

Performance Assurance Workgroup Minutes
Tuesday 05 August 2014
at 31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andy Clasper	(AC)	National Grid Distribution
Andrew Margan*	(AMa)	British Gas
Andy Miller	(AM)	Xoserve
Angela Love	(AL)	Scottish Power
Colette Baldwin	(CB)	E.ON UK
Erika Melen*	(EM)	Scotia Gas Networks
Fay Morris	(FM)	Xoserve
Ian Hollington	(IH)	Joint Office
Jon Dixon	(JD)	Ofgem
Jonathan Kiddle	(JK)	EDF Energy
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJo)	SSE
Richard Pomroy	(RP)	Wales & West Utilities
Sasha Pearce	(SP)	RWE npower
Steve Mullinganie	(SM)	Gazprom
Susan Helders	(SH)	Xoserve

* *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

Following a declaration by AM of Xoserve over their intention to tender for the role of administrator at some point in the future, those parties in attendance did not voice any objections to Xoserve's participation in the meeting.

Although some participants noted that Xoserve might need to consider their position as they contribute to the development of the scheme as it may impact their eligibility to tender.

1.2. Review of Minutes (01 July 2014)

In advising that she had suggested some amendments to the 'original' version (v1.0) of the published minutes, AL provided a brief verbal overview of her suggestions. The Joint Office confirmed that subsequently an updated v2.0 of the minutes had been published to reflect the suggested amendments.

Attention then focused on whether or not the wording in paragraph 4 on page 4 could be misconstrued as being inflammanatory in nature (by parties who have not been privie to the Workgroup dealings), although a clear consensus was not reached. It was also suggested that where statement such as ".....what potential issues might be....." are used, there may be benefit in challenging these during the actual meetings and not when reviewing the minutes thereafter.

Thereafter, the minutes of the previous meeting were approved.

1.3. Review of Actions

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

Update: Related to PA0301 discussions below, JD confirmed that whilst the scope of the study remains the same, the link would be provided in due course, supplemented by an industry wide (inc. Joint Office) notification. **Carried Forward**

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

Update: JD advised that Energy UK had confirmed that a budget is available although the actual mechanisms surrounding invoicing etc. still needs further consideration. Whilst internal Ofgem sign off work remains ongoing, a positive update at the next meeting is anticipated. Additionally, SM advised that ICoSS funding would be considered at their next meeting scheduled for 14 August. **Carried Forward**

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

Update: During a brief discussion it was agreed that both parts of the action have been successfully completed. **Closed**

2. Workgroups

2.1 Workgroup 0483 - Performance Assurance Framework Incentive Regime

(Report due to Panel on 18 December 2014) – Papers at:

<http://www.gasgovernance.co.uk/0483/050814>

2.2 Workgroup 0506 – Gas Performance Assurance Framework and Governance Arrangements

(Report due to Panel on 18 December 2014) – Papers at:

<http://www.gasgovernance.co.uk/0506/050814>

3. Discussion

3.1. Ofgem Update

JD confirmed that whilst he had no additional updates to provide at this time he would be willing to re-circulate the scope document to meeting attendees.

3.2. Draft Modifications

Consideration deferred.

3.3. Business Rules

Consideration deferred.

3.4. Project Plan Update

Opening, AL apologised for not having her notes relating to the recent changes to hand before advising that she would provide an updated plan with supporting narrative to the Joint Office for publication after the meeting.

3.5. Value Chain Update

The following notes has been deliberately set as a high-level record of discussions as it is expected that more detailed discussions will take place during the two day focused VC development meetings scheduled to take place on Tuesday 30 September and Wednesday 01 October.

[Value Chain Further Evolvement presentation](#)

AM provided a brief overview of the previous level 1 and 2 discussions before advising that today's presentation seeks to build on the previous progress and tease out some of the level 3 details based around the level 2 outputs.

The initial focus for the discussions centered on identifying the various (process swim lane) participants during which the workgroup participants considered whether or not looking at the next level of detail could impact Xoserve's eligibility with regards to tendering for the administrator role in future. AM felt that as the work is being undertaken in the public eye there would be little risk to Xoserve going forward, especially when baring in mind that this is simply a process development exercise to enable the Workgroup to identify and develop appropriate supporting business rules for the modification(s). It was suggested that if the Workgroup is advocating an open tender process then care would be needed to avoid an Xoserve conflict of interest. It was also suggested that removing any Xoserve branding from the presentation (to show that it reflects the Workgroup's work) would also help.

AM advised that the areas of focus had been deliberately selected on the grounds that they are developing the management and administration process requirements. AL indicated that as long as Xoserve are happy to acknowledge the potential risk to their subsequent tender position, then she could see no reason for not continuing the discussions. Responding, AM confirmed that in his view Xoserve remained happy to provide this service in order that the Workgroup are able to develop robust and meaningful business rules.

It was proposed that other parties who had previously expressed an interest in PAF should be made aware of this piece of work.

Value Chain Output presentation

AM provided a brief introduction and rationale behind the presentation explaining that the focus would be on two of the amber items, namely 2.3 – Capture, Evaluate & Manage Risk and 5.2 – Review Framework Committee. Before moving on, AL pointed out that for the avoidance of doubt, it was the Workgroup that agreed the output(s) and that these would then be reflected in the modification.

During a discussion on the various swim lane participants the position and roles of such parties as the GTs / iGTs, National Grid NTS and Consumer Representatives was touched upon.

It was suggested that any party could identify a risk and that the 'Committee' (which may or may not include the Administrator to some degree or other) would evaluate the risk (including assessment of the criteria, the commercial materiality impacts supported by Committee clarification of such and utilisation of inter reporting mechanisms where appropriate) and only upon their approval would the risk find its way onto the risk register. Any approvals/rejections would be supported by the background reasons as to why the decision was made within a section of the risk submission template. At this time it is envisaged that a rejection would normally only go back to the originating proposer of the risk. The issue of time expiry of a (rolling) risk on the register was also touched upon with the suggestion that this would/could be managed via an annual risk register review process.

As a summary, parties appeared to agree that in essence the concept for item 2.3 was approved.

Moving on to briefly discuss item 5.2, parties focused on identification of suitable members (and numbers of) for the Review Framework Committee (RFC) and that the Gas Forum may have a role in the election of any Shipper members, although AL then reminded the Workgroup that it was not currently envisaged that there would be an election, but that parties would be appointed. It was suggested that wide and subjective remits might prove beneficial in warranting any members and selection should be based on a candidate's capability and experience.

In trying to assess how the RFC would/could be expected to discharge its duties, some concerns were voiced around the potential for RFC members to make decisions that may have (direct or indirect, deliberate or not) impacts on other parties' commercial positions and regimes. One option put forward was for the RFC to follow a similar model to that provided for by a 'balanced' UNC Modification Panel based approach – however this was not a universally supported suggestion. It was also recognised that consideration of items such as the RFC's terms of reference and quoracy requirements would be needed in due course.

In thanking his colleagues, AM indicated that Xoserve would now continue development of the level 3 details (including resetting item 5.2 to red status) where possible and reflected on the fact that several Value Chain meetings may be needed before any decisions/outputs could be integrated within the modification(s).

During all of the discussions AL cross referenced to the 0506 business rules with a view to potentially making changes to the rules where deemed appropriate.

Action PA0801: ScottishPower (AL) to examine the electricity market model for nominating and warranting of (the equivalent Review Framework) Committee members.

Action PA0802: All parties to look at potential options for the Review Framework Committee (inc. terms of reference, quoracy requirements etc.) composition and supporting election processes.

4. Any Other Business

4.1 Performance Assurance Methodology Approach Update

AL enquired how Xoserve were progressing with the proposed methodology presented at the January 2014 meeting. Responding, AM advised that in January Xoserve had presented an approach for a methodology that basically measured read performance for every single meter point and from this an assessment of risk could be determined. AM advised that good progress was being made in the development although the scale of the work was such that for the purposes of presenting trial results for review / development the exercise had been scaled back to just analysing the meter points within one LDZ (most likely East Midlands) rather than a full national picture.

There was some discussion on the approach and AM explained that the proposal focussed upon reads as read submission directly impacts the calculation of the AQ (to ensure as best as possible it is reflective of future consumption) and larger supply point reconciliation (and in future smaller supply point reconciliation) – the timely reconciliation of actual to deemed energy. Other factors impacted settlement but AM considered read performance was at the centre of a methodology to meet the core requirements of PAF.

AM advised the intention was to provide completely anonymised output to PAF to show what was available and how PAF might use such information for the development of any performance regime. There was some concern that the reports may not be anonymous and may lead to incorrect assumptions. AM advised he would be mindful of this and if there were likely to be any unintended consequences of the reports he would merely describe the output rather than provide the output results. The purpose was to enable the PAF to develop its thinking further with more understanding available of what may be possible.

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 30 September 2014	Energy Networks Association – <i>to be confirmed.</i>	Continued development of Value Chain proposals.
10:30 01 October 2014	Energy Networks Association – <i>to be confirmed.</i>	Continued development of Value Chain proposals.
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 ICSS and provide an update.	Ofgem (JD)	Update to be provided. Carried Forward
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	Update provided. Closed
PA0801	05/08/14	3.5	To examine the electricity market model for nominating and warranting of (the equivalent Review Framework) Committee members.	ScottishPower (AL)	Update to be provided.
PA0802	05/08/14	3.5	To look at potential options for the Review Framework Committee (inc. terms of reference, quoracy	All	Update to be provided.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			requirements etc.) composition and supporting election processes.		