

Appendix 1

Guidelines document for the Energy Settlement Performance Assurance Regime v 0.4

The Performance Assurance Framework is limited to energy once it has entered the Local Distribution Zone, including energy that is measured at the LDZ offtakes.

Prepared and maintained by the Performance Assurance Committee

Angela Love 20/3/2015 14:03

Deleted: 3

draft 506

Version History

| Version | Date | Reason for update |
|---------|---------------|--|
| 0.1 | December 2014 | First draft |
| 0.2 | February 2015 | Second draft for 24 th February PAW meeting |
| 0.3 | March 2015 | Third draft for 6 th March PAW meeting |
| 0.4 | March 2015 | Fourth draft for 24 th March PAW meeting |

Angela Love 20/3/2015 14:03

Formatted: Superscript

Development of Rules

1 The requirement to publish the “**Energy Settlement Performance Assurance Regime**” document is specified in Section [xxx] of the Transportation Principal Document (TPD) of the Uniform Network Code (UNC). This section also provides for the document to be published and revised from time to time. The provision reads:

“1 Each Document shall be kept up to date and published by the Transporters on the Joint Office of Gas Transporters website

2 The Rules set out below meet the Gas Transporter’s obligation to prepare Guidelines, while the Document Control Section records changes, which have been made to the Guidelines. The document is published on the Joint Office of Gas Transporters website, www.gasgovernance.co.uk

3 These guidelines can only be modified in accordance with the requirements set out in paragraph 12 of Section V of the UNC Transportation Principal Document, which reads as follows:

“UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT SECTION V – GENERAL

12 GENERAL PROVISIONS RELATING TO UNC RELATED DOCUMENTS

12.1 Purpose

The purpose of this Section is to establish generic governance arrangements in respect of the following UNC Related Documents (each a “**Document**” and collectively the “**Documents**”):-

- a) Network Code Operations Reporting Manual as referenced in Section V9.4;
- b) Network Code Validation Rules referenced in Section M1.5.3;
- c) ECQ Methodology as referenced in Section Q6.1 .1(c); and
- d) Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations as referenced in OAD Section D 3.1.5
- e) the Allocation of Unidentified Gas Document referenced in Section E10.1.1
- f) the Customer Settlement Error Claims Process Guidance Document referenced in Section E1.3.10.

12.2 Publication Requirements

Each Document shall be kept up to date and published by the Transporters on the Joint Office of Gas Transporters website.

12.3 Modifications

Should a User or Transporter wish to propose modifications to any of the Documents, such proposed modifications shall be submitted to the Uniform Network Code Committee and considered by the Uniform Network Code Committee or any relevant sub-committee where the Uniform Network Code Committee so decide by majority vote.

12.4 Approved Modifications

Angela Love 20/3/2015 14:05

Comment [1]: Is this the intention from the discussions that have been held to date?

12.4.1 In the event that a proposed modification is approved by a majority vote of the Uniform Network Code Committee, the modification shall be implemented. Where the Uniform Network Code Committee fails to achieve majority approval the proposed modification shall be considered in accordance with the provisions set out in Section 7 of the Uniform Network Code Modification Rules unless the Uniform Network Code Committee determines otherwise.

12.4.2 Each revised version of a Document shall be version controlled and retained by the Transporters. It shall be made available on the Joint Office of Gas Transporters website.”

draft 506

Contents

1. Definitions
2. Introduction
3. Performance Assurance Framework
4. Performance Assurance Scheme
5. Performance Assurance Committee
6. Performance Assurance Framework Administrator
7. Potential extension of these Guidelines as other UNC modifications are developed
8. Performance Assurance Committee Documents:

Document 1 Performance Assurance Framework – Performance Report Register

Document 2 Report Specification template

Document 3 Risk Register

Document 4 Format of Performance Assurance Framework Administrator Scope definition, against which **potential bidders for the PAFA will determine charges for service,**

Document **5**, PAC Member Confidentiality Agreement

Document **6**, Employer Assurance Document

Angela Love 20/3/2015 14:06
Deleted: cost estimate to be provided... [1]

Angela Love 20/3/2015 14:10
Deleted: 6

Angela Love 20/3/2015 14:10
Deleted: 7

draft 506

1. Definitions

The following terms shall have the following meanings:

'Change' means the addition to, variation of, or removal of any of the services within the Performance Assurance Administrator Scope;

'Employer Assurance Document'

means a document signed by an Office Bearer of the employer of the PAC Member assuring that the PAC Member can attend PAC meetings and that they are attending and voting at PAC meetings in the interest of the GB gas market and that they will not be representing any commercial interest or commercial body;

'Energy Settlement'

means the allocation and reconciliation of energy at supply point level;

'Handover Plan'

means the document detailing the exit strategy as agreed by the Performance Assurance Committee and the Performance Assurance Framework Administrator;

'Performance Assurance Administrator (PAFA) Contract'

means the contract entered into by the Gas Transporters with a third party provider for the services to provide the Performance Assurance Administrator Scope of works set by the Performance Assurance Committee and agreed with the Performance Assurance Framework Administrator;

'Performance Assurance Committee'

means the committee as referred to or described in Section 5;

'Performance Assurance Committee Document'

means the series of documents detailed in Section 8 of these Guidelines, prepared and maintained to support the general operation of the Performance Assurance Scheme. These documents are governed by the Performance Assurance Committee and not by the Uniform Network Code Committee;

'Performance Assurance Committee (PAC) Member'

shall be a voting member of the Performance Assurance Committee, such members being elected in accordance with Section 5.2;

'Performance Assurance Framework'

means the framework as referred to or described in Section 3;

'Performance Assurance Framework Administrator'

means the administrator as referred to or described in Section 6;

'Performance Assurance Framework (PAF) Year'

means the year commencing on [1st October] each year.

'Performance Assurance Framework Administrator Scope'

Angela Love 20/3/2015 14:11

Deleted: 'Additional Services' means services additional to those defined in the Performance Assurance Framework Administrator Scope of works set by the Performance Assurance Committee for the Performance Assurance Framework Administrator;

means the scope of works set by the Performance Assurance Committee and agreed with the Performance Assurance Framework Administrator, [as set out in Document 4](#);

‘Performance Assurance Scheme’
means the scheme as referred to or described in Section 4;

‘Performance Assurance Scheme Party’
means the scheme party referred to or described in Section 4;

‘Performance Report(s)’
means a report or reports defined in the Performance Report Register;

‘Performance Report Register’
means the register of agreed reports defined in Document 1;

‘Report Specification’
means the report specification defined in Document 2;

‘Risk Register’
means the register of risks defined in Document 3;

2. Introduction

These Guidelines set out the arrangements for the general administration of the Performance Assurance Framework.

3. Performance Assurance Framework

3.1 General

The Performance Assurance Framework (the “Framework”) is the overarching framework for the Energy Settlement Performance Assurance Regime. The Framework comprises the Performance Assurance Scheme and its operation, the Performance Assurance Committee and its operation, the Performance Assurance Administrator Scope, operation and provision of services to be provided by the Performance Assurance Framework Administrator.

3.2 Goal

The goal of the Energy Settlement Performance Assurance Regime is:
“A demonstrably effective settlement regime for the gas industry where no one party adversely impacts another party as a result of its failure to operate to the defined settlement regime”.

3.3 Objectives

The Framework has the following objectives:

- To determine the appropriate reporting and analysis to measure energy settlement performance and risks to it

Angela Love 20/3/2015 14:13

Deleted: s

Angela Love 20/3/2015 14:13

Deleted: [

Angela Love 20/3/2015 14:13

Deleted:]

Angela Love 20/3/2015 14:13

Deleted: [

Angela Love 20/3/2015 14:13

Deleted:]

Angela Love 20/3/2015 14:13

Deleted: [

Angela Love 20/3/2015 14:13

Deleted:]

- To create a risk register and supporting analysis to assess risks and determine mitigation activities for energy settlement performance.
- To report as necessary
- To create a regime incentivising the required performance

These objectives may be updated from time to time as the Energy Settlement Performance Assurance Regime develops.

4. Performance Assurance Scheme

The Performance Assurance Scheme applies to those UNC parties that directly contribute to Energy Settlement performance i.e. those in direct control of the data inputs to Energy Settlement (the Performance Assurance Scheme Party(s)). For the avoidance of doubt this includes all Gas Transporters; their Agent and Shipper Users.

The Performance Assurance Scheme **will** initially comprise reporting against certain performance indices and the management of a Risk Register comprising risks to Energy Settlement performance.

To meet the requirements of the Performance Assurance Scheme, two new roles are created; the Performance Assurance Committee (see section 5), and the Performance Assurance Framework Administrator (see section 6).

The Performance Assurance Scheme may extend to include:

- Management of a risk model developed by a third party
- The operation of an incentive regime requiring the creation and settlement of incentive charges
- The provision of training and awareness services to existing and new Users
- Other activities yet to be determined

5. Performance Assurance Committee

5.1 General

The Performance Assurance Committee (PAC) has the roles and responsibilities as defined with in the Uniform Network Code Committee Performance Assurance Committee Terms of Reference.

The Performance Assurance Committee (PAC) is defined as a Uniform Network Code Committee, or any relevant sub-committee, with certain rights and responsibilities relating to the management of the Community's Performance Assurance Framework.

The PAC is chaired by the Joint Office and is attended by PAC Members, others may be permitted to attend in a non-voting capacity, with the prior agreement of the PAC Chair. For the avoidance of doubt Ofgem are able to attend all meetings of the PAC, but will not have voting rights.

In the event of any conflict between the Uniform Network Code Committee Terms of Reference and the terms of the Guidelines for the Energy Settlement Performance Assurance Regime then the Uniform Network Code Committee Terms of Reference shall prevail.

Angela Love 20/3/2015 14:16

Deleted: s

Angela Love 20/3/2015 14:25

Comment [2]: Removing from Guidelines document, as it is in the PAC ToRs.

Angela Love 5/3/2015 15:17

Comment [3]: Do these have to be set out somewhere? Either that or do we need to say that it is the Gas Forum's election rules?

Angela Love 5/3/2015 14:55

Comment [4]: Under MOD506 this part would be done by competitive tender and therefore it may not be a cost estimate, but a fixed cost. Wording here may therefore need to change.

Angela Love 5/3/2015 15:01

Comment [5]: How would this be funded?

Angela Love 5/3/2015 15:02

Comment [6]: Don't think there would be this scenario if the PAFA went out to competitive tender??

Angela Love 20/3/2015 14:25

Deleted: -

... [2]

6. Performance Assurance Framework Administrator

6.1 Appointment of the Performance Assurance Framework Administrator

A person shall be appointed and engaged by the Gas Transporters, in accordance with this paragraph 6.1, to act as the PAFA. The initial term of appointment for the PAFA will be for [3] years, with the option to terminate the service following [1] year, such termination to be agreed by a unanimous vote by PAC Members and advised to the Gas Transporters [2] months in advance of the 1st anniversary of the contract commencement.

6.1.1 The Gas Transporters shall be obliged to:

- (a) prepare arrangements and documentation for the a tender for the appointment of a PAFA;
- (b) conduct such tender on the basis of such arrangements and documentation;
- (c) together with the PAC members, review and assess the proposals made by such persons tendering for appointment as the PAFA (referred to as “bidders”) pursuant to the tender;
- (d) where appropriate (for the purposes of the selection of a bidder), enter into further discussions with one of more of such bidders, together with the PAC members;
- (e) use reasonable endeavours to enter into a contract of engagement with the selected bidder; and
- (f) operate and enforce (and, as and if appropriate, take steps to extend or terminate) the PAFA Contract.

6.1.2 This paragraph 6.1 shall apply for the purposes of the initial appointment of the PAFA and on each subsequent occasion on which (following the expiry without extension, or termination, of the engagement of the current PAFA) a PAFA is to be appointed.

6.1.3 The Transporters may agree amongst themselves, upon such terms as they may so agree, that the PAFA Contract shall be entered into by any one of the Transporters alone; but in the absence of such agreement they shall enter jointly into such contract.

6.2 Scope of Performance Assurance Framework Administrator role

The scope of the PAFA role is set by the PAC. Initially this is:

- Maintenance, and publication, of the Performance Report Register
- Delivery of Performance Reports in accordance with the Performance Report Register
- Review of Performance Reports and consideration of effectiveness, providing recommendations to the PAC as required
- Creation, management, maintenance and reporting (including publication) on the PAF Risk Register
- Submission of Framework Risk Register reports to the PAC
- Support to the PAC in the PAC’s review of proposed risks
- Annually, conduct a consultation on the effectiveness of the Framework and the submission of a report of findings to the PAC
- The maintenance of Report Specifications as required

Angela Love 20/3/2015 14:30

Deleted: [

Angela Love 20/3/2015 14:30

Deleted:]

- The documentation and maintenance of the processes undertaken by the PAFA to deliver services to and on behalf of the PAC, to a recognised quality standard
- Calculation of incentive payments and provision to the Transporters' Agent for billing purposes following any relevant grace period from scheme commencement

Angela Love 20/3/2015 14:30

Deleted: [

Angela Love 20/3/2015 14:30

Deleted:]

In addition the PAFA is to:

- Attend meetings of the PAC to provide support as required

Angela Love 20/3/2015 14:31

Comment [7]: Covered under the contract

Angela Love 20/3/2015 14:30

Deleted: <#>Within [2] months of the forthcoming PAF Year, based upon the scope requested by the PAC, submit a cost schedule for the provision of the PAFA scope for the coming year to the PAC.

In future the PAFA may:

- Manage any Risk Model provided by a third party
- Provide training and awareness services to Users
- Provide a Handover Plan to the PAC to support the PAC appointment of another party to the PAFA role
- Provide other services yet to be determined

Angela Love 20/3/2015 14:31

Deleted: <#>Manage the invoicing function of an incentive regime

6.3 Changes to services

Any changes to services are to be the subject of an Change request under the PAFA contract.

Angela Love 20/3/2015 14:31

Deleted: Additional

Angela Love 20/3/2015 14:32

Deleted: S

Angela Love 20/3/2015 14:32

Deleted: Additional

Angela Love 20/3/2015 14:32

Deleted: S

Angela Love 20/3/2015 14:32

Deleted: Additional Services

7. Potential extension of these Guidelines as other UNC modifications are developed

These Guidelines have been prepared for the establishment of the PAC and PAFA arrangements. It is recognised that there are current and potential future modifications, in development that may require the extension of these Guidelines. These Guidelines allow for future change.

8. Performance Assurance Committee Documents

The following Performance Assurance Committee Documents – hereafter referred to as "Documents", will be used to support the general operation of the Performance Assurance Scheme. The Documents are governed by the Performance Assurance Committee and published on the Joint Office website. Changes to these Documents can be proposed by any UNC Party; the Performance Assurance Committee or the Performance Assurance Framework Administrator. Changes to the Documents are prepared by the Performance Assurance Framework Administrator and presented to the Performance Assurance Committee for approval.

Other Documents may be developed as and when required.

Document 1 Performance Assurance Framework – Performance Report Register

Document 2 Report Specification Template

Document 3 Risk Register

Document 4 Format of Performance Assurance Framework Administrator Scope definition, against which potential bidders for the PAFA will determine charges for service

Document 5 PAC Member Confidentiality Agreement

Document 6 Employer Assurance Document

Angela Love 20/3/2015 14:10

Deleted: Document 5 Additional Services process

Angela Love 20/3/2015 14:10

Deleted: 6

Angela Love 20/3/2015 14:11

Deleted: 7