

Gas Performance Assurance Framework Incentive Regime (Mod 483)

PAW April 2014

Gas Performance Assurance Framework Intensive Regime

Elements of the change

1. Identify the system and data to measure and monitor industry performance

Nexus monthly data and reporting

2. Establish appropriate incentive model

Independent study

3. Establish appropriate incentive rate and target

Model output is a p/kWh rate and % target

4. Determine appropriate mechanism for the incentive re-allocation

Incentive pot and invoicing

5. UNC Performance Assurance Sub-committee

Creation of a UNC PAS to oversee arrangements

1. Identify the system and data to measure and monitor industry performance

Principles

- Shipper organisation's collective portfolio data measured
- Data extracted from Nexus system
- Reported monthly

AQ Allocation / Energy Reconciled = % reconciled

2. Establish appropriate incentive model

Ofgem are leading procurement of an Independent Study

- Create a model to determine equitable redistribution of cost based on risk presented (size in kWh and age of un-reconciled energy are expected to be the key attributes of the model)
- Detail of what needs to be measured to ensure accuracy of inputs (e.g. Transporter offtake metering, shrinkage, Shipper-provided meter readings, AQ calculation rates)
- Full documentation of the methodology and supporting information and assumptions

The model is to be approved by the Performance Assurance Workgroup or relevant UNC Sub-committee

Establish appropriate incentive rate and target

The model output will populate the below table

[Transporters] will manage model annually and be obligated to populate the table

[UNC Performance Assurance Incentive \(PAI\) Table format](#)

Year	p/kWh	%target
2015		
2016		
2017		
2018		
2019		
Etc		

Determine appropriate mechanism for the incentive re-allocation

The Performance Assurance Target (PAT) will be measured against a rolling 12 month performance, for each shipper organisations collective portfolio.

Scenario 1

Only compliant parties receive incentive smear

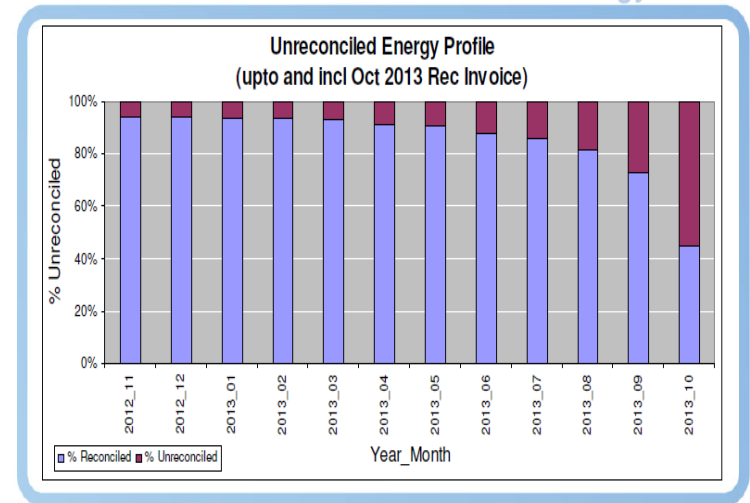
Scenario 2

Polluter pays Mod 640 model

Scenario 3

Total monthly pot is allocated by AQ allocation market share to all parties

Un-reconciled Energy Profile



Incentive allocation scenarios

Shipper	Allocation (kWh)	PAT Compliance	Pays in (£)	Scenario 1 (£)	Scenario 2 (£)	Scenario 3 (£)
A	50	Yes	0	100	50	50
B	25	No	90	0	5	25
C	25	No	10	0	45	25

UNC Performance Assurance Sub-committee

Principle

- The Performance Assurance Sub-committee (PAS) will be established to review and manage the Performance Assurance regime
- The PAS will be a sub-group of the UNCC
- The powers of the PAS include –
 - Contract with third parties e.g. new independent report
 - Review the process and recommend any improvements
 - Request audits of the process
 - Raise new PA modifications
 - Suspend the PA process