

## Performance Assurance Workgroup Minutes

Tuesday 28 October 2014

Energy Networks Association, Dean Bradley House, 52 Horseferry Road London SW1P 2AF

### Attendees

Bob Fletcher Chair)	(BF)	Joint Office
Ian Hollington (Secretary)	(IH)	Joint Office
Andy Clasper	(AC)	National Grid Gas Distribution
Andy Miller	(AMi)	Xoserve
Andrew Margan	(AMa)	British Gas
Angela Love	(AL)	ScottishPower
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
Ed Hunter	(EH)	RWE npower
Emma Lyndon	(EL)	Xoserve
John Peters	(JP)	Engage
Jon Dixon	(JD)	Ofgem
Jonathan Kiddle	(JK)	EDF Energy
Mark Jones	(MJ)	SSE
Naomi Anderson	(NA)	Engage
Steve Mulinganie*	(SM)	Gazprom

\* via teleconference

Copies of all papers are available at: [www.gasgovernance.co.uk/PA/281014](http://www.gasgovernance.co.uk/PA/281014)

## 1. Introduction and Status Review

### 1.1. Declaration of Interest

AMi confirmed Xoserve's declaration of their intention to tender for the role of administrator at some point in the future.

NA confirmed that Engage may also declare an interest in tendering at some point in the future.

JD advised that there may be a need to set up a procurement board which operates separately from the Joint Office

### 1.2. Review of Minutes

AL asked for two amendments to page 2:

Paragraph 5. Sentence commencing AL drew attention etc. to read – AL drew attention to Modification 0495, which is trying to change current process

Paragraph 6. Sentence commencing in the short term etc. to read – in the short term some participants thought it seems sensible to use the existing process to get something in place, but parties should consider which was to be the preferred option.

The minutes were agreed subject to these amendments being made.

### 1.3. Review of Actions

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

This item was not discussed as it has been transferred to Workgroup 0506.

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

This item was not discussed as it has been transferred to Workgroup 0506

**PA0901:** *Reporting* - EL to present a 'reminder' of what will be provided.

EL outlined what was provided in the AQ reporting packs and asked for feedback on reading performance. AMa asked about the availability of an industry wide report on Shipper performance rather than the information being provided in the existing Shipper specific format. The appropriateness of this was discussed along with the value that could be gained from it and EL agreed to carry out a check on the information contained in the reconciliation reports.

AMi noted that there would be a transition period after the implementation of Project Nexus and could not guarantee that all of the data from October 2015 would be reported on the following month. **Carried Forward**

## 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/0483/300914>

### 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/0506/300914>

### 2.3 Workgroup 0509 - Permission to release Protected Information to Authorised Third Parties

(Report due to Panel on 19 March 2015) – Papers at:  
<http://www.gasgovernance.co.uk/0509/300914>

## 3. Discussion

### 3.1. Ofgem Update

JD confirmed that he had nothing further to add over and above what had already been discussed.

### 3.2. Draft Modifications

There were no draft modifications to be discussed.

### 3.3. Business Rules

This was not discussed at today's meeting

### 3.4. Project Plan Update

NA went through a presentation outlining the four phases of the project plan. These were: phase 1, to develop the high level project plan and agree with Ofgem: phase 2, to develop the framework to assess and qualify risks: phase 3 to agree specification and assumptions: phase 4, to produce the written report quantifying the settlement risks.

AL asked how the consultation would take place? JD provided his view that it was a sense check rather than a consultation exercise which will be limited to this workgroup due to the compressed timescales. He noted that it may be possible to do something more widespread at the end of the process but reminded everyone that this is just a sense check to ensure that Engage are taking a consistent approach.

NA explained that the intention was to commence building the model from the end of November / early December and that it will be based on a number of Shippers with differing markets operating in what is considered an average LDZ. It was planned to allow a number of variables to be changed within the model so that it can be adapted to suit each Shipper's portfolio. In reply to AL's question NA confirmed that Transporters, Transporter's Agents and Shippers would be included.

The dates for the phases were discussed with SM and AL expressing concern over the timeline for the review, which was over the Christmas period. SM noting that due to staff holidays and system maintenance work which was undertaken at this time, availability of key personnel would be an issue.

The detail of the model including whether the tests were based on a scenario or an actual Shippers portfolio was discussed and JD pointed out that the purpose of the review was to ensure that the model is transparent and usable, the use of it with actual data can come later.

AMa saw the need for flexibility in the plan, recognising that a delay in agreeing the model would cause a delay in the production of the final report. The timelines were discussed further with SM noting that if any issues were identified in phase 3, there is no time allowed in phase 4 to make the necessary corrections. JD reminded the workgroup that an extension from three to four weeks had already been given and he was not keen to extend the completion date further – this is a time limited contract. He advised looking for the necessary flexibility within the plan. JP offered to make an early copy of the model available, with certain caveats, to extend the review period. SM commented that whilst phases 3 and 4 cannot run in parallel, receipt of the model in early December would be welcome. It was agreed to extend phase 3 by one week and reduce phase 4 by the same amount. This would allow time for the review without altering the completion date of 20 January 2015. NA agreed to amend the plan accordingly.

**New Action 1001: NA to revise the project plan to increase the time allowed for phase 3 by one week and reduce the time for phase 4 by the same.**

The discussion moved on to the scale of the project with CW asking how this fitted into Engage's plan. NA replied that it was not intended to carry out any technical testing and for existing data to be used. JD commented that the model will only be a tool for testing data and profiles and will not be used for any analysis itself. He confirmed that the purpose was to assist in quantifying information that is excluded and ensuring that the incentive regimes are as tight as possible. In answer to SM's question he advised that the intention is to evaluate the value of the risk so a mitigation plan can be identified. BF summed up the response as being the need to identify what needs to be measured, a comment that all participants agreed with.

AMa asked how this report would assist with finalising Modification 0483 which was raised to improve the incentive regime. NA replied that it will provide a range of risks which can then be ranked in order of importance and also identify high risk items which would require controls to be put in place.

AMa asked about transparency of the data and JD advised that the data that the model was based on could be made available. AL then asked if there was any intention to look at site status as part of this project and NA answered that it was something that she had on her list. In response to a further question from AL she advised that it was intended to document all issues that had been identified as posing a risk after the implementation of the Nexus project.

JD closed the discussion stating that if there were any further questions his preference was that they be raised at the next workgroup meeting, however if there was something that was felt could not wait until then and was likely to affect the next stage it could be sent to him.

### **3.5. Value Chain Update**

This was not discussed.

## **4. Any Other Business**

At this point the participants from Engage left the meeting following an expression of concerns raised in the workgroup about undue influence on the report outcomes.

AMi went through the Methodology Report presentation covering meter read submissions and risks associated with missing reads, reading frequency and reconciliation. He explained that the report used five example shippers and how the number of meters read and unread led to the identification of unread AQ. AMa suggested that this is not just unread meters but could also include information not entered into Xoserve's system.

AMi went on to explain how performance has been taken into account by introducing the industry average into the equation, confirming that the system can also allow for the length of time that a risk has been present.

CB raised the point that if a meter has not been read, it cannot be automatically assumed that the AQ is incorrect. AL queried time periods, which were not shown on the table. AMi agreed that this does only provide limited guidance and the level of risk, and that the information could be manipulated in a number of ways. In response to a question from AMa he explained that the data is confidential and only an approved party can carry out the analysis.

Following a question from SM about whether this work will be given to Engage the workgroup discussed the appropriateness of the document being published at this point in time.

AL asked about this work being done based on the current regime and how it would reflect performance in the post Nexus world. She also queried the output of the report as it covered the value of risk and not just meter reading performance as was requested. AMi responded that whilst this can be done, it would be of little value as the intention of the report is to identify areas for investigation rather than providing raw data on one performance factor. AL queried the use of percentages in the report, which meant that some of the data on Shipper performance was excluded and AMi eluded to the fact that this was deliberate as it was not appropriate to publish some elements of the information. He said these could only be made available if they were anonymous.

The workgroup discussed the possible effects the study could have on the output from Engage. It was decided that it should continue but nothing further would be published until Engage have completed their project.

AL asked if back up information would be given to Engage if they asked for it and AMi replied that he had no issue with this, he knew the LDZ involved was East Midlands but had no knowledge of the Shippers involved.

The workgroup then discussed the appropriateness of publishing the Shipper read performances on an industry wide basis and AMi said he believed Xoserve had fulfilled their obligation by reporting on it individually. AMa felt the Workgroup had agreed a principle that any data provided for discussion would not be anonymised. CWa advised that this would require a Code Modification as the data is protected; it is not possible for a workgroup to agree such a principle as not all parties are represented. AMi said he would prepare an anonymised report on Shipper meter read performance for publication on the Joint Office web site.

**New Action 1002: AMi to prepare an anonymised report on Shipper meter read performance for publication on the Joint Office web site.**

**5. Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 26 November 2014	Energy UK (Room F61)	<i>To be confirmed</i>
10:30 16 December 2014	Energy UK (Room LG8)	<i>To be confirmed</i>
10:30 13 January 2015	To be confirmed	<i>To be confirmed</i>
10:30 24 February 2015	Energy Networks Association (Room 4)	<i>To be confirmed</i>

Action Table					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>PA0801</b>	05/08/14	3.5	To examine the electricity market model for nominating and warranting of (the equivalent Review Framework) Committee members.	ScottishPower (AL)	<b>Transferred to Workgroup 0506.</b>
<b>PA0802</b>	05/08/14	3.5	To look at potential options for the Review Framework Committee (including terms of reference, quoracy requirements, etc.) composition and supporting election processes.	All	<b>Transferred to Workgroup 0506.</b>
<b>PA0901</b>	30/09/14	2.4	<i>Reporting</i> - EL to present a 'reminder' of what will be provided.	Xoserve (EL)	<b>Carried Forward</b>
<b>PA1001</b>	28/10/14	3.4	NA to revise the project plan to increase the time allowed for phase 3 by one week and reduce the time for phase 4 by the same.	Engage (NA)	<b>Pending</b>

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<b>Action Table</b>					
<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>1002</b>	28/10/14	4.0	AMi to prepare an anonymised report on Shipper meter read performance for publication on the Joint Office web site	Xoserve (AMi)	<b>Pending</b>