

Gas Performance Assurance Framework

January 2014



Gas Performance Assurance Framework

Background

The Performance Assurance Workgroup has been established to debate and potentially develop a performance assurance framework

ToR

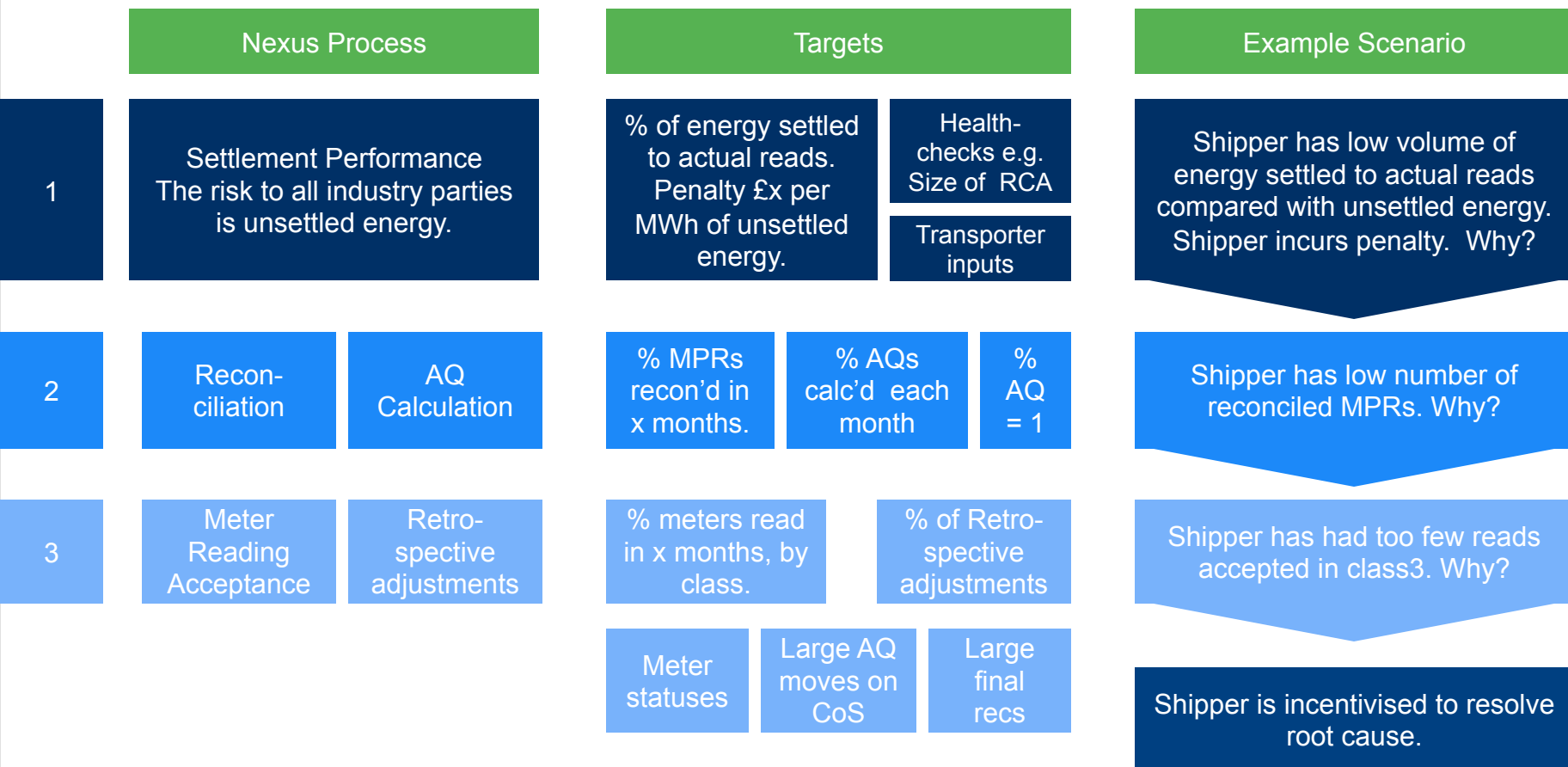
To ensure that gas settlement has accurate allocation, control, self monitoring and governance post Project Nexus so that no commercial advantage can be derived from settlement.

Two Key Areas are agreed and being developed

1. Top-down cost reflective risk based incentive model
2. Lower level industry reporting

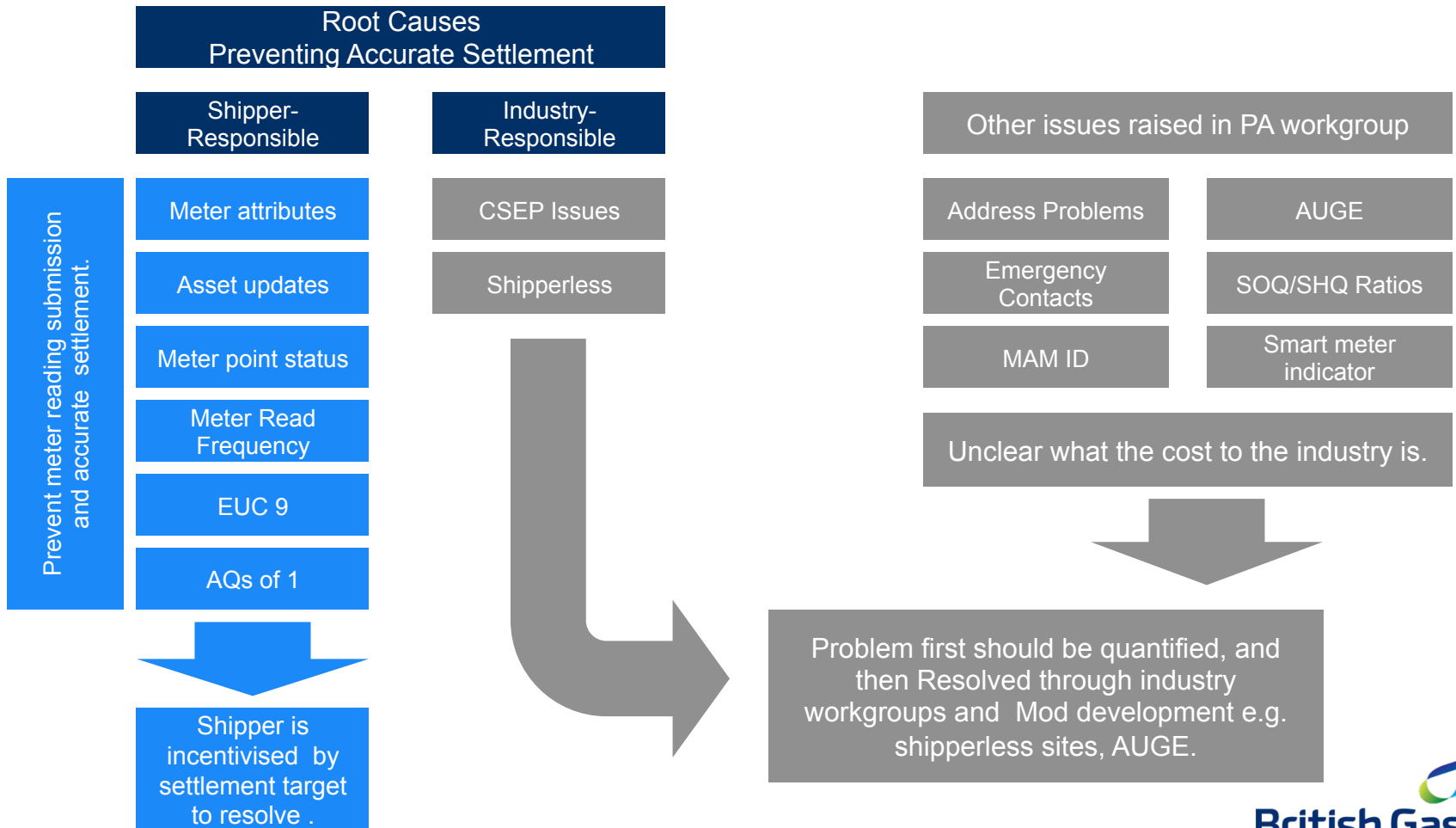
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PAF incentive model is a top-down, cost reflective risk based approach



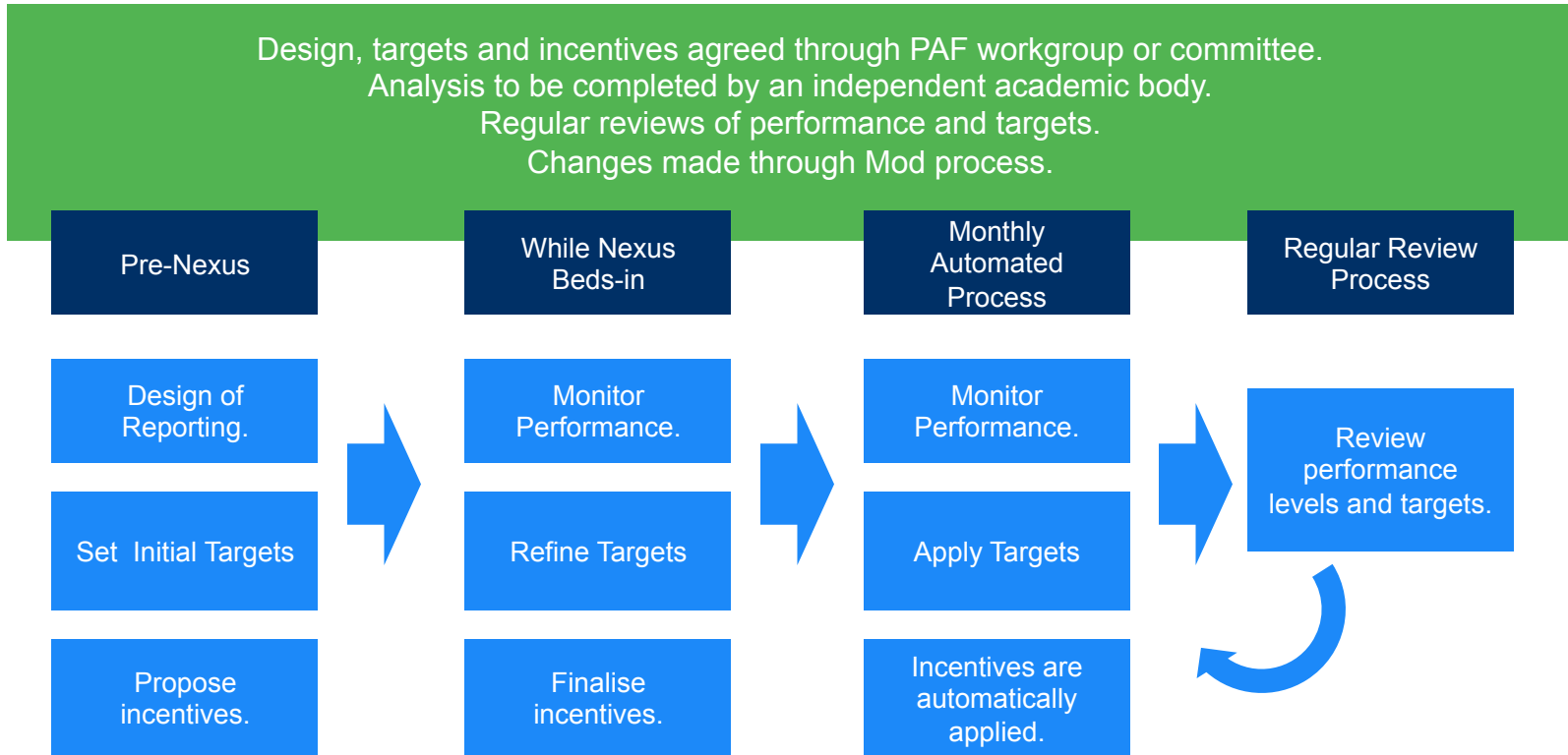
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The incentive model can be supported by other work outside of the PAW remit



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PA should be a fluid and evolving process



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Lower Level Reporting (to be finalised in Q1, 2014)

- Meter Reading Submission
- Read Validation
- AQ vol recalculated
- Reconciliation
- Scaling Adjustments
- Retrospective Updates
- Market Accuracy
- Metering Errors

Administrator Role

Reporting, incentive administration & invoicing

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Policing Administrator Role questions

1. What are we trying to fix?
2. Do we require lower level reporting before can identify other industry issues?
3. Is it an audit, that reports to PAW or a body with arbitrary powers?
4. Is this an auditor, 3rd party or Operational Risk function?
5. If incentive model is working correctly is this required?

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Policing Administrator Role continued

British Gas has concerns with the development of this functionality

- The incentive model should work correctly and not require policing
- The project is more complicated – risk of delaying main proposals
- It is not known what we are trying to fix
- Lower level reporting is required before additional changes identified
- The role will be arbitrary – and potentially conflict with the incentive model
- Adds additional cost to the industry - and requires business case