

Performance Assurance Workgroup Minutes
10:30 Tuesday 04 March 2014
31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Andrew Margan	(AMa)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Angela Love	(AL)	Scottish Power
Colette Baldwin	(CB)	E.ON UK
Emma Lyndon	(EL)	Xoserve
Jon Dixon	(JD)	Ofgem
Jonathan Kiddle	(JK)	EDF Energy
Lorna Lewin	(LL)	DONG Energy
Rob Johnson	(RJ)	Wingas
Sasha Pearce	(SP)	RWE npower
Steve Mulinganie*	(SM)	Gazprom

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/PA/040314

1. Introduction and Status Review**1.1. Minutes**

SM wished to clarify the issue around the funding considerations and the suggested split of costs between Energy UK, ENA and ICOSS at £50k each. He wished to clarify that ICOSS would be willing to share costs by market share.

JD confirmed that ENA members had responded confirming their view that ENA should not contribute. SM confirmed the ICOSS organisation have a limited resource but could fund on a meter point basis. JD asked if ICOSS could provide an indication of the upper limit.

Action 0301: Ofgem to discuss and agree funding considerations with ENA, Energy UK and ICOSS and provide an update.

AM suggested that Energy UK members could consider any shortfall. However, he was concerned that British Gas would be expected to pick up an unfair share of the shortfall.

Minutes of previous meeting were approved.

1.2. Actions

0802: Tender Advertisement - Provide a link to the dedicated area on Ofgem's website.

Update: JD requested the action is carried forward. **Carried forward.**

0201: ScottishPower (AL) and E.ON (CB) to consider the existing governance arrangements (i.e. sub-committee/guidelines), including governance in other Codes to consider options (i.e. strengths/weaknesses).

Update: Work ongoing. **Carried Forward.**

0202: ScottishPower (AL) to split business rules (to better reflect the potential three draft modifications) between risk analysis, framework and administrator.

Update: See item 3.2. **Complete.**

0203: npower (SP) to look into the equivalent electricity Performance Assurance Business Rules and look to identify the types of issues, scale of work etc.

Update: See item 3.1. **Complete.**

0204: ScottishPower (AL) to provide an update on the stages agreed and comments made and to also provide clarity in relation to any elements that ScottishPower have raised, but where Xoserve need additional clarity. Additionally, AL is to also flag any areas of concern that relate to the proposal raised by British Gas to A Margan.

Update: AL to clarify requirements with Elaine Carr and Andrew Margan. **Carried Forward.**

0205: EDF Energy (JK) to discuss capturing what the specific iGT related reporting requirements might be going forward and report his findings (including max CSEP aspects / impacts) back to AL and EL.

Update: Complete.

0206: Xoserve (EL) to discuss with her Xoserve colleagues and provide an interim update on potential enhancements to the current reporting provisions (including splitting the report into Phase 1 and 2 aspects) and double checking what elements of the SPAA reports may be worth capturing under PAF reporting going forward.

Update: EM confirmed an update would be provided in due course. **Carried Forward.**

0207: Xoserve (EL) to provide an update on what reporting elements of UNC Modification 0434 'Project Nexus – Retrospective Adjustment' would need to be included going forward.

Update: EM confirmed that the majority of the requirements have been included within the BRDs however some further detail may be required to clarify the requirements of the reports. AM believed the reporting still needed development. **Carried Forward.**

0208: ScottishPower (AL) to update plan, in particular adding three additional lines for the potential Modifications (risk analysis/incentives, framework and administration) and Xoserve's work on reporting under the current regime.

Update: AL confirmed an update will be circulated. **Carried Forward.**

0209: ScottishPower (AL) to approach Ofgem to seek a view on potential project slippage dates.

Update: JD and AL will meet offline and provide an update in due course. JD indicated Ofgem could provide a model on how this could work. **Closed.**

0210: ScottishPower (AL) to provide a view on potential March / April agenda items.

Update: AL confirmed suggested items confirmed. **Complete.**

2. Workgroups

2.1. 0483 - Performance Assurance Framework Incentive Regime

(Report to Panel consideration 16 October 2014) – Papers at:

www.gasgovernance.co.uk/0483

3. Discussion

3.1. Performance Assurance Board

SP provided a [presentation](#) on the functions of the Performance Assurance Board (PAB) within the electricity market. She explained the regular business of the PAB included a review of a Risk Register, Operation Plans and Supplier Comparison Reports.

SM enquired about the PAB membership. SP clarified that suitably qualified candidates are nominated and once appointed members, stay in place until they withdraw from membership.

The Workgroup discussed some guiding principals, performance objectives and the required reporting. This included the need for transparency, predictability, and continuous/maintenance of performance. It was recognised the need for a fit for purpose structure that does not impinge on competition and is fair.

CB expressed concerned with the market being able to choose to pay incentives/penalties rather than perform and this may allow inherent data issues to be pushed around the market with transferring customers.

JD suggested there might be a need for a two-tier performance regime for guaranteed overall performance, with appropriate levels to ensure performance is achieved and continually analysed, though any incentives and measures must be proportionate so as not to incur more costs than the benefits derived. He suggested that erroneous data might need a separate set of rules rather than a financial incentive. It was recognised erroneous data issues have financial implications and there should be incentives to clean data. He suggested the possibility of a reward system for correcting erroneous data.

AL suggested looking at scenarios possibly from the AUGE report.

JD suggested that data cleansing might need to be considered as a wider industry issue perhaps with a focus on the change of supplier regime.

AM enquired if Xoserve are going to provide a summary of the suite of reports. EL confirmed that this would be provided.

3.2. Business Rules

AL provided the business rules for the areas to be covered by the modifications.

SM asked if guiding principals could be added to the document i.e transparency, predictability, continuous/maintenance of performance improvement, fit for purpose and fair. AL set out the roles envisaged by the group that were set out in the presentation she gave in January.

SM enquired what the Performance Assurance Framework Administrator (PAFA) would include. It was believed that Xoserve would report, assess and quantify whereas the Administrator would enforce, police, monitor, oversight and audit. It was agreed to clarify this within the business rules.

JD suggested that a descriptor is added to the business rules and the roles defined (i.e. who needs to undertake each role) at a later point when it is clear what is required. AL agreed to look at the functions required and build these into the business rules.

Action 0302: Required role functions to be built into the business rules.

AM enquired about the meter reading report submission, about the academic study and the phasing in of penalties and incentives. He was keen to understand how this would be managed (i.e. twelve months after the Project Nexus implementation) to enable effective notification of the changes, to allow these to be factored into the business and delivery of the requirements.

The Workgroup considered the dispute process. JD suggested that different scenarios are reviewed to consider how a dispute process could operate.

The Workgroup also considered appeals. JD suggested that Ofgem may not wish to be involved in the appeal process and this may wish to be referred to a "disputes manager" rather than Ofgem.

AL noted that the group seemed to have difficulty making progress on the arrangements and that it would probably be beneficial to set aside two days in April to workshop and try and agree what the Performance Assurance regime would look like. In particular AL

highlighted that it would be beneficial to concentrate independent study/incentives; the framework and the administrator/policing role, where the group envisaged that modification proposals would be needed. The group discussed this and it was agreed that it would be beneficial to have strawmen proposals drawn up around each of these and presented at the two meetings in April. BGT, EON and ScottishPower agreed to discuss and work on these three areas with a view to providing strawmen at the meetings.

The Workgroup agreed the Business Rules should now be ‘drilled down’ and defined in more detail.

4. Any Other Business

None.

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 01 April 2014	ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	Business Rule development
10:30 09 April 2014	ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	Business Rule development
10:30 06 May 2014	31 Homer Road, Solihull, B91 3LT	<i>To be confirmed</i>
10:30 03 June 2014	<i>To be confirmed</i>	<i>To be confirmed</i>
10:30 01 July 2014	<i>To be confirmed</i>	<i>To be confirmed</i>
10:30 05 August 2014	<i>To be confirmed</i>	<i>To be confirmed</i>
10:30 September 2014	<i>To be confirmed</i>	<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
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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)	Carried Forward
PA0201	18/02/14	3.4	To consider the existing governance arrangements (i.e. sub-committee/guidelines), including governance in other Codes to consider options (i.e. strengths/weaknesses).	ScottishPower (AL) and E.ON (CB)	Carried Forward
PA0202	18/02/14	3.5	To split business rules (to better reflect the potential three draft modifications) between risk analysis, framework and administrator.	ScottishPower (AL)	Complete
PA0203	18/02/14	3.5	To look into the equivalent electricity Performance Assurance Business Rules and look to identify the types of issues, scale of work etc.	npower (SP)	Complete
PA0204	18/02/14	3.6	To provide an update on the stages agreed and comments made and to also provide clarity in relation to any elements that ScottishPower have raised, but where Xoserve need additional clarity. Additionally, AL is to also flag any areas of concern that relate to the proposal raised by British Gas to A Margan.	ScottishPower (AL)	Carried Forward
PA0205	18/02/14	3.6	To discuss capturing what the specific iGT related reporting requirements might be going forward and report his findings (including max CSEP aspects / impacts) back to AL and EL.	EDF Energy (JK)	Complete
PA0206	18/02/14	3.6	To discuss with her Xoserve colleagues and provide an interim update on potential enhancements to the current reporting provisions (including splitting the report into Phase 1 and 2 aspects) and double checking what elements of the SPAA reports may be worth capturing under PAF reporting	Xoserve (EL)	Carried Forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			going forward.		
PA0207	18/02/14	3.6	To provide an update on what reporting elements of UNC Modification 0434 'Project Nexus – Retrospective Adjustment' would need to be included going forward.	Xoserve (EL)	Carried Forward
PA0208	18/02/14	3.8	To update plan, in particular adding three additional lines for the potential Modifications (risk analysis/incentives, framework and administration) and Xoserve's work on reporting under the current regime.	ScottishPower (AL)	Carried Forward
PA0209	18/02/14	3.8	To approach Ofgem to seek a view on potential project slippage dates.	ScottishPower (AL)	Closed
PA0210	18/02/14	3.8	To provide a view on potential March / April agenda items.	ScottishPower (AL)	Complete
PA0301	04/03/14	1.1	Ofgem to discuss and agree funding considerations with ENA, Energy UK and ICSS and provide an update.	Ofgem (JD)	Pending
PA0302	04/03/14	3.2	Required role functions to be built into the business rules.	ScottishPower (AL)	Pending