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**Performance Assurance Workgroup Minutes**  
**Tuesday 17 December 2013**  
**Consort House, 6 Homer Road, Solihull B91 3QQ**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Andrew Margan	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Angela Love	(AL)	ScottishPower
Colette Baldwin	(CB)	E.ON UK
Edward Hunter	(EH)	RWE npower
Jon Dixon*	(JD)	Ofgem
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJo)	SSE
Rob Cameron-Higgs*	(RCH)	First Utility
Rob Johnson	(RJ)	Wingas

\*via teleconference

**1. Introduction**

BF welcomed all to the meeting.

**2. Review of Minutes and Actions**

**2.1 Minutes**

The minutes from the previous meeting (11 November 2013) were approved.

AM drew attention to a statement within the October Minutes (acknowledging that these had been approved) and suggested additional clarity might be helpful (see 4.1 below).

**2.2 Actions**

**PA07/01:** *Terms of Reference* – Ofgem to develop and circulate for comment.

**Update:** See 3.3, below. **Carried forward**

**PA07/04:** *Industry Funding Communication* - Letter to ENA, Energy UK and ICoSS seeking provisional agreement to funding of academic study.

**Update:** See 3.3, below. **Carried forward**

**PA08/02:** *Tender Advertisement* - Provide a link to the dedicated area on Ofgem's website.

**Update:** To be provided when in place. **Carried forward**

**PA10/03:** *Project Plan* - Present an overview of the Performance Assurance Project Plan to the Project Nexus Workgroup at an appropriate meeting.

**Update:** An overview was presented at the December Project Nexus meeting.  
**Closed**

**PA11/01: Reporting** – Transpose data from AM's strawman into AL's Reporting spreadsheet, and add a column to include a short summary of the purpose of each report.

**Update:** Provided for review; see 3.4 below. **Closed**

**PA11/02: Early Performance Monitoring** - Invite Xoserve to future meetings to drive the discussions on options and AQ issues.

**Update:** Following the last meeting BF had invited Xoserve to attend. Xoserve had since provided a letter (published at [www.gasgovernance.co.uk/PA/171213](http://www.gasgovernance.co.uk/PA/171213)) clarifying its interest in the area of Performance Assurance and explaining its desire to avoid jeopardising future commercial opportunities. It therefore did not propose to attend these Workgroup meetings.

The Workgroup's perceptions of the position relating to Xoserve in respect of current and future activities and direct/indirect participation in the Performance Assurance regime were then discussed at some length. There were a number of concerns regarding the current reporting regime and the degree of activity/passivity. It was recognised that there was a distinct difference between maintaining neutrality and being passive in a role. Feedback was provided to AR for discussion with Xoserve.

Interactions with, and support required for, Project Nexus activities/deliverables were discussed. Three phases were considered, each requiring different levels of active participation – data cleansing, transition/Project Nexus implementation, and Performance Assurance activities post Project Nexus implementation. It was noted that greater clarity was required in respect of anticipated roles within the Performance Assurance regime, and the requirement for a high level of confidence in a party's ability to fulfil its role. Concerns were raised in respect of the anticipated quality of data available and the responsibilities for this. It was suggested that more proactive approaches should be taken by all parties in the provision, verification and maintenance of the data to be used going forward.

The Performance Assurance regime should be looking at the market as a whole, taking out the commercial element and avoiding creation of perverse drivers. Reporting is only one function; analysis of the reporting should generate activities for improvement or compensation to the rest of the industry as appropriate, keeping in mind that the cost of attaining improved performance should not outweigh the benefits.

It would be prudent for a more active role to be taken prior to Project Nexus in early performance monitoring and analysis and that could demonstrate areas of concern that currently exist and require improvement, and which could contribute positively to the shaping of an appropriate initial framework.

AR considered that once the framework had been decided it should be reasonably mechanistic. AL believed the administrator would then be able to contribute in an expanded role and engage with 'repeat offenders' and 'struggling parties' and assist as a 'critical friend'. Repeat offenses may drive reviews of targets – this may go beyond settlement risk. As the new regime matures, the performance targets may then have to be narrowed and incentives increased.

CB reiterated that she did not think that Xoserve could absent itself from the process of developing this regime and that it needed to be involved; ring fencing from commercial activities should be possible.

At the conclusion of the discussions AR indicated he would relay the Workgroup's feedback and concerns to Xoserve. **Closed**

**NEW ACTION PA12/01:** Transporters to discuss with Xoserve (the Transporter's Agent) the Workgroup's feedback, and consider in relation to its future activities its direct/indirect participation in the Performance Assurance regime to support current development requirements.

### 3. Discussion

#### 3.1 Declaration of interest - *by any Party who would look to carry out the academic study or PAF Administrator role*

None made by those present.

#### 3.2 Outline Business Rules

Capturing elements of the discussions at previous meetings, AL had drafted some Business Rules for consideration. These were reviewed and comments noted.

BR1 – It was suggested that a review process would be needed to support this.

BR2 – It was suggested that there 'may' be, rather than 'will' be, a PAF Overview Board.

BR3 – This role to be defined.

BR6 – To be agreed; previous discussions had highlighted differing views.

AM reiterated that British Gas still needed to be convinced what the PAFA role was. AL offered to re-present the initial views on what was envisaged to be covered by the PAFA role, over and above that which was currently performed by Xoserve. This was briefly discussed. AR was not sure that a PAFA would look like anything more than 'an auditor'; third party access to Xoserve's system would be extremely difficult. He suggested it might be better to look at current options/arrangements that were open at present.

Similar concerns were noted in relation to levels of confidence as had been expressed in the earlier discussions (under 2.2, PA11/02, above). AR observed that the PAFA contracting model was an impediment to moving forwards; he agreed with what was trying to be achieved, but questioned how essential this might be in what was to be delivered.

It was suggested that the draft Business Rules would be reviewed on a bi-monthly basis.

#### 3.3 Ofgem Update

JD confirmed that the Terms of Reference would be as per the scoping document, and explained what had been included in respect of reporting times. Ofgem's internal sign off was contributing to delays in moving forward.

JD then delivered a presentation "Areas to discuss on the academic study IPP" to those present at the meeting. The timetable was discussed. JD anticipated being in a position to consider applications immediately following the January Performance Assurance Workgroup and suggested that participants might wish to remain behind to cover this following conclusion of the formal Workgroup meeting, but if this 'slipped' then a date soon after would be arranged.

AM questioned if the 14 day period for tendering was sufficient time for 'quality' tenders to be produced. JD advised this was consistent with other tendering exercises managed by Ofgem and did not foresee any difficulties. JD asked if funding organisations should be able to exercise a right of veto over organisations on the short list. Aside from establishing any conflict of interest, it was not believed to be necessary

as there was confidence in the Ofgem selection process. Workgroup participants would be happy to assist on any subgroup to refine selection.

JD had made an addition to the Selection criteria and revisions to the weighting previously agreed. Following discussion on the importance to be attributed to each criterion, revised weightings were agreed as follows: Reputation/Credibility – 20%; Understanding Requirements – 30%; Confidence in Delivery – 20%; Experience – 30%. Competitiveness of firm price would be considered as a separate factor. AL offered to share a relevant model with JD that may assist in defining this element of selection.

JD expected the Industry funding communication to go out prior to 06 January 2014, with responses expected by the end of January (before signing of the contract).

### **3.4 Reporting Options**

In response to Action PA11/01, the Reporting spreadsheet had been revised and published.

Based on AL's revised Reporting spreadsheet AM had provided a further revised spreadsheet for discussion with the addition of two extra columns – 'Purpose/Benefit' and 'Expected Action' – and had included some thoughts on why the report was required and what actions were expected to happen when Shippers or Xoserve received the reports.

Parties agreed to review this internally and provide comments for further review at the next meeting in January. RJ also agreed to review this with ICoSS.

**Action PA12/02: Reporting Options Spreadsheet** – a) Review internally and provide comments for further review at January meeting; and b) Review with ICoSS and provide any comments.

### **3.5 Early Performance Monitoring**

See discussions at 2.2 Actions, PA11/02, above.

AL suggested that Xoserve should be asked for its views on what can be done early on in this area.

### **3.6 Project Plan Update**

The Project Plan had been updated and this was reviewed. AL drew attention to various tasks.

*Section 1, Tasks 6 - 20* – New dates to be populated once confirmed by JD.

*Tasks 25, 26 and 27* – Put back to end of January 2014.

*Tasks 41 – 44, and 46-48* – To be reviewed at the next meeting in January.

#### *Next Steps*

The action plan will be updated/reviewed as further progress is made. In the meantime any further comments/suggestions regarding the plan should be forwarded to AL.

BF reminded the Workgroup that as more information becomes available it would need to be clearly identified whether or not it can be published. The Workgroup will need to monitor and review the current reliance on confidential emails and consider the effect of potential industry exclusion.

AL advised that she was intending to publish the Project Plan to provide the industry with some awareness of potential timescales.

### 3.7 Risks and Issues Logs, including new issues

Not reviewed at this meeting. No new issues were raised.

## 4. Any Other Business

### 4.1 Minutes – 23 October 2013

Whilst noting that these minutes had been approved, AM commented that first statement, at Section 4.1 Interested Parties, was perhaps open to a wider interpretation than had been intended, and suggested a qualification as follows:

“AM believed that Xoserve was no longer interested in tendering for the academic study and that its future participation in discussions should therefore be welcomed.”

The Workgroup noted these comments for future reference.

## 5. Diary Planning

Further meetings of the Performance Assurance Workgroup have been arranged as follows:

Date	Time	Venue	Programme
21 January 2014	10:30	Room 3, ENA, 52 Horseferry Road, London SW1P 2AF	Governance. <i>Additional items to be confirmed</i>
04 February 2014	10:30	Solihull	<i>To be confirmed</i>
04 March 2014	10:30	Solihull	<i>To be confirmed</i>
01 April 2014	10:30	Room 4, ENA, 52 Horseferry Road, London SW1P 2AF	<i>To be confirmed</i>
May 2014	10:30	<i>To be confirmed when Nexus meeting dates known</i>	<i>To be confirmed</i>
June 2014	10:30	<i>To be confirmed when Nexus meeting dates known</i>	<i>To be confirmed</i>
July 2014	10:30	<i>To be confirmed when Nexus meeting dates known</i>	<i>To be confirmed</i>
August 2014	10:30	<i>To be confirmed when Nexus meeting dates known</i>	<i>To be confirmed</i>
September 2014	10:30	<i>To be confirmed when Nexus meeting dates known</i>	<i>To be confirmed</i>
October 2014	10:30	<i>To be confirmed when Nexus meeting dates known</i>	<i>To be confirmed</i>

November 2014	10:30	<i>To be confirmed when Nexus meeting dates known</i>	<i>To be confirmed</i>
December 2014	10:30	<i>To be confirmed when Nexus meeting dates known</i>	<i>To be confirmed</i>

**Action Table – Performance Assurance Workgroup**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>PA07/01</b>	22/07/13	2.	<i>Terms of Reference – Develop and circulate for comment.</i>	Ofgem (JD)	<b>Carried forward</b>
<b>PA07/04</b>	22/07/13	2.	<i>Industry Funding Communication - Letter to ENA, Energy UK and ICoSS seeking provisional agreement to funding of academic study.</i>	Ofgem (JD)	<b>Carried forward</b>
<b>PA08/02</b>	21/08/13	2.1	<i>Tender Advertisement - Provide a link to the dedicated area on Ofgem’s website.</i>	Ofgem (JD)	<b>Carried forward</b>
<b>PA10/03</b>	23/10/13	3.5	<i>Project Plan - Present an overview of the Performance Assurance Project Plan to the Project Nexus Workgroup at an appropriate meeting.</i>	ScottishPower (AL)	<b>Closed</b>
<b>PA11/01</b>	11/11/13	3.3	<i>Reporting – Transpose data from AM’s strawman into AL’s Reporting spreadsheet, and add a column to include a short summary of the purpose of each report.</i>	British Gas (AM) and ScottishPower (AL)	<b>Closed</b>
<b>PA11/02</b>	11/11/13	3.6	<i>Early Performance Monitoring - Invite Xoserve to future meetings to drive the discussions on options and AQ issues.</i>	Joint Office (BF)	<b>Closed</b>
<b>PA12/01</b>	17/12/13	2.2	Transporters to discuss with Xoserve the	Transporters	<b>Pending</b>

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			Workgroup's feedback, and consider in relation to its future activities its direct/indirect participation in the Performance Assurance regime to support current development requirements.	(AR)	
<b>PA12/02</b>	17/12/13	3.4	<i>Reporting Options Spreadsheet</i> – a) Review internally and provide comments for further review at January meeting; and b) Review with ICoSS and provide any comments.	a) ALL; and  b) Wingas (RJ)	<b>Pending</b>