance procedures which are consistent with the requirements of Clause 22 (Quality Assurance), Schedule 8.9 (Operations Manual) and the Operations Manual to the delivery of every Project. For Level 3 and Level 4 Projects (as defined in Appendix 2), the Contractor shall appoint a dedicated quality manager who shall be responsible for assuring the quality of all deliverables. Such person shall (unless otherwise agreed by the parties in writing):
- (a) have the same responsibilities and duties in respect of the Project as the Quality Manager has in respect of other parts of the Services as provided under this Agreement;
  - (b) be subject to the approval process set out in Clauses 34.2 and 34.3 in the same manner as the Quality Manager; and
  - (c) be deemed a member of the Key Personnel for the purposes of this Agreement.
- 6.7 The Contractor shall manage risks and issues for every Project in accordance with the Contractor's Risk Management Strategy (as set out in the Operations Manual).
- 6.8 The Contractor shall appoint a dedicated risk and issues manager for all Level 2, Level 3 and Level 4 Projects. Such person shall (unless otherwise agreed by the parties in writing):
- (a) have the same responsibilities and duties in respect of the Project as the Risk and Issues Manager has in respect of other parts of the Services as provided under this Agreement;
  - (b) be subject to the approval process set out in Clauses 34.2 and 34.3 in the same manner as the Risk and Issues Manager; and
  - (c) be deemed a member of the Key Personnel for the purposes of this Agreement.

## 7. **OBLIGATIONS UNDER OTHER SCHEDULES**

In performing its obligations under this Schedule 8.8 (including the implementation of individual Projects), the Contractor shall ensure that it complies with any related obligations under this Agreement, including under Schedule 7.3 (Value for Money) and/or Schedule 8.7 (Co-operation).



## 8. TERMINATION OF STATEMENT OF WORK

8.1 Without prejudice to any other right or remedy of the DCC, the DCC may terminate (immediately or on such notice period as the DCC may elect in its absolute discretion) any Statement of Work without liability or penalty by giving written notice of termination to the Contractor if:

- (a) the Contractor commits a material breach of the Statement of Work (which, if remediable, the Contractor has failed to remedy within five (5) Working Days, or such other period specified in the agreed Statement of Work, following receipt of a notice from the DCC requiring the Contractor to do so). The following events shall (unless expressly otherwise agreed in the Statement of Work) in all cases be deemed a material breach of the Statement of Work:
  - (i) the Contractor ceases to provide all or a substantial part of the Services in accordance with the Statement of Work or otherwise abandons the Statement of Work for a period in excess of five (5) Working Days;
  - (ii) the Contractor fails to comply with any key timeframe, deadline or due date for the performance of any obligation under the Statement of Work (which is identified in the Statement of Work as being subject to this paragraph 9.1(a)(ii)); and/or
  - (iii) any breach of any provision of this Agreement relevant to the Statement of Work which constitutes a material breach of the Statement of Work (even if not a material breach of the Agreement as a whole); or
- (b) any circumstances arise under which the DCC is entitled to terminate the Agreement or any Work Package in accordance with its terms (other than under Clauses 60.3 to 60.6 (inclusive) (Termination for convenience by the DCC)).

8.2 For the avoidance of doubt:

- (a) where the DCC is terminating a Statement of Work for a material breach of the Statement of Work, it may rely on a single material breach or on a number of breaches or repeated breaches as that (taken together) constitute a material breach; and
- (b) in respect of any material breach of a Statement of Work (whether remediable or irreparable), the DCC shall not be obliged to comply with any Remedial Plan Process or any Correction Plan process under this Agreement.

- 8.3 The DCC may terminate any Statement of Work for convenience at any time and without liability or penalty unless the parties have, in the relevant Statement of Work, agreed:
- (a) an appropriate notice period; and/or
  - (b) the ability for the Contractor to recover certain, unavoidable and otherwise unrecoverable costs associated with such termination for convenience (despite observing any applicable notice period).
- 8.4 The Contractor may:
- (a) on thirty (30) days' prior written notice, suspend the performance of its obligations under a Statement of Work if, despite written notice from the Contractor requesting the DCC to do so, the DCC has not paid any undisputed Charges properly due in respect of that Statement of Work within ninety (90) days of receipt of an invoice for the same; and
  - (b) terminate such Statement of Work if, after having suspended its performance under paragraph 9.4(a) for ten (10) consecutive days, the DCC still has not paid such outstanding sums.
- 8.5 The rights of termination set out in this Schedule 8.8 (Projects) are in addition to any other rights of the DCC under this Agreement or under the Statement of Work and its exercise shall be without prejudice to any Claim, remedy or right of action that either party may have in relation to this Agreement or Statement of Work.

## Appendix 1 – Stages of Project Plan

The Project Plan shall include a detailed description of the following stages of each Project, including the activities to be conducted by all entities involved in the Project in respect of each stage. The Project Plan must allocate sufficient time for any activities to be conducted by the DCC, including any testing and acceptance activities:

Project stage	Scope
<b>Mobilisation</b>	<p>All Projects shall have a Mobilisation stage (which may include the PRINCE2 Project Initiation Stage).</p> <p>The Contractor shall investigate, confirm and validate all planning assumptions before proceeding with delivering the Project.</p>
<b>Requirements Validation</b>	<p>The stage during which the Statement of Work is developed and refined into a "Statement of Detailed Requirements".</p> <p>Where agreed by the parties, this stage may be merged with the Mobilisation stage.</p>
<b>Design</b>	<p>The stage during which the design for the Products is developed by the Contractor and accepted by the DCC.</p> <p>The Contractor shall not commence the Build Stage until the design has been accepted by the DCC.</p> <p>The Contractor shall ensure the design provides sufficient contingency time for rework and retest.</p>
<b>Build</b>	<p>The stage during which the Products are built in accordance with the agreed design documentation.</p>
<b>Test</b>	<p>The stage during which all Products created or modified during the Build stage are tested against the agreed acceptance criteria. Such testing may include:</p> <ul style="list-style-type: none"> <li>• unit testing;</li> <li>• integration testing;</li> <li>• system testing;</li> <li>• system integration testing;</li> <li>• regression testing;</li> <li>• non-functional testing; and/or</li> <li>• Market Proving.</li> </ul> <p>All testing will be conducted in accordance with the acceptance testing regime set out in the agreed Statement of Work and the requirements of Schedule 6.2 (Testing and Acceptance).</p>
<b>Migration</b>	<p>The stage during which any relevant data and/or services are migrated to the Products.</p> <p>The Contractor shall plan for the need to restore any and all environments to a pre-migrated stage; to migrate incrementally or to migrate elements more than once as agreed in the Statement of Work for the Project or as necessitated by the outcome of migration testing.</p> <p>The Contractor shall demonstrate the success of migration to the</p>

Project stage	Scope
	<p>DCC ahead of transition of service.</p> <p>Except as otherwise agreed in the Statement of Work there shall be no unplanned downtime of the Services (or related Systems) at the point of migration.</p>
<b>Acceptance</b>	<p>The stage during which all Products are subject to acceptance testing against the agreed acceptance criteria.</p> <p>The Contractor shall allow time for the DCC to carry out user acceptance and other acceptance testing required; including re-work, re-test and re-acceptance.</p> <p>The Contractor shall carry out operational acceptance testing at this stage unless it is carried out at another stage.</p>
<b>Transition</b>	<p>The stage at which services become live. Except as the DCC may otherwise elect (at the DCC's sole discretion) no service or modification to the service may go live unless it passes operational acceptance testing.</p> <p>Where agreed by the parties, the Migration, Acceptance and Transition Stages (or any of them) may be merged or re-ordered according to the needs of the Project. Unless otherwise agreed as part of the Statement of Work there shall be no unplanned downtime of the Services (or related Systems) as a result of any of the activities during the Migration, Acceptance and Transition Stages.</p> <p>The Contractor shall support the DCC's need to prepare users for transition and to support users through transition.</p>
<b>Project Closure</b>	<p>The formal end of the Project.</p> <p>All Projects shall have a Project Closure stage. For each Project the Contractor shall conduct a lesson learned review and share the results with the DCC.</p>

## Appendix 2 – Project Levels

<b>Project type</b>	<b>Cost</b>	<b>Duration</b>	<b>Risk to DCC Services determined in accordance with Appendix 3</b>	<b>Whether DCC Service Users or other DSPs or CSPs are affected by or involved in Project</b>
<b>Level 1</b>	Under £50,000	Under three (3) months	Low or Very Low	No (only affects DCC and Contractor).
<b>Level 2</b>	£50,000 to under £250,000	Three (3) months to under six (6) months	Medium	No (only affects DCC and Contractor).
<b>Level 3</b>	£250,000 to under £500,000	Six (6) months to under twelve (12) months	High	Affects DCC and/or Contractor and also one (1) entity from any of the following categories: (i) DCC Service Users; and (ii) any other DSP or CSP.
<b>Level 4</b>	£500,000 or more	Twelve (12) months or more	Very High	Affects DCC and/or Contractor and also two (2) or more entities from any of the following categories: (i) DCC Service Users; and (ii) any other DSP or CSP.
<p>The type of Project shall be established by reference to the highest Level at which one of the above triggers (i.e. (a) cost, (b) duration, (c) risk and (d) whether DCC Service Users or other DSPs or CSPs are affected by or involved in Project) applies (where Level 4 is highest). For example, a Project that would take two (2) months and cost £100,000 is Level 2 but if it the Project involved the Contractor and another CSP it is Level 3.</p>				

### Appendix 3 – Risk to DCC Services

**Note:** The content of this Appendix 3 shall be completed by the DCC within thirty (30) days of the Effective Date for the Contractor's approval (not to unreasonably withheld or delayed) and the Contractor shall provide any information required from the Contractor for this purpose in accordance with the DCC's reasonable requests.

1. For the purposes of calculating the Risk to DCC Services for the purposes of Appendix 2 (Project Levels) of this Schedule 8.8, the Contractor shall assess all risks in accordance with this Appendix 3 of Schedule 8.8.
2. The Contractor shall assess the impact of each risk according to the highest "**Impact Score**" (in accordance with Table 1 below, where 5 is the highest) in respect of any of the cost, quality, duration or security impact of the risk (by way of example, if a risk may cost DCC £[#], but has a potential quality impact of [#], its Impact Score shall be 4):

Impact Score	Potential cost to DCC (or DCC Service Users) of risk if it occurs	Potential quality impact to DCC Services if risk occurs	Potential duration of Project slippage that may result from risk	Security impact on DCC Services if risk occurs
5	[#]	[#]	>12 weeks	[#]
4	[#]	[#]	6 – 12 weeks	[#]
3	[#]	[#]	3 – 6 weeks	[#]
2	[#]	[#]	1 – 3 weeks	[#]
1	[#]	[#]	<1 week	[#]

**Table 1: Impact Score**

3. The Contractor shall then assess the "**Probability Score**" of each risk in accordance with Table 2 (for example, if a risk was 50% possible it would achieve a Probability Score of 5). References to probability for the purposes of Table 2 means the probability of the circumstances giving rise to the risk occurring at all, as opposed to the probability that a particular impact of a risk (or level of impact) occurs.

Probability Score	Probability of risk occurring
5	>80%. Very likely
4	50% - 80%. Likely
3	20% - <50%. Possible
2	5% - <20%. Unlikely

1	<5%. Very unlikely
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**Table 2: Probability Score**

4. The Contractor shall combine the Probability Score and Impact Score of each risk to produce a "**BRAG**" status for each risk in accordance with Table 3 (for example, if a risk had a Probability Score of 1 and an Impact Score of 2, it's BRAG status would be Very Low):

<b>Impact Score = 5</b>	Medium	High	High	Very High	Very High
<b>Impact Score = 4</b>	Medium	Medium	High	High	Very High
<b>Impact Score = 3</b>	Low	Low	Medium	High	High
<b>Impact Score = 2</b>	Very Low	Low	Low	Medium	Medium
<b>Impact Score = 1</b>	Very Low	Very Low	Low	Low	Low
	<b>Probability Score = 1</b>	<b>Probability Score = 2</b>	<b>Probability Score = 3</b>	<b>Probability Score = 4</b>	<b>Probability Score = 5</b>

**Table 3: BRAG Status**

5. The highest BRAG status of any of the risks relating to a Project shall determine the "**Risk to DCC Services**" for the purposes of Appendix 2 (Project Levels) (for example, if there were three risks relating to a Project and one risk has a BRAG status of Low, another of Very Low and another High, the Risk to DCC Services would be High).