

DRAFT Ancillary Document:

Performance Assurance Techniques (PATs)

1.0 Definitions

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2.0 Introduction

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The Performance Assurance Techniques (PATs) are the PAF's toolkit for identifying, quantifying and rectifying Settlement error. The PAC determine which PATs are applied to an instance of undue Settlement risk or compliance failing, subject to the PAF appeals process.

3.0 Purpose and Usage

3.1 The PATs available under the PAF are set out below, with an explanation of what they are, how the PAF will generally use them and any specific procedural steps relevant to a given PAT.

3.2 The general principle under which the PATs are listed here is that the PAC can, unless specifically proscribed from doing so through the content of the PAF technical documents, apply the PATs in any way that it deems appropriate to effecting the mission and objectives of the PAF.

4.0 Monitoring

4.1 Monitoring facilitates the detection and management of Settlement errors, by using the retrieval and analysis of data to quantify error, track changes in it over time, facilitate resolution and inform PAC's use of other PATs.

4.2 PAC may undertake market monitoring as it deems necessary to fulfil the mission and objectives of the PAF. Such monitoring shall occur on a frequency and for a duration to be determined by PAC. It shall apply to the whole market or to a segment of the market [or an individual party] as PAC deem appropriate.

4.3 If PAC determine that a particular form of monitoring is required, it will specify the data items, purpose, source and any provision deadlines for the monitoring, along with any other information it believes is necessary for performance assurance parties understanding of the intent of the monitoring and any obligations they have in relation to it. PAC may publish this information to all performance assurance parties if it believes doing so is necessary to achieving the stated purpose of the monitoring.

4.4 The appropriate data provider is for PAC, with PAFA support where appropriate, to determine on a case-by-case-basis. Data providers may include, without being limited to:

- CDSP
- The performance assurance party themselves – "self-reporting"
- Other UNC parties

4.5 Where PAC requests data from a performance assurance party which is subject to a deadline for provision, it will advise the party of its request and the deadline for it in writing. PAC may, subject to the PAF appeals process, determine that any failure to provide requested monitoring by the deadline it has stipulated is a further risk to Settlement, and apply other PATs to mitigate that risk.

5.0 Party communication

5.1 Communication allows the PAC to formally set out for a party:

- Its concerns regarding a party's contribution(s) to one or more Settlement risks, including the impact the party's (in)action is having upon Settlement accuracy.
- Its expectations of the party in relation to risk identification, quantification, resolution or other relevant performance matters
- Provide timescales for any action it expects the party to undertake
- Explain the consequences of failing to comply with the PAC's request

5.2 Letters will be sent to an employee of the organisation who, in PAC's view, has the authority to address the subject of the communication.

6.0 Request attendance at PAC

6.1 The attendance at a PAC meeting of an appropriate representative gives PAC the opportunity to understand the root causes of Settlement issues better, aiding the choice of appropriate remedial actions. It also gives the party in question an opportunity to present its point of view directly to the PAC.

6.2 PAC may request that a representative of a performance assurance party attend PAC. It may, having regard to the mission and objectives of the PAC, do this for any reason that it specifies in writing to the party. It need not carry out other PATs prior to requesting attendance at PAC or follow any other preliminary steps.

6.3 If the PAC requests party attendance at the PAC, it shall provide [20 working days] notice of this fact to the party in writing, setting out the reasons for the request and anything else it believes is material to the party's ability to nominate an appropriate representative.

6.4 If the party does not send a representative or sends a representative who, in PAC's view, is not appropriate, PAC may choose to use any other PATs it believes are appropriate to mitigate the Settlement risk.

6.5 Party representatives should have suitable authority to speak for the Party as commitments made by a representative to the PAC will be noted and delivery expected.

7.0 Request for a resolution plan

7.1 A resolution plan provides a baseline for the approach and timescales a party intends to adopt when resolving a Settlement issue or mitigating a Settlement risk. It gives the PAC a point of reference from which to monitor a party's progress in resolving performance issues and gives the party clear expectations to work from when addressing performance issues. It is a contract between the PAC and the assurance party which provides mutual clarity on expectations and the basis for shared tracking of progress.

7.2 The PAC may request a resolution plan from a party when, having regard to the mission and objectives of the PAF, it believes one is necessary to adequately mitigate a settlement risk or issue.

7.3 If the PAC requests a resolution plan it shall set out its reasons for the request to the party, in writing, along with what sort of content and timescales it expects to see in the plan and the date for the party providing it by which the plan should be returned.

7.4 Upon receipt of a request, a party shall prepare the plan and accompanying narrative to highlight milestones from which the PAC may judge progress and achievements. It will be assumed by the PAC that any resolution plan submitted is achievable, and parties will be expected to deliver to the plan they have provided.

7.5 Upon timely receipt of a resolution plan, the PAC shall review the plan and consider whether the delivery outcomes and timetable offset the specific issue identified and in the expected timescale. The PAC will confirm that the plan has been received and accepted.

7.6 The PAC may have supplementary questions about the resolution plan and may also ask a party to present their plan at a closed PAC meeting.

7.7 If the PAC does not receive a resolution plan which meets the timescales specified by the PAC and / or contains the information it requested, **it may consider the act a further compliance issue and deploy another PAT.**

8.0 Publication

8.1 Publication provides a mechanism for making all performance assurance parties aware of the scale and root causes of a Settlement issue, as well as the performance assurance party(s) who is responsible for rectifying it. It therefore ensures better awareness of Settlement risks and errors, as well as incentivising timely and proportionate remedial action.

8.2 The PAC may decide to publish any information relating to a Settlement risk or error it is aware of at any given point in time, including the party responsible, provided it does so in a way that conforms with data privacy legislation.

8.3 If the PAC determines that publication is necessary, it will inform any parties who will be included within it [**10 working days**] before publication, including an explanation for why they are publishing the information and what action PAC expects to occur as a result.

8.4 The PAC shall not be required to withdraw the publication for any other reason than temporarily in the event of commencement of an appeal against the decision to publish or completely in the event of an appeal against publication being upheld by UNCC.

9.0 Training

9.1 Training is a way of remedying the root causes of a Settlement error or of mitigating a Settlement risk. It ensures parties and their employees are aware of what can lead to Settlement error and how to either prevent or correct it.

9.2 PAC may decide to mandate a party undertake training on any topic it believes is relevant to mitigating a Settlement risk or reducing Settlement error. It may do this at any time and without any prerequisite steps or PATs being needed.

9.3 PAC shall set out in writing the training it expects the party to undertake, the reasons for it mandating that the training occur, the segment of party's employees it expects to receive the training and its expected provider for the training.

9.4 PAC shall advise the party, in writing, of a reasonable deadline by which it expects the training to be complete.

9.5 Upon receipt of PAC's written request for training to be undertaken, the party shall respond to PAC within [**15 working days**], advising it of when it expects the training to be complete.

10.0 Audit

10.1 An audit is a systematic review of a set of business practices, intended to highlight the level of conformity with expected practice inside an organisation. It provides a rigorous, structured and independent view of the risk the subject of the audit poses to gas Settlement or of the level of error attributable to them, as well as a mechanism for clarifying expectations and managing progress toward resolution.

10.2 An audit can be carried out across the entire market or against a targeted segment of the market. It may involve auditing a wide range of connected business processes or targeting specific areas of activity.

10.3 PAC may, having regard to the mission and objectives of the PAF, decide to conduct an audit whenever it believes one is warranted. It may decide to carry out a certain type of audit on a fixed frequency basis, and/or to carry out ad hoc audits as it deems necessary.

10.4 If the PAC decides to conduct an audit, it shall give the parties who will be the subject of the audit reasonable notice of this fact, having in mind the scale of the intended audit, its subject matter, any data provision needed in relation to it and resource commitment from the audited party.

10.5 PAC shall, when giving notice to parties being audited, set out the scope of the audit, who will carry it out, its format (remote or on-site, for example), the methodology that will be used to conduct it, including the way parties will be assessed and conclusions reached, and the way it intends for audit issues to be managed subsequent to audit completion.

10.6 The costs of any audit will

11.0 Referral to Authority

11.1 A referral to the Authority is intended to make the Authority aware of the scope and scale of a Settlement risk or Settlement error, including, if relevant, the behaviours PAC has observed in relation to one or more parties contributing to that risk or error. It invites the Authority to exercise its powers in relation to a Settlement risk, error or the behaviours surrounding them.

11.2 PAC shall advise any parties who are the intended subject of a referral in writing of its intention to refer to the Authority and of the reasons for and content of the referral. It shall give notice to the party of this intention prior to sending the referral to the Authority, such that the party is able to make its own representations to the Authority regarding the referral, if it wishes to do so.

11.3 The PAC will provide any additional information or evidence requested by the Authority in each case, along with any performance information, the measures and PATs deployed by the PAC and the responses and information received from the party.