

UNC Workgroup 0506 0506A Minutes
Gas Performance Assurance Framework and Governance
Arrangements
10.30 Monday 18 May 2015
at Energy Networks Association, 52 Horseferry Road, London
SW1P 2AF

Attendees

| | | |
|-----------------------------|------|----------------------------|
| Bob Fletcher (Chair) | (BF) | Joint Office |
| Mike Berrisford (Secretary) | (MB) | Joint Office |
| Andy Clasper | (AC) | National Grid Distribution |
| Andy Miller | (AM) | Xoserve |
| Angela Love | (AL) | ScottishPower |
| David Mitchell | (DM) | Scotia Gas Networks |
| Edward Hunter | (EH) | RWE npower |
| Emma Lyndon | (EL) | Xoserve |
| Jonathan Kiddle | (JK) | EDF Energy |
| Kish Nundloll* | (KN) | ESP Utilities |
| Leigh Chapman* | (LC) | first:utility |
| 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/0506/180515>

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

AL provided a brief outline of her proposed amendments to the 05 May 2015 minutes.

Thereafter, the minutes of the previous meeting were approved.¹

1.2. Actions

0506 1101: Xoserve (EL) to investigate the areas of concern with regards to manual workarounds.

Update: AM advised that with regard to action 1101, the previous proposal had now been superseded by recent events that would require a Project Nexus re-planning exercise.

Xoserve consideration remains ongoing. **Carried Forward**

0506 0306: Reference draft 0506 Guidelines Document – Scottish Power (AL) to consider whether an iGT UNC Modification is required to include the iGTs within the Performance Assurance Framework Regime.

Update: AL advised that S Ladle, Gemserve is of the opinion that an iGT Modification is not required as there is no settlement balancing aspects proposed

¹ Post meeting note: an amended version of the 05 May 2015 minutes was published after the meeting.

under the ITAD. However, RP had a different view and suggested that whilst the (iGT) information can be extracted from the Xoserve systems, it is actually what you wish to do with it that may or may not necessitate the raising of an iGT modification.

When AM also pointed out that iGT CSEPs are already in scope as far as 0506 and 0506A are concerned, AL agreed to give the matter some more consideration.

Carried Forward

0506 0501: *Reference Amended Modification Business Rules* – ScottishPower (AL) & Wales & West Utilities (RP) to liaise to consider development of suitable business rules in order to facilitate development of the legal text.

Update: AL pointed out that a draft version of Modification 0506 had been published prior to the meeting. Please refer to item 2.1 below. **Closed**

0506 0502: *Reference Amended Modification Business Rules* – ScottishPower (AL) to seek a view on whether or not reads and AQs in a non aggregated form constitute personal data.

Update: Discussed under item 1.1 above, and action now closed at the request of AL. **Closed**

0506 0503: *Reference HLC for 0506 - Xoserve* (AM) to look to provide a view on potential costs on a contract term based around the EU procurement threshold basis.

Update: AM indicated that a view on this action is to be provided at the next meeting. **Carried Forward**

0506 0504: *Reference the Options paper discussion document on contracting model* - ScottishPower (AL) to look to canvas Shipper views on the most suitable option for the contracting model.

Update: AL advised that consideration of this action remains ongoing with a meeting scheduled to take place on 19 May. **Carried Forward**

2.0 Consideration of Modifications 0506 and 0506A

2.1. Consider Amended Modification(s)

Apologising for the late provision of her amended modification, AL provided a brief overview of the latest round of changes to 0506 following recent discussions with Xoserve (AM).

A brief review of the changes was conducted, and the main discussion points captured as follows:

Section 1 – Summary – Solution

In considering whether or not the PAFA scope needs to be a UNC Related Document, or included within the Guidelines, AM suggested that it is a related document on the grounds that it forms part of the parent / child relationship.

Section 3 – Solution

Considering the new paragraph that states “*The Performance Assurance Framework is limited to energy once.....to the NTS are excluded from the arrangements created by this modification*”, RP suggested that this should be included within the business rules in order to ensure that it is not missed.

When considering business rule 7.2, RP advised that following the 05 May meeting he proposes to base the drafting on the current AUGÉ provisions within UNC TPD Section E10 – the consensus of those in attendance was that this would probably work with some adjustments. AM also suggested that there might be benefit in looking at the approach taken for the legal text for UNC Modification 0473 ‘Project Nexus – Allocation of Unidentified Gas’.

Moving on to consider the “NB A Uniform Network Code Committee Sub-Committee, the Performance Assurance Committee, will be established” statement, BF indicated that he assumes that this process would be included as part of the Guidelines document – he also suggested that it would be necessary to make it clear how the PAC would be set up and from what point in time the guidelines would apply (i.e. is the version attached implemented with the modification or do they need to be approved by the UNCC?). Additionally, BF felt that this provision would also need to be included somewhere within the business rules. It was suggested that a quick look at the legal text for UNC Modification 0484S ‘Guidance for the production of legal text’ might also prove beneficial.

Referring to previous Workgroup discussions of UNC TPD Section V5 aspects, RP wondered whether the detailed provisions (i.e. data items that are allowed to be provided to the PAFA) could / should also be included within the guidelines document, rather than being in Code – AL agreed to give the matter some consideration.

Looking at the User Pays table, AM pointed out that references to ‘SOQ’ should be amended to read as ‘AQ’.

Section 4 – Relevant Objectives

AL pointed out that she had removed reference to relevant objective a) and its supporting narrative.

2.2. Consider Associated Documents

Draft 0506 Guidelines Document for the Energy Settlement Performance Assurance Regime (v0.9)

AL advised that this version of the document builds upon the previous version (v0.8).

When considering paragraph 6.3.1, AM pointed out that it is critical that the document referred to, is provided in with sufficient detail that Xoserve is able to work with it and it is ‘fit for purpose’. He asked people to note that this in itself involves a considerable piece of work for somebody to undertake and should not be underestimated.

Moving on to consider paragraph 8 and specifically the NB: statement that states “*For the avoidance of doubt these Documents are for example purposes only and.....agreed by the UNCC, such agreements by a majority vote*”, AM suggested that the statement is incorrect, as these are not example documents, but are in fact the initial (starting) document set. AL agreed to consider amending the statement.

In quickly reviewing the six proposed documents, AM confirmed that documents 1, 2 and 3 are ready (including ‘tailored’ for 0506A purposes as well, where appropriate). He also agreed to provide a Word version of the ‘Performance Assurance Framework Administrator Scope document. AM then confirmed that documents 5 and 6 are to be considered for 0506A purposes.

Concluding discussions AM suggested that the contractual aspects would need to go into the Terms of Reference.

Uniform Network Code Committee – Performance Assurance Committee Terms of Reference (v0.8)

During a brief onscreen review of the document, AL advised that there had only been a few changes to the previous version. AL questioned if there were any 0506A impacts (especially when considering the bulleted lists under item 2.5 ‘Roles and responsibilities of Performance Assurance Committee’).

AL then pointed out that there were a few typographical errors within the equivalent 0506A document that AM agreed to investigate and correct.

Once again, AM reminded everyone that once the contracting model is bottomed out (i.e. depending on who the PAC is providing instruction to etc.), the respective terms of reference would need to be updated and finalised.

Letter of Confirmation By Performance Assurance Committee Member

Opening, AM suggested that the document needs to clearly identify what it is as it will be referenced by the guidelines document.

When asked whether or not something similar might be needed for 0506A, MJ (and JK) remained relaxed about the prospect, whilst AM noted that it could be added at a later date. He also noted that it would / could depend on what the PAC wants publishing which is yet to be determined (i.e. what is to be delivered).

In reflecting on the equivalent Electricity model, AM considered it had not been demonstrated whether or not the scheme adds value and why the target performance levels had been established, as it is still unclear to what extent the gas industry settlement regime does not work efficiently. AL advised that unidentified gas was a key issue and is part of the settlement regime. AM suggested that a performance assurance scheme would not address unidentified gas, as its primary focus is on measured energy. However, this was not necessarily a view shared by those in attendance with AL suggesting that in her opinion there maybe some (indirect) UG benefits relating to the provision of improved information as a product of introducing the PAF regime. AL advised that there was not an equivalent “unidentified” aspect in the electricity market. AM suggested that the difference may be due to a difference in electricity meter connections and registration processes. AL and AM agreed that they considered the timing of reconciliation and the risk of energy remaining unreconciled was an issue and a scheme should seek to address this even though it has not yet been possible to quantify it.

AL observed that at early Workgroup meetings there had been little appetite demonstrated by attendees in seeking to address potential commercial risk levels. Responding AM remained unsure as to how the industry would actually identify the risk levels, as current analysis does not necessarily indicate that the issue exists. However, in noting that Xoserve had previously proposed possible solutions AM still believes that the question of whether PAC needs visibility of commercially sensitive information remains to be resolved.

Letter of Agreement from Company Employing a Panel Committee Member

It was recognised that this had been (indirectly) discussed as part of the discussions on the ‘Letter of Confirmation By Performance Assurance Committee Member’ above.

In looking to identify what needs to be done next, AM suggested that the appropriate points of 0506 now need to be aligned in 0506A before confirming that the guidelines for 0506A are basically completed.

AM advised that he would now look to update the 0506A documentation before sending a copy to AL for her consideration.

When asked whether the Risk Register presentation (as provided at the 05 May meeting) should now be included within the guidelines documentation set, AM believes they should.

3.0 Consideration of Legal Text

In light of discussions under item 2.0 above, further consideration was deferred.

4.0 Development of Workgroup Report

During a brief discussion, RP indicated that subject to a couple of points of clarification, he would look to request that the Wales & West Utilities lawyers commence work on preparation of the 0506 legal text and then follow this with a similar request for preparation of the 0506A legal text once the necessary amendments to 0506A are completed.

With this in mind, RP indicated that he would prefer to develop (draft) legal text (hopefully for consideration by the Workgroup) prior to a formal UNC Panel request for legal text being made to WWU at the 18 June 2015 meeting.

BF pointed out that if this is the suggested approach that meets the Workgroup's expectations, then the aim should be to complete the Workgroup Report by no later than 03 July to enable submission to the July Panel meeting. To achieve this, he would request an extension to the Workgroup Reporting date from 18 June to 20 August with the aim of reporting to the July Panel.

Thereafter, in light of discussions under item 2.0 above, further consideration was deferred.

5.0 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, Tuesday 16 June 2015 | Energy Networks Association (Room 4 - Note: Maximum capacity 20 persons) | Standard Workgroup agenda plus: Consideration of amended modification(s) Consideration of (draft) legal text Development of Workgroup Report |
| 10:30 Wednesday 01 July 2015 | <i>to be confirmed</i> | Standard Workgroup agenda plus: Completion of Workgroup Report |
| 10:30 Tuesday 21 July 2015 | Energy Networks Association (Room 4 - Note: Maximum capacity 20 persons) | <i>To be confirmed.</i> |
| 10:30 Tuesday 25 August 2015 | Elaxon (Orange Room - Note: Maximum capacity 30 persons) | <i>To be confirmed.</i> |

Action Table

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|--|--|--|
| 0506 1101 | 26/11/14 | 2.0 | EL to investigate the areas of concern with regards to manual workarounds, specifically resolution of outstanding item 2.10 in the 'Pre-Nexus Xoserve settlement intervention activities. | Xoserve (EL) | Carried Forward |
| 0506 0306 | 24/03/15 | 2.2 | <i>Reference draft 0506 Guidelines Document</i> – Scottish Power (AL) to consider whether an iGT UNC Modification is required to include the iGTs within the Performance Assurance Framework Regime. | ScottishPower (AL) | Carried Forward |
| 0506 0501 | 05/05/15 | 2.1 | <i>Reference Amended Modification Business Rules</i> – to liaise to consider development of suitable business rules in order to facilitate development of the legal text. | ScottishPower (AL) & Wales & West Utilities (RP) | Closed |
| 0506 0502 | 05/05/15 | 2.1 | <i>Reference Amended Modification Business Rules</i> – to seek a view on whether or not reads and AQs in a non aggregated form constitute personal data. | ScottishPower (AL) | Removed at the request of AL at the 18 May meeting |
| 0506 0503 | 05/05/15 | 2.2 | <i>Reference HLC for 0506</i> – Xoserve (AM) to look to provide a view on potential costs on a contract term based around the EU procurement threshold basis. | Xoserve (AM) | Carried Forward |
| 0506 0504 | 05/05/15 | 2.2 | <i>Reference the Options paper discussion document on contracting model</i> - ScottishPower (AL) to look to canvas Shipper views on the most suitable option for the contracting model. | ScottishPower (AL) | Carried Forward |