

Performance Assurance Workgroup Minutes
Tuesday 01 July 2014
at Energy Networks Association, 52 Horseferry Road, London
SW1P 2AF

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Margan	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Angela Love*	(AL)	Scottish Power
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Ed Hunter*	(EH)	RWE Npower
Emma Lyndon	(EL)	Xoserve
Erika Melen	(EM)	Scotia Gas Networks
Jonathan Kiddle	(JK)	EDF Energy
Lorna Lewin	(LL)	DONG Energy
Mark Jones*	(MJo)	SSE
Matthew Jackson	(MJ)	British Gas
Richard Pomroy	(RP)	Wales & West Utilities
Robert Johnson	(RJ)	Wingas

* via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/PA/010714

1. Introduction and Status Review

1.1. Declaration of Interest

None made.

1.2. Review of Minutes (10 June 2014)

AL proposed that the following changes be made to the minutes.

Under 1.2 Actions (page 2):

AM explained that he had in fact provided a paper to the Energy UK Retail Committee and therefore the proposed amendment was incorrect.

“PA0301: In the meantime, AM ~~has provided~~ advised that he will be providing has provided a paper to the Energy UK Retail Committee, ~~indicating parties and proposing an arrangement for costs.~~”

Under 2.6 Project Plan Update (page 4):

“The absence of ~~Transporter and~~ Ofgem representation and the limited Transporter representation was noted,”

Thereafter, the minutes of the previous meeting were approved and a revised version published.

1.3. Review of Actions

PA0802: Tender Advertisement - Provide a link to the dedicated area on Ofgem’s website.

Update: Ofgem representative not present; no update provided. **Carried Forward**

PA0301: Ofgem to discuss and agree funding considerations with ENA, Energy UK and ICOS and provide an update.

Update: Ofgem representative not present; no update provided.

AM advised that he had provided a paper to the Energy UK Retail Committee, although approval has yet to be provided. He went on to explain that whilst UNC Modification 0483 seeks to provide the methodology, the Independent Academic Study may draw subtly different conclusions – it is proposed to defer further consideration of 0483 until the Academic Study is undertaken. **Carried Forward**

PA0403: *Third Party contracting* - Confirm what role the Transporters might be prepared to fulfil.

Update: CW reported that this has been the subject of extensive discussions between the Transporters, the conclusion being that Transporters would not be happy to undertake the 3rd Part contracting unless they also provided the administrator role and, should this obligation be placed at their doorstep, would appoint Xoserve to discharge requirements on their behalf. He went on to suggest that should other parties wish to pursue an alternative, Transporters would not have an issue.

When asked whether or not the Transporters could / should have a role to play in the appointment of an Individual Academic Study &/or involvement with any Individual Academic Study partners, CW explained his thinking behind whether Xoserve would be able/willing to undertake the independent study of settlement risk, but remarked that the Transporters would not be willing to procure or contract with another party to be the PAF Administrator as their preference would be for Xoserve to do this role, as the Transporters Agent. AL advised that ScottishPower would be opposed to using Xoserve, but only as the Administrator, as the Workgroup had always discussed Xoserve as being subject to the regime and therefore could not be both "poacher and gamekeeper" at the same time. For clarity, ScottishPower would have no issue with Xoserve procuring the independent study, subject to this being deemed the most viable route by the Workgroup. **Closed**

PA0406: *Modification 0483* - Develop models of settlement patterns to help inform Modification 0483.

Update: Transferred to Workgroup 0483. **Transferred**

PA0601: *Academic Study Funding* - Workgroup participants to consider alternative routes for sourcing funding.

Update: Mindful of the discussions on outstanding action PA0403 above, AM advised that there are basically three options – Option A is funding provided by Ofgem, and Option B is funding provided by Trade Associations and Option C being User Pays. In his opinion, industry parties are erring towards Option B utilising costs based on a Supply Point Market Share based approach (96% of costs borne by SSP Shippers, and 4% by the LSP-only Shippers).

Responding to a suggestion that a UNC modification might be appropriate, LJ advised that addressing funding related issues such as these should not fall under the auspices of a Modification, as they are NOT amending Code. He then enquired as to whether or not Xoserve (and Transporters) could envisage undertaking the work and providing a service provision outside of the UNC Modification route (i.e. a commercial service such as non-Code User Pays perhaps). It was agreed to expand the current action to include Transporters and Xoserve investigating the provision of a non Code commercial service solution.

AL pointed out that the Energy UK decision on possible funding arrangements is expected 15 July, so should be available for further consideration at the next meeting. AL and AM agreed to keep the Workgroup informed on progress. **Carried Forward**

PA0602: *Workgroup attendance/support* – Report on expressed views to the UNC Modification Panel.

Update: LJ confirmed that the Workgroup's views had been reported to the UNC Modification Panel and is reflected in Transporter attendance figures at today's meeting. CW was keen to point out that in his view, Transporters have consistently supported the Performance Assurance Framework Workgroup meetings. **Closed**

PA0603: *Modification 0483* - AM to consider splitting out by product type and 100% meter reads/reading frequency.

Update: Transferred to Workgroup 0483. **Transferred**

2. Workgroups

2.1 Workgroup 0483 - Performance Assurance Framework Incentive Regime (www.gasgovernance.co.uk/0483 - Report to Panel due on 16 October 2014)

Minutes for this meeting are at: www.gasgovernance.co.uk/0483/010714

3. Discussion

3.1. Ofgem Update

Ofgem representative not present; actions to be carried forward.

3.2. Draft Modifications

Whilst there were no new draft modifications to discuss / consider, AL reminded everyone present that the Workgroup had discussed her (ScottishPower's) draft iteration of the new UNC Modification 0506 'Gas Performance Assurance Framework and Governance Arrangements' which is due to be considered at the 17 July Panel meeting. AL then went on to advise that she would be attending the July Panel meeting and requested that should anyone have any comments, or wished to discuss the modification to please get in touch with her asap.

It is envisaged that the modification would be referred back to this Workgroup for further assessment.

3.3. Business Rules

Consideration deferred.

3.4. Project Plan Update

Opening, AL apologised for the short notice provision of an amended project plan earlier in the day. The Project Plan was then reviewed line-by-line onscreen and the following notable comments made:

Line 27 – EL advised that the reporting elements and timings are scheduled to be delivered in October. It was agreed to push out the finish date to the end of October;

Line 31 – It was agreed to review the finish date once initial discussions on Modification 0506 are undertaken – in the meantime AL will push the date back to 'match' the next meeting date (currently 05 August);

Line 32 – as per line 31;

Line 35 – As the consensus was that this is more a Modification 0506 consideration, AL will create a new sub section in the plan to focus on 0506 items;

Lines 36 & 37 – consensus was to 'push' the finish dates back;

Lines 39, 40, 42, 43 & 44 – AL explained that these are linked to 0483 and that she would be creating a new sub section to focus on 0483 items in due course.

AM explained that 0483 seeks to identify suitable performance targets and the supporting incentive scheme values and how invoicing will be managed, with the hope being that the Transporters would utilise their agent to manage the invoicing aspects. When asked whether this is envisaged to be an exclusive Xoserve role, AM suggested that it very much depends on how you model the solution and what the definition for 'the administrator' is – once again, this is subject to what the Independent Academic Study reveals / concludes.

When asked, AM confirmed that he was comfortable with the creation of a dedicated sub section for 0483 before proposing a finish date for the various items of circa 31 December 2014. In explaining the choice of date, AM provided a brief guide as to his expected modification timelines as follows: 3 months Independent Academic Study followed by 1 month PAF WG sign off (including any revisions to the business rules) followed by 1 month procurement process and concluding with a 1 month funding decision period.

In briefly returning to the more general funding discussions, AM explained that Option A proposes Ofgem procure and pay for the academic study, whilst Option B would see Ofgem procure the service, but Energy UK / ICoSS would resolve the funding aspects.

Discussions then moved to addressing why some parties believe that appointing Xoserve as the administrator is a bad idea and what the potential issues might be. EL once again reiterated Xoserve's position that they would be more than happy to procure the Independent Academic Study, as long as they had been appointed as the Administrator.

LJ observed that the Workgroup had expended a great deal of time and energy so far in discussions on the provision of an Independent Academic Study, but to no avail and wondered whether or not there is a plan B, such as progressing without a Study. Responding, AM advised that once the Energy UK Retail Committee confirm their funding arrangements findings, the Academic Study may be commissioned, although who would actually fund the study remains to be determined.

AL also advised that from early discussions that it had always been envisaged that the scheme would include Transporters and she noted areas where there had been performance issues relative to the Transporters: DM read performance, iGT/GT updates, must be read and the Transporters ability to obtain use of the correct weather station and System Average Price updates).

RP questioned whether the focus is on Shipper performance aspects or Xoserve process improvements, as he perceives that there are conflicting views amongst those parties around the table. AM suggested that the focus remains on Shipper (energy) risk mitigation and various lower level process related aspects, but did acknowledge that some parties may have subtly different views relating to the Xoserve processes. He suggested that the immediate goal is to get a viable framework in place, then look to enhance this at a later date.

Lines 57 to 65 – conclusion of those in attendance was to push back the finish dates to August and cover under the 0506 sub section.

AL will update the Project Plan in accordance with discussions.

3.5. Value Chain Update

The output from this session is being collated and will be provided to the Workgroup, at its next meeting in August, for its review and consideration in its development of the role of Performance Assurance Sub-committee and the functioning of its members and activities.

EL indicated that the initial Xoserve view is that the process is beneficial.

4. Any Other Business

4.1. Potential for New Transporter Obligations via UNC Modification 0506

CW voiced his concern that via Modification 0506, ScottishPower appears to be attempting to place an obligation on the Transporters, and thereafter tell them (the Transporters) how to discharge said obligation, which in his view is a flawed argument.

It was agreed that this is a discussion best undertaken during the development of the modification in due course.

5. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 05 August 2014	31 Homer Road, Solihull B91 3LT	0483 & 0506 ongoing development considerations.
10:30 23 September 2014	Room 3 - Energy Networks Association (ENA), Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	<i>To be confirmed</i>
10:30 October 2014	<i>To be confirmed</i>	<i>To be confirmed</i>
10:30 November 2014	<i>To be confirmed</i>	<i>To be confirmed</i>
10:30 December 2014	<i>To be confirmed</i>	<i>To be confirmed</i>

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PA0802	21/08/13	2.1	<i>Tender Advertisement</i> - Provide a link to the dedicated area on Ofgem's website.	Ofgem (JD)	Update to be provided. Carried Forward
PA0301	04/03/14	1.1	Ofgem to discuss and agree funding considerations with ENA, Energy UK and ICOSS and provide an update.	Ofgem (JD)	Update to be provided. Carried Forward
PA0403	01/04/14	3.3	<i>Third Party contracting</i> - Confirm what role the Transporters might be prepared to fulfil.	National Grid Distribution (AC)	Update provided. Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PA0406	09/04/14	2.1	<i>Modification 0483</i> - Develop models of settlement patterns to help inform Modification 0483.	British Gas (MJa/AM)	Transferred to WG0483
PA0601	10/06/14	1.2	<i>Academic Study Funding</i> – Part 1 - Workgroup participants to consider alternative routes for sourcing funding. Part 2 - Transporters and Xoserve to investigate the viability of providing a non Code commercial service based solution.	ALL	Updates to be provided. Carried Forward
PA0602	10/06/14	2.6	<i>Workgroup attendance/support</i> – Report on expressed views to the UNC Modification Panel.	Chair (BF)	Update provided. Closed
PA0603	10/06/14	3.1	<i>Modification 0483</i> - AM to consider splitting out by product type and 100% meter reads/reading frequency.	British Gas (AM)	Transferred to WG0483