

# 0520A: Performance Assurance Reporting

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

The modification is to introduce lower level industry performance reporting.



The Proposer recommends that this modification should be:

- issued to consultation.











High Impact:  
None



Medium Impact:  
Shippers



Low Impact:  
Transporters

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About this document:		<b>Transporter:</b> <b>Wales &amp; West Utilities</b>
This modification was presented by the proposer to the panel on 15 October 2015.		 <a href="mailto:richard.pomroy@wwutilities.co.uk">richard.pomroy@wwutilities.co.uk</a>
The panel consider the proposer's recommendation and agreed this modification should be:		 <b>029 2027 8552</b>
<ul style="list-style-type: none"> <li>referred to a workgroup for assessment.</li> </ul>		<b>Systems Provider:</b> <b>Xoserve</b>
The Proposer recommends the following timetable:		 <a href="mailto:commercial.enquiries@xoserve.com">commercial.enquiries@xoserve.com</a>
Initial consideration by Workgroup	21 October 2015	
Workgroup Report presented to Panel	17 December 2015	
Draft Modification Report issued for consultation	18 December 2015	
Consultation Close-out for representations	14 January 2016	
Final Modification Report presented to Panel	16 January 2016	
UNC Modification Panel decision	18 February 2016	

# 1 Summary

## Is this a Self-Governance Modification?

Self-Governance should not apply to this modification because the reporting will identify individual User performance and could have a material effect on competition in the shipping and supply of gas, and potentially any commercial activities connected with those activities.

## Is this a Fast Track Self-Governance Modification?

No, as this doesn't meet the criteria for Self-Governance, then fast track procedures are not appropriate.

## Why Change?

The Performance Assurance Workgroup was established by the UNC Modification Panel to consider the development of arrangements to help ensure that gas settlement risks are understood and provide assurance that the actions of parties are not causing costs to be allocated inappropriately.

Correct energy allocation relies on the timely and accurate provision of data by all parties, which includes both asset and consumption data. The replacement of UK Link Systems presents an opportunity for more granular analysis of industry settlement performance.

The transparency of individual User and industry performance will be a key component in ensuring that User performance is maintained and potentially improved. It may also facilitate future developments of performance targets and incentives. This modification provides reporting specifications that will make more granular levels of market performance data available to UNC Parties for peer comparison; it will also provide additional fully disclosed reports that may only be made available to a performance assurance committee – when constituted, for the purpose of monitoring settlement performance.

## Solution

The modification seeks to introduce additional reporting requirements for key industry inputs, which affect settlement allocation. It should be noted that the reports proposed in this modification are different/alternative to those proposed by Modification 0520.

## Relevant Objectives

The proposal will have a positive impact on relevant objective d), the securing of effective competition by facilitating transparent reporting of User performance on key industry data that ensures accurate allocation of energy and the appropriate targeting of costs.

The proposal may also have a positive impact on relevant objective f), the efficient and economic operation of the pipeline system, as improved information regarding meter point level consumption and performance metrics on data quality could help Transporters better understand system requirements in areas of constrained capacity.

## Implementation

No implementation timescales are proposed. However, there are two Performance Assurance Report Registers Schedules proposed, one which is capable of being delivered immediately following an Authority decision, the second relates to data that won't exist until UK Link is replaced, and therefore can't be delivered until Project Nexus is implemented.

## Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

Whilst one of the reporting schedules is dependent upon the successful Project Nexus implementation, it does not impact the requirements or the system delivery timescales of Project Nexus.

## 2 Why Change?

The Performance Assurance Workgroup (PAW) was established by the UNC Modification Panel to consider the development of arrangements to help ensure that gas settlement risks are understood and provide assurance that the actions of parties are not causing costs to be allocated inappropriately.

Correct energy allocation relies on the timely and accurate provision of data by all parties, which includes both asset and consumption data. The replacement of UK Link Systems presents an opportunity for more granular analysis of industry settlement performance.

The transparency of individual User and industry performance will be a key component in ensuring that User performance is maintained and potentially improved. This modification provides reporting specifications that will make more granular levels of market performance data available to UNC Parties for peer comparison, it will also provide additional fully disclosed reports that may only be made available to a performance assurance committee – when constituted for the purpose of monitoring settlement performance. The PAW commissioned research on gas settlement risk<sup>1</sup>, which made a series of recommendations to help identify where settlement risk could be monitored. This modification seeks to formalise some of the reporting recommended in the study.

It should be noted that during the assessment of the reports designed to be implemented for Modification 0520 that the Workgroup had a difference of views of the content of the reports and the degree of disclosure required for peer comparison, as opposed to that envisaged for a performance assurance committee to review and monitor settlement performance risks in the future – when constituted. Therefore this alternative has been raised to allow the industry to consider an alternative set of reports that could be implemented.

## 3 Solution

The modification will require the Transporters to produce and publish settlement performance information as set out in the attached Performance Assurance Report Registers (PARR).

### Business Rules

1. The Performance Assurance Report Registers will be maintained by the Transporters as a guideline document.
2. The PARR guideline document will be referenced under the relevant section of code.
3. The Transporters will make the PARR reports available to Shipper Users, in the timeframes and frequency as set out in the Performance Assurance Reporting Template.

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<sup>1</sup> <http://www.gasgovernance.co.uk/pa/IndRiskStudy>

4. The PARR reports will be issued referencing the appropriate Shipper Short Codes (SSC) where SSC disclosure is set out in the report template. Reports for peer comparison will set out the individual Shipper's performance against each of the industry participants, without disclosure of their SSCs.
5. Any changes to any of the reports within the PARR may only be made by UNC Modification in accordance with the Modification Rules.
6. PARR Schedule 1A & 1B will fall away when the Transporter Agency confirms that it can provide PARR Schedule 2A & 2B.
7. Reports provided under Schedules 2A & 2B of the PARR will be provided from the implementation of Project Nexus (back-dated – as necessary).
8. The initial content of the PARR be that which is provided as an Appendix to this modification.
9. For the avoidance of doubt the PARR is to be included in the Shipper Users performance pack provided by the Transporters Agent from time to time.

User Pays	
Classification of the modification as User Pays, or not, and the justification for such classification.	These reports will create additional services under the UNC, which are to be provided by the Transporter Agency, therefore the modification is classed as User Pays.
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.	The reports on Shipper User performance will be recovered from Shipper Users. Any reports added to the Register on Transporter performance will be funded by Transporters.
Proposed charge(s) for application of User Pays charges to Shippers.	The charges for Shipper reports will be split by Shipper market share, based on the total AQ for all LDZs for the relevant billing period for each shipper (as at the end of the relevant billing period) as a percentage of the total AQ for all LDZs for all shippers.
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.	To be provided by Xoserve

## 4 Relevant Objectives

### Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact

a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The proposal will have a positive impact on relevant objective d), the securing of effective competition by facilitating transparent reporting of User performance on key industry data that ensures accurate allocation of energy and the appropriate targeting of costs.

The proposal may also have a positive impact on relevant objective a), the efficient and economic operation of the pipeline system, as improved information regarding meter point level consumption and performance metrics on data quality could help Transporters better understand system requirements in areas of constrained capacity.

## 5 Implementation

No implementation timescales are proposed. However, the implementation of the PARR Schedules 1A & 1B (pre Project Nexus implementation) can be implemented as soon as the Transporter Agency is able to produce the reports. The PARR Schedules 2A & 2B will be delivered as soon as practical post Project Nexus implementation, however the reports will be back-dated to the Project Nexus Implementation Date.

## 6 Impacts

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No, the reporting requirements will not change any deliverable or affect the system delivery for Project Nexus.

### Post Project Nexus Implementation

PARR Schedule 2 will be implemented post Project Nexus, and will be delivered as soon as practically possible, however reports will be back-dated to the implementation date to enable settlement performance to be monitored and reviewed.

## 6 Legal Text

### Text Commentary

To be provided

### Text

To be provided

## 7 Recommendation

The Proposer invites the Workgroup to:

- AGREE this modification should be issued to consultation.

## 8 Appendix 1 - PARR

The PARR schedule has been published alongside this modification.