

Performance Assurance Workgroup Minutes

Wednesday 06 February 2013

31 Homer Road, Solihull B91 3LT

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Bob Fletcher (Secretary)	(BF)	Joint Office
Andrew Margan	(AM)	British Gas
Angela Love	(AL)	ScottishPower
Andy Clasper	(AC)	National Grid Distribution
Anne Jackson*	(AJ)	SSE
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Edward Hunter	(EH)	RWE npower
Emma Lyndon	(EL)	Xoserve
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	WatersWye
Joanna Ferguson	(JF)	Northern Gas Networks
Joanne Cantello	(JC)	National Grid NTS
Jonathan Kiddle	(JK)	EDF Energy
Jon Dixon*	(JD)	Ofgem
Lorna Lewin	(LL)	DONG Energy
Marie Clark	(MC)	ScottishPower
Mark Jones	(MJ)	SSE
Steve Mulinganie	(SM)	Gazprom

1. Review of Minutes and Actions

The minutes from the previous meeting were approved.

Action PA 0101: Consider what Ofgem may require in terms of cost and benefit analysis to justify implementing a modification establishing a performance assurance framework **Update:** JD was unable to provide an update at this stage but wanted to provide a view based on practice associated with modifications that have been through the modification process and associated with this topic.

Carried Forward

2. Discussion

2.1 Cost Benefits Considerations

See response to Action PA0101.

2.2 Data Cleansing Lessons

EL intends to provide a list of data items based on operational packs which requiring cleansing for discussion at a future meeting. MC asked if this would contain the materiality of the data items. EL advised it would not at this stage.

2.3 Framework and Regime

AL provided an update of the framework presented at the previous meeting and how it has been amended based on the comments received.

CW asked if the intention is to have the regime in place prior to Nexus. AL confirmed the aim is to have the framework in place by Project Nexus implementation. However, quick wins should be picked up as soon as possible.

SM was concerned that the objective of the group is very wide and suggested this be considered in more detail. The Workgroup agreed amendments to the objective to state that there “is no undue commercial advantage”.

SM asked why a PA Panel is required, isn't a committee sufficient enough which would report to the UNC Modification Panel or similar. AM agreed, the British Gas view is that the existing modification process should be used.

EH asked what the escalation route would be, how would this be managed? SM felt this would be the same as for any other committee and would possibly include an audit.

AM felt there should be audit and incentives based on the adverse effect created due to poor performance. AL thought that would be similar to that proposed under Modification 0421, but that had been rejected. It would be useful to get a view from Ofgem on their decision process for Modification 0421 and why it failed.

TD asked what is being proposed to be assured under the process and who is being assured. Participants felt it should be for industry assurance and giving confidence that the rules are being complied with.

SM was concerned that the process should not be left to individual views but based on a set of defined rules that can be seen to be applied to all and does not allow any unknown risks to a business.

CB felt the rules should set out priorities for assurance, obligations and potential impacts and remedies.

EH presented an RWE npower view of how a performance assurance framework might be developed.

TD asked if there were any aspects requiring assurance that extend beyond information held by Xoserve. EH felt there were other aspects such as SPAA, which may need to be considered.

GE asked what do parties want to see happen should a party, for example, fail to submit its meter reads on time. EH advised that the party would need to present to the Panel their views and reasons for failure. GE was concerned that when it comes to a Panel, it may be possible for a party to plead their case and escape sanctions – this is prone to interference or inconsistencies in its application.

AL would prefer to see rules coded and parties either meet them or fail and incur the appropriate sanction.

JF felt there were hard and fast rules in the UNC now but there were committees, which discuss issues or inconsistencies to ensure the appropriate action is taken.

AM presented the British Gas view for the development of a performance assurance framework. He felt there was no requirement to rush this process and there was time to ensure it was an appropriate model for Nexus implementation.

MC was concerned whether this would prevent or delay quick wins. AM disagreed, other modifications could be raised to manage other issues and then be incorporated into the regime at a later date.

MC challenged what was meant by performance numbers/targets – how does this meet the aim of improving accuracy. SM was concerned that the group was discussing detail when they should be considering the high level issues of where performance needed to be assured.

CW asked if this framework was going to try and amend the rules agreed in Project Nexus requirements, if so, should this be outside scope of this workgroup. CB felt that it would be inappropriate to ignore issues but ensure they were presented to the Project Nexus forum for their consideration.

JD wanted to see the framework considering not just new rules but whether the old rules were appropriate going forward or whether they should be amended or de-scoped. The Workgroup should consider the cost of compliance and that it does not exceed the benefit of meeting compliance. GE asked if some of this process would be about demonstrating the process is beneficial. JD agreed to a point, but wanted a view on whether the measurement is appropriate or should it be increased or decreased. All existing measures should be tested.

SM felt the process should be to create a framework but not set out what is measured, this should be down to the committee charged with the process. This workgroup should be about creating the framework on how the committee operates.

GE wanted to know who is going to be responsible for managing the secretarial/administrative aspects of the process of establishing a performance assurance framework. There was a general discussion around the analysis required to support the framework and how this could be captured and funded going forward.

AJ asked if it would be beneficial to consider a risk based approach i.e. report on activities and if something appears to be wrong, then the process allows further detail and investigation to be undertaken.

GE advised that ICoSS would work collaboratively with Energy UK if required to help support the process to ensure the administrative process is developed.

AM wanted to understand why this process can't be undertaken within this workgroup. GE was concerned that the Workgroup participants would be occupied with their day jobs and the process would stagnate.

Action PA02/01: Transporters to consider whether they can provide administrative support to develop a performance assurance framework.

Action PA02/02: Shippers to consider whether Energy UK (or any other body) can provide administrative support to develop a performance assurance framework.

3. Any Other Business

None.

4. Diary Planning

Next meeting to discuss:

Cost Benefits Considerations;

Data Cleansing;

Data Quality and Accuracy;

Setting priorities within the process;

Xoserve reporting and secretarial support;

What is to be assured?

The Workgroup agreed to meet in Solihull in the second half of March.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PA01/01	11/01/13	2.2	To consider what Ofgem may require in terms of cost and benefit analysis to justify implementing a modification establishing a performance assurance framework	Ofgem (JD)	Carried forward
PA02/01	06/02/13	2.3	To consider whether they can provide administrative support to develop a performance assurance framework.	Transporters (All)	Pending
PA02/02	06/02/13	2.3	To consider whether Energy UK (or any other body) can provide administrative support to develop a performance assurance framework.	Shippers (GE/AL)	Pending