

**DRAFT Ancillary Document:**

**Annual PAF Delivery Plan, Review and Consultation**

**1.0 Definitions**

*tbc*

**2.0 Introduction**

*tbc*

**3.0 Purpose**

3.1 The PAF should have mechanisms in place to:

- Identify changes occurring in the market and consequently in the risk profile of gas Settlement.
- Plan and budget for the activities needed to effectively mitigate gas Settlement risk
- Recognise and learn from its own successes and failures
- Engage clearly and consistently with its stakeholders

3.2 Complemented by other PAF deliverables, including the risk register, the assurance techniques and the appeals process, a set of annual management activities for the PAF provides:

- Stakeholder input to determine the right focus
- A baselined plan for an appropriate approach to delivering risk mitigation
- A way of agreeing an appropriate budget
- An agreed way of monitoring and reporting upon the effectiveness of the approach specified.

3.3 The annual PAF management activities are not intended to limit the PAF or the PAC's discretion on what constitutes material risk to gas Settlement or appropriate mitigation of those risks within any given year. Risks can materialise or the profile of known risks can change inside any given year in ways which cannot be forecast. The PAF needs to be able to address emergent Settlement risk in a timely fashion.

**4.0 Annual PAF Delivery Plan**

4.1 Prior to the commencement of the budgetary year for the PAF, the PAC shall produce an Annual PAF Delivery Plan, supported by the PAFA as appropriate. The plan is intended to communicate what the PAF will deliver over the coming year and what benefit to Settlement accuracy is anticipated in doing so. It shall include:

- The PAC's view of the gas Settlement risk profile for the subsequent year
- The consequent mitigation approach and planned activities under the PAF
- The budget needed for those activities
- An estimated measure of the quantity of Settlement inaccuracy being targetted

4.2 At the PAC's discretion, the plan may include additional content.

4.3 A draft version of the Annual PAF Delivery Plan shall be consulted upon with performance assurance parties.

4.4 A final version of the plan, approved by PAC, will be published for performance assurance parties prior to commencement of the year to which it applies.

### **5.0 Annual PAF Review**

5.1 At the end of each [anniversary year of the PAFA contract appointment], a review shall be carried out. The review is intended to assess the effectiveness of assurance delivery over the previous year. It shall include:

- Actual cost of delivery for the PAF in that year
- Projected cost of delivery in the Annual PAF Delivery Plan for the year
- An explanation of any significant overspend or underspend
- An explanation of any changes made to the Annual PAF Delivery Plan within period, including the reasons for those changes
- A view of the Settlement risk mitigated as a result of PAF activity
- Recommendations for the subsequent period's Annual PAF Delivery Plan

5.2 The PAC has discretion to expand the scope of the review beyond the mandatory items above.

5.3 The draft Annual PAF Review shall be issued for consultation with performance assurance parties for an appropriate length of time. The consultation shall seek feedback on the activities and success of:

- The PAF arrangements,
- The PAFA in their role as administrator of the arrangements
- The PAC in their role as managers of the PAF and
- Xoserve for the provision of information

5.4 A final version of the report shall be produced by PAC, supported by PAFA, which reflects performance assurance party feedback on the draft version. This final version shall be made available to all performance assurance parties. [It shall be produced in time to inform the Annual PAF Delivery Plan for the subsequent year].