

Performance Assurance Workgroup Minutes

Friday 11 January 2013

via teleconference

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Margan	(AM)	British Gas
Angela Love	(AL)	ScottishPower
Andy Clasper	(AC)	National Grid Distribution
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
Joanna Ferguson	(JF)	Northern Gas Networks
Jonathan Kiddle	(JK)	EDF Energy
Jon Dixon	(JD)	Ofgem
Lorna Lewin	(LL)	DONG Energy
Marie Clark	(MC)	ScottishPower
Mark Jones	(MJ)	SSE
Naomi Anderson	(NA)	EDF Energy

1. Introduction

TD welcomed all to the meeting.

2. Background

2.1 Workgroup process overview

TD explained that this Workgroup has been established, in part, as a response to the large number of recent AQ and process related UNC modifications which had led to suggestions that there is merit in developing a performance assurance framework. The Panel had agreed that a Workgroup should be established to take this forward. TD suggested the approach for this Workgroup is similar to that of the Project Nexus Workgroup - identifying requirements; potential benefits; and how best to deliver the benefits, taking account of the cost of doing so.

2.2 Gas Performance Assurance Framework discussion

MC provided a brief overview of a presentation and discussion paper looking at potential Terms of Reference and a putative assurance framework. Discussion focussed on whether or not rollout of a performance assurance framework should precede delivery of Project Nexus in 2015 – ScottishPower are especially keen to identify and implement any ‘quick wins’ (prior to Project Nexus) and see this as a means of introducing industry self governance and management in the area of data cleansing. It was noted that Xoserve are already undertaking a data cleansing exercise as part of their ongoing support of Project Nexus and other industry initiatives.

Asked whether or not the Workgroup should concentrate solely on the gas settlement aspects, those present suggested that the brief is potentially wide ranging, encapsulating aspects such as theft of gas, provision of an industry wide performance framework and incentives, UNC governance (for invoicing

/ RGMA flows / SPAA schedule 23 impacts etc.), data quality and address error issues. However, it was acknowledged that care would be needed to avoid casting the net too wide and thereby failing to deliver an appropriate solution. The consensus view was that referring to gas settlement in the Terms of Reference would be sufficient to ensure a wide range of inputs could be considered.

Moving on it was suggested that having a foundation stage in place prior to establishment of a performance committee would prove beneficial and that the committee could consider establishment, and consideration of, risk and materiality issues as part of its role. It was also suggested that the industry would need to monitor the regime going forward with separate reporting (outside of the UNC Panel framework) to a Performance Assurance Panel (PAP) taking place – further consideration of how the PAP would actually work is needed, especially whether or not UNC modifications would be needed to support its establishment going forward.

In looking at the proposed reporting provisions under the ‘Controls under Performance Assurance’ slide 6, questions were raised as to whether or not the AUGE bullet would be needed, especially bearing in mind that the future scope and role of the AUGE has not been decided as yet – it was agreed that the list is ‘fluid’ and would change over time. In general it was agreed the list is a good starting point but that specific inclusion of ratchets would be worthwhile.

Discussion then moved on to how best to undertake any cost and benefit analysis with a general acknowledgment that quantifying and justifying benefits may be difficult - JD suggested that one option would be to focus on the cost of introducing a performance assurance framework and regime (utilising a similar high-level approach as proposed for the Project Nexus 0434 – Retrospective Adjustment modification), focussing attention on how much it currently costs to address issues and applying a Full Time Equivalent value to establish a benchmark cost. Once the suggested PAP and committee are established, these could look at the specific costs and benefits of considering specific matters. It was also suggested that part of the benefits justification relates to maintaining future confidence levels in whatever regime is in place. JD agreed to consider what Ofgem may require in terms of any cost and benefits analysis and justification criteria for a subsequent modification.

3. Consider Terms of Reference

3.1 Consideration and agreement of Terms of Reference

It was agreed that the Workgroup would look to formally sign-off terms of reference at the next meeting.

4. Any Other Business

None.

5. Workgroup Process

5.1 Agree actions to be completed ahead of the next meeting

The following actions were discussed and assigned:

Action AP01/01: JD to consider what Ofgem may require in terms of cost and benefit analysis to justify implementing a modification establishing a performance assurance framework.

6. Diary Planning

Following discussion of a range of possibilities, the Workgroup agreed to meet at 31 Homer Road, Solihull on 06 February. The meeting will follow an AUGÉ meeting, and start no earlier than 1300.

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)	Update due 06 Feb