

**UNC Workgroup 0674 Minutes
Performance Assurance Techniques and Controls**

Monday 27 January 2020

**at Radcliffe House, Blenheim Court, Warwick Road, Solihull
B91 2AA**

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Andy Clasper	(AC)	Cadent
Guv Dosanjh	(GD)	Cadent
Karen Kennedy*	(KK)	British Gas
Kirsty Dudley*	(KD)	E.ON
Mark Bellman	(MB)	ScottishPower
Richard Pomroy*	(RP)	Wales & West Utilities
Sallyann Blackett	(SB)	E.ON

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0674/270120>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 June 2020.

1.0 Introduction and Status

1.1. Approval of minutes (11 December 2019)

The minutes from the previous meeting were approved.

1.2. Review of Outstanding Actions

Action 0902: AJ to explore the governance. The framework needs to be explicit in terms of IGTs and the linking to UNC.

Update: Fiona Cottam (FC) said that this was a positive move to have explicit terms in relation to IGTs linking into the UNC and having this noted with new Modifications would be very beneficial.

Mark Bellman (MB) agreed to add this detail into the Modification. FC said that this action should be kept open and Alan Raper (AR) agreed in view of the fact the Anne Jackson (AJ) had been unavoidably unable to attend the meeting. **Carried forward**

New Action 0101: ScottishPower (MB) to include the IGT impact, together with the aspirations of the Proposer within the Modification

Action 1001: Xoserve (JR) to circulate the current Xoserve Prioritisation Process.

Update: James Rigby (JR) had sent information prior to the meeting confirming this action could be closed and a general discussion took place in relation to the Xoserve Prioritisation Process document and whether or not PAC should have a specific representative on DSC Change Management Committee.

Richard Pomroy (RP) said that he would not propose a significant change to the arrangements, as this would be a change to the constitution of the Committees and this would need careful consideration, especially if the proposal was to put a greater importance on PAC related matters and a priority over other DSC Change Management Committee matters.

MB said that he was not proposing a major change or a hard coded priority, he just wanted to be able to highlight a specific PAC requirement, and he added that as some of the PAC Members were also on the DSC Change Management Committee, they could flag any potentially pressing PAC issues. He proposed that a Register of PAC issues/requirements could serve to monitor these on an on-going basis. FC agreed that this was a sensible approach, and AR said that these could be addressed in a priority order procedure. It was then agreed this action could be closed.

Also discussed was the arrangement for creating and maintaining a suitably senior contact point for PAC related matters, the Performance Assurance (PA) Representative, within the Industry organisations. The consensus was that setting this in place would be an important step. A further general concern was raised regarding the maintenance of these contacts and what was the most efficient monitoring process. **Closed.**

Action 1004: ScottishPower (MB) and Gemserv (AJ) to update TPD Section V regarding Section V16.5 and V12 to reflect the proposed governance arrangements to the PARR.

Update: MB asked that this action was closed as this area needed to be extended and he was asking the Chair to request a 3-month extension at the February Panel, AR agreed to this request. **Closed.**

New Action 0102: Joint Office (AR) to request a 3-month extension from the February Panel with a reporting date of 18 June 2020.

Action 1005: Xoserve (FC) to investigate Document 4 PAFA Scope in relation to relevance of existing content at a Heads of Terms level and determine the document's value.

Update: FC and Sallyann Blackett (SB) both said that this was a duplicate PAC action and that this was being addressed within PAC and so this action could be closed. It was agreed a new action should be raised to ensure the Document 4 PAFA Scope was included within the Modification and MB agreed to this request. **Closed.**

New Action 0103: ScottishPower (MB) to include the Document 4 PAFA Scope and PAC Review within the Modification.

Action 1006: ScottishPower (MB) to seek guidance from PAC regarding the alternate process and attendance.

Update: MB proposed that this action could now be closed as it had been confirmed that there was a good coverage of alternate attendance, with a defined process. **Closed.**

Action 1008: ScottishPower (MB) and Gemserv (AJ) to investigate the PAC Annual Plan, the Annual Review, and the Annual consultation process and provide a re-draft of the document.

Update: MB requested that this action was carried forward as the Performance Assurance Framework Document would be encompassed within the Modification in due course. **Carried forward.**

2.0 Review of Revised Modification Proposal

MB confirmed that the amended Modification would be supplied in due course, following the legal text updates and alterations to ensure the appropriate required alignment.

3.0 Consideration of Legal Text

MB provided an overview of the Draft Legal Text and drew attention to specific areas of interest. He explained that Dentons still had some more work to carry out, following answers to their questions concerning some aspects of the content and context. He explained the notes below had been added to give clarity on the PAC procedures, especially regarding the settlement area.

Note 1: *The Performance Assurance Committee Constitution Document (PACCD) will contain the rules relating to PAC composition, proceedings and decision making etc. It will be subject to V12 governance.*

Note 2: *The Performance Assurance Framework Document (PAFD) will contain the rules relating to the scope of performance assurance, data provision, reporting, availability and use of PATs and the appointment of the PAFA. It will be subject to PAC governance (and will not be subject to V12 governance).*

Note 3: *A definition of 'Settlement' has been added – to sit alongside 'LDZ Settlement Related Obligations'.*

Note 4: *Current paragraph 16.5 has been deleted – instead the reporting rules will be included in the PAFD.*

MB then proceeded to move through the Draft Legal Text sections and some specific discussions took place on relation the to the areas as detailed below:

Richard Pomroy (RP) raised the point about the use of the word obligations, as detailed below, and said the CDSP were effectively given the Code obligations by adding Service Lines to the DSC. He questioned whether this was a change of Code obligations. MB said he would further discuss this area with Dentons.

16.1.1 For the purposes of this paragraph 16:

(a) "LDZ Settlement Related Obligations" means obligations under the Code [including obligations undertaken by the CDSP by way of Direct Functions on behalf of the DNOs], the standard of performance of which (including any delays or failures in the performance of which) has, or may have, a material impact on the following matters:

Fiona Cottam (FC) said that the area of 'settlement' as defined below, needed more clarification and defined terms, and she proposed that perhaps the existing Energy Balancing Credit Committee terms could be used in this context. MB said he would investigate this area further.

(c) "Settlement" means the determination and settlement of amounts payable in respect of Energy Balancing Charges in accordance with the Code.

MB said regarding 16.2.4. and 16.3.4, a) and b) as detailed below, this was to ensure PAC had some gravitas in order to get the Shippers more accurate settlements.

16.2.4 [Notwithstanding Section GT B4.2.2.] each Party shall provide the Performance Assurance Committee with access to all of its records, data and other information as may be reasonably required in accordance with the requirements of the Performance Assurance Framework Document to enable the Performance Assurance Committee to review and report from time to time on the standard of performance by such Party in relation to the requirement in paragraph 16.2.2.

16.3.4 Each Party shall jointly and severally with each other Party indemnify and keep indemnified:

(a) the Performance Assurance Committee and each member of such committee (including their respective alternates) from and against any and all costs (including legal costs) charges, expenses, damages or liabilities incurred or suffered by it or a member in acting as, and in performing the functions of the Performance Assurance Committee or a member of the Performance Assurance Committee;

(b) the Performance Assurance Framework Administrator in respect of work undertaken at the request of the Performance Assurance Committee or pursuant to the PAFA Contract from and against any and all costs (including legal costs) charges, expenses, damages or liabilities incurred or suffered by it in undertaking such work.

AR said regarding the indemnity and signing of documents aspect as detailed below, perhaps the existing EBCC, Section X process could be utilised in this context. RP said that the existing PAC indemnity process could also be copied. AR said that perhaps from a consistency perspective, that the EBCC Section X might address this area in a more simplistic way.

16.3.5 The Parties to Code shall, on upon request, provide the members if the Performance Assurance Committee, the Performance Assurance Committee and the Performance Assurance Framework Administrator with a written deed of indemnity for the purposes of paragraph 16.3.4.

A lengthy general discussion took place regarding what a PAC members role and responsibilities were, as detailed below. MB confirmed he would encompass into the Modification and reference inclusion into the PACCD to add clarity. It was also agreed that both sections 16.3.9 and 16.3.10 could be removed from the Legal Text, as these requirements would be added into the Modification for inclusion in the PACCD.

16.3.9 A member of the Performance Assurance Committee shall not:

(a) participate as a member of the Performance Assurance Committee in the consideration of any relevant matter;

(b) be counted in ascertaining whether a quorum is present at a meeting of the Performance Assurance Committee convened to consider any relevant matter; or

(c) be entitled to receive any working papers, opinions, reports or other documentation which have been prepared for the Performance Assurance Committee in connection with any relevant matter insofar as they relate specifically to his employer or any Affiliate of his employer.

16.3.10 A member of the Performance Assurance Committee shall not disclose to his employer or any Affiliate of his employer confidential information which he has received in his capacity as a member of the Performance Assurance Committee unless required to do so:

(a) by any Legal Requirement;

(b) in order for his employer or any such Affiliate to comply with the conditions of any licence with which his employer or any such Affiliate, as the case may be, is required to comply;

(c) by any stock exchange or regulatory authority or the Panel on Take-overs and Mergers; or

(d) pursuant to any judicial or other arbitral process or tribunal having jurisdiction in relation to him or his employer or any such Affiliate, as the case may be,

in any of which events the member of the Performance Assurance Committee shall first be required to give written notice of the required

Karen Kennedy (KK) raised some concerns in relation to the 'records' as defined in b) below. She said that she needed to know more about the definition of the 'records' and the other data from a Shipper aspect.

MB explained that this was specifically if there was a decrease in performance and the accompanying reasons for this, and that the records would be used to supply extra evidence to provide back-up to any scenario of poor performance. KK said that the way this section was worded, suggested that the data/evidence would need to be supplied directly from the Shipper and she said this would lead to discomfort within the Industry. MB said this information could be gained from the Reporting and Trading requirements and the overall Milestone Plan; however, he would look at the wording again in this section.

16.5.1 The Performance Assurance Committee shall prepare and maintain (and may from time to time amend in accordance with the requirements of the Performance Assurance Committee Constitution Document) the "Performance Assurance Framework Document" which shall specify:

(b) the records, data and other information which a Party is required to give the Performance Assurance Committee and the Performance Assurance Framework Administrator access to for the purposes of performance assurance;

Kirsty Dudley (KD) said that she had concerns about the Performance Assurance Representative aspect detailed in Section 16.8 below, regarding the maintenance and management of these PA Representatives. She asked if this process would be managed via the Joint Office or through the PAFA, or via the Xoserve Customer Life Cycle Team. She added that another area of concern was the required seniority level of the PA Representatives in each organisation, from a PAC decision making process.

A brief general discussion took place regarding the current Joint Office UNC Elections process and who would be the most appropriate party to manage this function. FC agreed to investigate this area in more depth, from both a management and seniority required level of the PA Representatives. MB agreed to change the wording in the Modification to amend section 16.8 regarding the seniority level requirement.

New Action 0104: Xoserve (FC) to discuss with the Customer Life Cycle Team the aspects of capture, maintenance, data updating and seniority level of the Performance Assurance Representatives.
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New Action 0105: ScottishPower (MB) to update Section 16.8 Appointment of PA Representative from a seniority level requirement.
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16.8 Appointment of PA Representative

16.8.1 Each Party shall nominate (and may from time to time remove and replace) a representative ("PA Representative"), of suitable seniority and qualification, to represent the Party in relation to all performance assurance matters and to attend meetings of the Performance Assurance Committee where requested to do so

MB said that he would circulate the comments and suggestions to the Workgroup Participants and update the Modification accordingly, so Dentons would have the completed amendments.

4.0 Consideration of consolidated PAC Document with Part 1 & 2 governance arrangements

Not discussed in this meeting.

5.0 Consideration of the Reporting timeline and Development of Workgroup Report

AR explained that a discussion had taken place with the Proposer, and it had been agreed due to the amount of work that was still required, that a 3-month extension would be requested at the February Panel.

6.0 Next Steps

AR outlined the next steps for the February 2020 meeting:

- Review of amended Modification, redrafted to align with the legal text
- Further review of revised Legal Text
- Consideration of a consolidated PAF Document
- Consideration of the PAC Constitution Document
- Consideration of the Reporting timeline & Development of Workgroup Report

7.0 Any Other Business

7.1. Next Meeting Date

AR said the next meeting would be held on 26 February 2020 at Radcliffe House in Solihull.

8.0 Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
Wednesday 26 February 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Agenda, plus: To Be confirmed <ul style="list-style-type: none"> • Review of amended Modification • Review of Legal Text • Consideration of a consolidated PAC Document with Part 1 & 2 governance arrangements • Consideration of the PAFA Constitution Document • Consideration of the Reporting timeline & Development of Workgroup Report
<i>March 2020 meeting date to be confirmed</i>	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Agenda, plus:

Action Table (as at 27 January 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0902	17/09/19	3.0	<i>Objectives: Gemserv (AJ) to explore the governance. The framework needs to be explicit in terms of IGTs and the linking to UNC. Gemserv (AJ) to draft the IGT Modification which would then require a sponsor to progress the Modification. – combined with Action 1002</i>	Gemserv (AJ)	Carried Forward
1001	23/10/19	1.0	Xoserve (JR) to circulate the current Xoserve Prioritisation Process.	Xoserve (JR)	Closed
1004	23/10/19	4.0	ScottishPower (MB) and Gemserv (AJ) to investigate the Plan, the Review, and the consultation process and provide a re-draft of the document.	ScottishPower (MB) & Gemserv (AJ)	Closed
1005	23/10/19	4.0	Xoserve (FC) to investigate Document 4 PAFA Scope in relation to relevance of existing content at a Heads of Terms level and determine the document's value. – linked with PAC Action 1109	Xoserve (FC)	Closed
1006	23/10/19	4.0	ScottishPower (MB) to seek guidance from PAC regarding the alternate process and attendance.	ScottishPower (MB)	Closed
1008	23/10/19	4.0	ScottishPower (MB) and Gemserv (AJ) to investigate the PAC Annual Plan, the Annual Review, and the Annual consultation process and provide a re-draft of the document.	ScottishPower (MB) & Gemserv (AJ)	Carried Forward

Action Table (as at 27 January 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	27/01/20	1.0	ScottishPower (MB) to include the IGT impact, together with the aspirations of the Proposer within the Modification	ScottishPower (MB)	Pending
0102	27/01/20	1.0	Joint Office (AR) to request a 3 month extension from the February Panel with a reporting date of 18 June 2020.	Joint Office (AR)	Pending
0103	27/01/20	1.0	ScottishPower (MB) to include the Document 4 PAFA Scope and PAC Review within the Modification.	ScottishPower (MB)	Pending
0104	27/01/20	3.0	Xoserve (FC) to discuss with the Customer Life Cycle Team the aspects of capture, maintenance, data updating and seniority level of the Performance Assurance Representatives.	Xoserve (FC)	Pending
0105	27/01/20	3.0	ScottishPower (MB) to update Section 16.8 Appointment of PA Representative from a seniority level requirement.	ScottishPower (MB)	Pending