

**Uniform Network Code Committee
Performance Assurance Committee Terms of Reference**

1. Introduction

The Uniform Network Code Committee (UNCC) agreed these terms of reference for the Performance Assurance Committee (PAC) on [date] and amendments shall only be made with the consent of the UNCC.

The PAC has been formed to support the expected implementation of a number of modifications and /or processes that between them create a Performance Assurance Framework (the Framework) for the gas industry. The PAC may be formed in advance of the modifications to enable members of the PAC to be appointed, and any PAC processes to be developed, prior to the implementation of any relevant modifications. In the event that no modifications are forthcoming the UNCC may decide that the PAC shall cease to be established.

2. Scope of the PAC

2.1 General

The PAC is defined as a Uniform Network Code Committee, with certain rights and responsibilities relating to the management of the community's Performance Assurance Framework.

The PAC is chaired by the Joint Office and is attended by PAC Members. From time to time, the PAC may invite other individuals to attend, in a non-voting capacity. In respect of any such individual, the PAC may, from time to time, determine that such individual be excluded for all or part of the meeting of the PAC.

The PAC and any Performance Assurance Framework is limited to energy and supply points within local distribution zones, it does not extend to energy transported through the National Transmission System and supply meter points connected to it.

2.2 Performance Assurance Committee structure

The PAC comprises 5 Shipper User representatives and 5 Gas Transporter representatives. Each representative is a PAC Member. Each PAC Member is a voting member.

Gas Transporter representative PAC Members are from any of the Distribution Networks and independent Gas Transporters, but not National Grid Gas Transmission.

Shipper User representatives PAC Members are elected annually for appointment on the 1st October and at other times when vacancies occur. These elections will be conducted by the Designated Person.

PAC Members are representatives in their own right and do not represent the company by which they are employed. The Designated Person election rules

permit no more than one Shipper User PAC Member per company and it is recommended that all PAC Members should have at least 3 years relevant gas industry knowledge and experience.

All PAC Members and their alternates will be required to sign a Confidentiality Agreement and their employer shall also be required to sign an Employer Assurance Document to assure that the Member will be attending and voting at the PAC in the interests of the GB gas industry and not representing any commercial interest or commercial body.

A list of all PAC Members and standing alternates is published on the Joint Office website.

A PAC Member may appoint an alternate either on a standing basis or on a meeting-by-meeting basis. Such appointments shall be made in writing or by email to enquiries@gasgovernance.co.uk. Alternates need not necessarily come from the same company as the PAC member, but it is recommended that any alternate will have at least 3 years relevant gas industry knowledge and experience. A single alternate may represent more than one (1) PAC Member.

2.3 Meetings

The PAC endeavours to meet on a monthly basis. The meeting will be quorate where there are at least two Shipper User PAC Members and two Gas Transporters PAC Members with a minimum of six PAC Members in attendance.

The Code Administration Code of Practice shall apply to the conduct of the meetings wherever possible.

The PAC may decide to meet more or less frequently as required.

2.4 Decision making

Where the meeting is quorate, all decisions shall be made by simple majority of PAC Members or their nominated alternate. PAC members may vote for or against a proposal, any abstention shall not count towards the simple majority count. Where such agreement is not obtained, the Chairman shall submit the matter to the Uniform Network Code Committee for consideration.

2.5 Roles and responsibilities of Performance Assurance Committee

The roles and responsibilities of the PAC include:

1. Appointment of PAFA and initial setup
 - Producing a clear set of criteria for the appointment of the PAFA detailing (without limitation);
 - o The ability of the PAFA to produce, publish and maintain a Performance Report Register and the creation, management and maintenance of the PAF Risk Register which shall be in line with the Generic Terms of Reference, contained in these Guidelines plus any other criteria agreed by the PAC
 - o Changes to services are expected to be made in the future, therefore the PAFA should indicate its ability to deliver new services;

- The appointment is expected to be for a period of three years, with arrangements for a minimum 2 year initial period, with the option for a one-year extension;
 - The consideration of the relevant knowledge and expertise of the candidates;
 - Details of how much weight / percentage should be placed for each set of criteria
 - Producing a clear scope of works and activities that the PAFA is required to perform against which the Gas Transporters can undertake a tender process.
The scope of works is as detailed in Document 4 of the Guidelines Document for the Energy Settlement Performance Assurance Regime.
 - Preparing the draft recitals / introduction for the PAFA contract.
 - The development of the PAC roles and governance rules
 - The determination of the Performance Assurance Scheme Parties
 - Receiving recommendations from the PAFA on Performance Reports and any other information required from the Transporter Agency
 - Establishment of the scope of the Performance Assurance Framework Administrator (PAFA) role, which is expected to include:
 - Requesting and receiving information from the Transporter Agency on performance issues and metrics
 - Maintenance, and publication, of the Performance Report Register
 - Delivery of Performance Reports in accordance with the Performance Report Register
 - Review of Performance Reports and consideration of effectiveness, providing recommendations to the PAC as required
 - Creation, management, maintenance and reporting (including publication) on the Framework Risk Register
 - Submission of Framework Risk Register reports to the PAC
 - Support to the PAC in the PAC's review of proposed risks
 - Annually, conduct a consultation on the effectiveness of the Framework and the submission of a report of findings to the PAC
 - The maintenance of Report Specifications as required
 - The documentation and maintenance of the processes undertaken by the PAFA to deliver services to and on behalf of the PAC, to a recognised quality standard
2. Set, and agree with the PAFA, the scope of the PAFA role for the forthcoming Performance Assurance Framework Year and provide this to the PAFA 4 months before the start of the Performance Assurance Framework Year. Note the PAFA will be providing a cost estimate for services based upon this scope, so the scope should be at a level to allow the PAFA to determine costs and provide a cost estimate range.
 3. Review the PAFA Performance Assurance Framework Year cost estimate range within 1 month of receipt and revise, and agree with the PAFA, any change in scope to the PAFA role.
 4. Work with the Transporters to agree the appointment of the PAFA and advise any proposal to terminate the PAFA contract
 5. Receipt of Performance Reports from the PAFA
 6. Interpretation and review of Performance Report results
 7. To enlist external expertise to aid in their consideration of issues which are deemed material under the Risk Register
 8. Receipt of issues from any Party recognised as having a role under the UNC and consider, with the help of the PAFA, whether they are material enough for

inclusion in the Risk Register and determine whether further information needs to be obtained to be able to determine materiality. And where determined as not material provide a response to the proposer setting out the reasons for the PAC's determination

- 9.** Review and determine within the first year whether there is a need for improvement plans and preventative measures and set out a proposed approach and justification for such a right, before consulting on it with UNC Parties. Should the PAC seek such a right it shall consult formally on the proposed approach with all UNC parties and consider raising a UNC modification if there is support for improvement plans/preventative measures
- 10.** With support, as required, from the PAFA, the determination of industry performance targets, for any forthcoming period
- 11.** Submit requests to the PAFA for any changes to services
- 12.** Review the PAFA response to a change request and instruct the PAFA as the PAC see fit