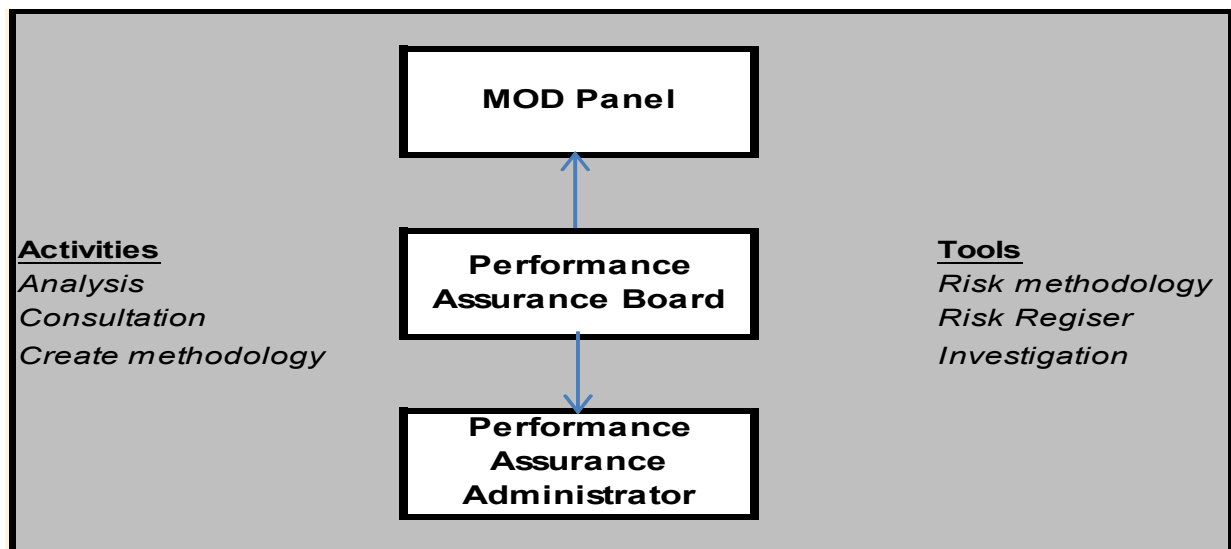


# Performance Assurance Framework Business Rules

## Outline of Performance Assurance Structure

The structure below represents the discussions over the 1<sup>st</sup> and 9<sup>th</sup> April meetings of the Performance Assurance Workgroup. This document also sets out some draft business rules, based on [1] discussion [2] at those two meetings and is work in progress.



[3]

## Framework Principles

- There will be a Performance Assurance **Committee Board** [4], but members will be subject to strict confidentiality provisions
- There will be a Performance Assurance **Administrator** [5][6]
- There will be a Performance Assurance **methodology** [7] created, which will be consulted upon on an annual basis

## Performance Assurance **Committee Board** – **composition/governance** [8]

The Performance Assurance **Committee Board** [9] will:

- be made up of industry experts, who will provide expert determination on the reports produced in relation to performance assurance monitoring. These members will be industry representatives and they (individually) and their company **if relevant** will be required to sign an undertaking on confidentiality and to **warrant assure** that the individuals will be representing the interests of the market, rather than any company commercial position

- be established via an appointment process established under the UNC. This process will mirror the process undertaken in appointing an independent Panel Chair<sup>[10]</sup><sup>[11]</sup>
- should include a consumer representative, but this would not be a voting role<sup>[12]</sup>
- have members appointed in advance of the Performance Assurance regime starting. 10%<sup>[13]</sup><sup>[14]</sup> of the Board members will be considered by the MOD Panel for reappointment on an annual basis and no Board member shall hold the position for more than [3] years, unless unanimously agreed by the MOD Panel that the appointment can continue for a further year

### Duties of the Performance Assurance Committee Board

The Performance Assurance Committee Board will:

- receive performance reports
- seek to contract/enlist external expertise to aid in their consideration of issues<sup>[15]</sup> which is deemed material under the risk register
- tender for and appoint a Performance Assurance Administrator<sup>[16]</sup>
  - manage the Performance Assurance Administrator
  - allow the Performance Assurance Administrator to request additional reports only where this is necessary to aid in understanding or further analysis of issues, which is deemed material under the risk register
  - instruct that the Performance Assurance Administrator audits the Performance Assurance scheme<sup>[17]</sup>. Such audits shall be at the Board's discretion, but should be undertaken at intervals where the Board believe it is most efficient to do so
- Determine on the receive and consider a recommendation from the Performance Assurance Administrator on a Performance Assurance Methodology and ask that the MOD Panel consult on this on an annual basis
  - receive representations made on the Performance Assurance Methodology and provide to the Performance Assurance Administrator for consideration
- require the Performance Assurance Administrator to create & maintain a Risk Register based on the Performance Assurance Methodology on an annual basis and consider the Performance Assurance Administrator's proposals
- ~~instruct that the Performance Assurance Administrator audits the Performance Assurance scheme. Such audits shall be at the Board's discretion, but should be undertaken at intervals where the Board believe it is most efficient to do so~~
- receive issues from UNC Parties<sup>[18]</sup> Industry Parites and consider, with the help of the Performance Assurance Administrator, 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 were determined as not material provide a response to the proposer setting out the reasons for the committees determination
- Review and determine consider within the first year if there is a need to have the right to fully investigate UNC Parties behaviour and set out the proposed approach and justification for to such a right. Should the committee seek such a right it shall if proposing a right to fully

~~investigate UNC Parties the Performance Assurance Board will~~ consult formally on the proposed approach with all UNC Parties

- Review and determine ~~consider~~ within their 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 to this, before consulting on it with UNC Parties. Should the committee seek such a right it shall consult formally on the proposed approach with all UNC Parties
- work with the Performance Assurance Administrator to define performance targets, which would be linked to the start of each the GG as Year (1<sup>st</sup> October)

### **Duties of the MOD Panel in relation to the Performance Assurance scheme**

The MOD Panel will:

- assess the effectiveness and cost benefit of the Performance Assurance ~~Board~~ Committee after 12 months of operation and consult with UNC Parties on any issues that they have experienced with the process or cost benefit
- create a “person specification(s)” for the Performance Assurance Board members, taking into account the experience and expertise that will be needed for the Performance Assurance ~~Committee~~ Board to operate effectively
- oversee the appointment of ~~Committee~~ Board members, using where necessary HR and legal support if where required.
- Give UNC Parties the opportunity to raise and set out any concerns about individuals proposed for the role e.g. (where for example they believe the if they believe the individual has any conflict of interest)
- determine the selection criteria to be used for the appointment of ~~Committee~~ Board members

### **Role of the Performance Assurance Administrator**

The Performance Assurance Administrator will:

- Identify and receive issues that are of material significance in relation to settlement accuracy or customer experience/service
- assess issues against the Risk Register using the approved appropriate Performance Assurance Methodology
- consider with the Performance Assurance ~~Committee~~ Board what data is needed to be able to carry out its role analyse more fully
- carry out analysis on material issues as directed by the Committee analyse and determine what the data on the issue is saying
- consider with the Performance Assurance ~~Committee~~ Board what action, if any needs to be taken[19]

- be able to request reports from Xoserve where it has been agreed with the Performance Assurance ~~Committee Board~~ that such reports are necessary to look into an issue in more detail and the issue is of material impact
- work with the Performance Assurance Board to define performance targets, which would link to the start of the Gas Year (1<sup>st</sup> October)
- create a Performance Assurance Methodology and provide to the Performance Assurance Board providing a detailed explanation ~~ining of the the~~ proposal and the benefits of it
- take into account any representations made on the Performance Assurance Methodology and provide a response to any representations received
- create a Risk Register based on the Performance Assurance Methodology on an annual basis
- If requested by the committee undertake audits of the Performance Assurance scheme

### Input of UNC Parties

All UNC Parties will<sup>[20]</sup>:

- be able to raise issues with the Performance Assurance ~~Committee Board~~ for them to consider, with the Performance Assurance Administrator, if the issue is material
- be able to provide feedback to the annual consultation <sup>[21]</sup>~~on~~<sup>[22]</sup> the Risk Register
- be able to provide responses to consultations undertaken by the Performance Assurance ~~Committee Board~~
- be able to participate and co-operate fully in the Performance Assurance regime