

**UNC Workgroup 0520 Minutes
Performance Assurance Reporting**

Tuesday 24 March 2015

at the E.ON Office, 7th Floor, 129 Wilton Road, London SW1V 1JZ

Attendees

Bob Fletcher Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Margan	(AMa)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Andy Miller	(AM)	Xoserve
Angela Love	(AL)	ScottishPower
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
Edward Hunter	(EH)	RWE npower
Emma Lyndon	(EL)	Xoserve
Erika Melen	(EM)	Scotia Gas Networks
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy*	(RP)	Wales & West Utilities

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0520/240315>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 June 2015.

1.0 Review of Minutes and Actions

1.1. Minutes

The minutes of the previous meeting were approved.

1.2. Actions

No outstanding actions to consider.

2.0 Development of Workgroup Report

2.1. Amended Modification

Consideration deferred.

2.2. Consideration of Business Rules

Consideration deferred.

2.3. Performance Assurance Reporting Template Guidance Document

AMa provided a brief explanation of the rationale behind the document during which he highlighted the recent changes.

Reviewing the proposed reports in turn, the brief discussions focused on the following:

Estimated Reads

Referring to comment [1], AMa advised that this remains unclear to his British Gas colleagues. Some parties wondered how this would be undertaken in practical terms as the window is so short.

In recognising that there are various complications relating to larger meters, BF suggested that parties would need to discuss the matter with their respective Metering Contracts Managers. It was also noted that some companies do monitor their gas usage down to a very detailed level utilising sophisticated energy management systems. EL suggested that where parties have equipment that can identify gas volumes then reconciliation can be calculated, where not, it may be down to a 'best guess'.

When asked, CW confirmed that ascertaining the impacts of failing meters where their performance is deteriorating is covered under the Meter Reading Obligations.

AMa confirmed that a parties' anonymity is not retained via the use of the Shipper Short Codes within the reports.

In considering the example report, AM noted that this is not consistent with the "Record where a D-7 estimate is used for Class 1 and 2 – this is used.....fail to provide a read for the day" statement, before advising that the percentages relate to a Shippers reads. AMa explained that he envisages separate reports for Product Classes 1 and 2 and that he believes this is consistent with the Engage Consultants Report (that sought to highlight the allocation related risk).

Some parties voiced their concerns that certain 'key' context elements appeared to be missing from within this report, namely the scale or materiality of the missing volume/error should the estimate prove inaccurate, whilst others noted that assessing the potential scale of the risk is not possible without actually having the report in the first place. AM suggested that Xoserve could look to provide a sample report (excluding any Shipper names) for reads for DM sites that would potentially identify the level of estimated reads involved. This offer was welcomed by those in attendance.

New Action 0520 0301: Reference estimated reads - Xoserve (AM) to provide an example of when estimates are calculated on a continual basis along with reads for DM sites that would potentially identify the level of estimated reads involved.

Some parties remained concerned as to how the 'industry' would be truly able to compare the performance between Shippers with varying portfolio sizes. When it was suggested that the Engage Consultants could be recalled to explain what they perceive the risk to be, AL suggested it may be beyond the scope of the initial work Engage had carried out. When asked, AMa confirmed that these proposed reports had been discussed with the Engage personnel and that they had not raised any concerns about the report being requested.

Concerns remained over various aspects such as the fact that the example report appears to lack clarity around the materiality behind the perceived (Engage) risk and the need to consider confidentiality aspects.

AM felt that the current report does not identify the allocation risk accurately and suggested that it remains important to identify the actual requirements rather than focus on the solution at this stage. He went on to suggest that Xoserve could look to identify a couple of suitable example sites and provide an assessment v's actual estimated reads to try to help to understand the requirements better (i.e. it is about identifying the best way to understand the position and possible consequences).

New Action 0520 0302: Reference estimated reads - Xoserve (AM) to look to identify a couple of suitable example sites and provide an assessment v's actual estimated reads to try to help to understand the requirements better.

BF suggested that perhaps the real answer lies in looking to provide an initial cost effective performance reporting provision, and to then consider whether this identifies a risk and thereafter assess if more work is required.

Meter Reads

EL pointed out that this relates to accepted reads only whilst BF suggested that this report is simply the ‘flip side’ to the previous estimated reads report (from a Product Classes 1 and 2 perspective), although others disagreed with this view.

It was suggested that this report fails to identify the potential portfolio level performance around Class 4 sites and that it might prove beneficial to separate these out. Some felt that whilst the report relates to a limited allocation risk, there is a more worrying reconciliation risk to consider and that perhaps identifying unread sites and how long they have been unread might be beneficial. It was suggested that the report only serves to highlight a parties meter reading strategy.

Concerns were voiced around whether or not this report actually provides any valuable information, especially when considered in isolation. Responding, AMa pointed out that it is simply one of a suite of reports. A brief discussion around whether there was benefit in holding a (sub) Workgroup meeting to look at these reports in more detail and compare them to the Engage Report concluded that this would not really add value. BF suggested that it might prove beneficial if AMa could invite one of his settlement colleagues to the next meeting in order to explain why they believe these reports are needed and the value they would add.

Correction Factors of zero

EL pointed out that there would be no correction factors of zero in the post Project Nexus go-live world. She also indicated that she would liaise with AMa offline to develop further.

It was noted that for sites below the 732,000 kWh threshold, The Gas Calculation of Thermal Energy Regulations (1986) utilises standard correction factors, whereas for sites above this level, the calculation of correction factors are conducted on a site specific basis.

No asset (meter) attached

AMa pointed out that whilst this report has been deleted, his British Gas settlement colleague(s) still believe that it might be useful – this was not a universally supported view with some parties believing it could be used as a ‘fishing exercise’.

Shipper Transfer Read Performance

When AMa suggested that his British Gas colleagues believe that this relates to potential settlement impacts, AL quoted the Engage assessment on the matter. AM indicated that he could see no reason why we would not wish to retain this report on the grounds that a similar report is currently sent to Ofgem anyway. He pointed out that this is one of the reports that could be published anonymously (via the use of pseudonyms for Shippers) in order to incentivise behaviours.

When asked, AM advised that this report does / would not provide a view of transfers. He also suggested that if AMa is considering retaining this reporting provision, due consideration of utilising a Shipper Short Code to avoid any confidentiality concerns would be needed in due course.

New Action 0520 0303: British Gas (AMa) to invite one of his Settlement colleagues to the next Workgroup meeting to provide a view as to why these reports are required.

3.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Workgroup meetings are scheduled to take place as follows:

Time/Date	Venue	Workgroup Programme
10:30, Wednesday 08	31 Homer Road, Solihull B93 9PS	Including Workgroups 0506 and 0520.

April 2015		
10:30, Tuesday 21 April 2015	Energy Networks Association (Room 4 - Note: Maximum capacity 20 persons)	Including Workgroups 0506 and 0520.
10:30, Tuesday 05 May 2015	Energy Networks Association (Room 4 - Note: Maximum capacity 20 persons)	Including Workgroups 0506 and 0520. <i>Workgroup Reports 0506 and 0520 are due at 18 June Panel</i>

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0520 0301	24/03/15	2.3	<i>Reference estimated reads -</i> Xoserve (AM) to provide an example of when estimates are calculated on a continual basis along with reads for DM sites that would potentially identify the level of estimated reads involved.	Xoserve (AM)	Pending
0520 0302	24/03/15	2.3	<i>Reference estimated reads -</i> Xoserve (AM) to look to identify a couple of suitable example sites and provide an assessment v's actual estimated reads to try to help to understand the requirements better.	Xoserve (AM)	Pending
0520 0303	24/03/15	2.3	To invite one of his Settlement colleagues to the next Workgroup meeting to provide a view as to why these reports are required.	British Gas (AMa)	Pending