Performance Assurance Workgroup

A report on the Performance Assurance methodology results provided by Xoserve for the Performance Assurance Workgroup

24 March 2015

1. **Introduction**

In October 2014 Xoserve provided a report on a Performance Assurance Methodology for consideration. At the time only one month's analysis had been completed. Since then Xoserve has continued to analyse the data and this short report provides further months analysis. The methodology is not repeated in full here, but can be found at
http://www.gasgovernance.co.uk/sites/default/files/Performance%20Assurance%20Framework%20Workgroup%20methodology%20report%20v1.0.pdf

Xoserve has provided other reports from the detailed analysis of East Midlands LDZ, these are:
- Number of meter reads submitted (regardless of whether submitted within the required meter read frequency)
  http://www.gasgovernance.co.uk/sites/default/files/PAW%20meter%20reading%20performance%20report%20Feb%2015%20EM%20LDZ.pdf
- Performance Assurance Workgroup Summary of unread AQ (published for 24th March Performance Assurance Workgroup).

2. **Overview of the methodology – monthly read meter points**

The methodology uses the meter read frequency information for each meter point and then measures whether a read has been provided in accordance with the meter read frequency. The methodology also considers the AQ of each meter point as a measure of scale of impact of an unread meter point, so unread AQ represents risk in that energy has been allocated but not reconciled.

The methodology uses an average performance target. The performance is the amount of AQ read against the total amount of AQ required to be read. This is calculated each month and an average of the six months performance has been taken for the purpose of this report. Any performance target figure can be used in the methodology. Shippers should read 100% of monthly meters within the month, however this is not the case and so

for the purpose of providing results that can show a performance against a standard, the average performance for the six months has been used. This is 74%.

Having obtained a target figure it is then possible to measure each shipper's performance against the "target" and then to consider to what extent one shipper performs differently to another and to what extent community risk is created. The methodology has been developed as a "serving suggestion" to show what is possible and to consider some of the implications of running such a methodology. The analysis over the past six months has led to more questions than answers and more analysis may be required e.g. for what period is a supply point unreconciled, what is the average variance between allocated and actual energy. A challenge to the results may be "so what". This is a valid challenge, is there really a performance issue, and if so what would be the proportionate steps to improving it in a cost effective manner. Hopefully the analysis, example methodology and results will help the Performance Assurance Workgroup deliberations.

In the "Performance Assurance Workgroup Analysis Results Report" information is provided on the Pareto analysis. For the monthly read population, seven Shippers are responsible for over 80% of the AQ of the LDZ. This analysis suggests that the remaining Shippers will have minimal impact on the reconciliation risk for the Shippers in the LDZ.

In preparing the data for this report, two of the seven Shippers referred to above, and a number of other Shippers have been removed from the results. This is to ensure that no individual shipper can be identified from the results. The remaining five of the "larger" shippers are included and are shaded to aid any interpretation of the results. The Shipper ID shown is a random id any resemblance to a real Shipper short code is purely co-incidental.

The risk contribution percentage is a figure arrived at by using the Shippers performance in relation to the "target" and then uses the unread AQ to create the contribution value of each Shipper. The sum of the individual risk contribution percentage is 100. The removal of a number of shippers from the analysis has skewed the risk contribution figure slightly (worse performers look worse, and better performers look better) but this is not a material issue and does not detract from the principle of the methodology or use of the results in further considerations.

ID	Target performance	July Actual Portfolio AQ Read (% of Portfolio AQ)	July Risk contribution percentage	August Actual Portfolio AQ Read (% of Portfolio AQ)	August Risk contribution percentage	September Actual Portfolio AQ Read (% of Portfolio AQ)	September Risk contribution percentage	October Actual Portfolio AQ Read (% of Portfolio AQ)	October Risk contribution percentage	November Actual Portfolio AQ Read (% of Portfolio AQ)	November Risk contribution percentage	December Actual Portfolio AQ Read (% of Portfolio AQ)	December Risk contribution percentage
ARL	74%	76.27%	1.15%	65.90%	1.18%	62.41%	3.87%	84.76%	1.26%	73.61%	2.85%	72.06%	1.67
BHY	74%	28.49%	0.51%	23.34%	0.38%	25.62%	0.63%	37.01%	0.43%	38.49%	0.43%	46.63%	0.16
BUY	74%	74.64%	3.82%	76.87%	1.83%	71.07%	6.37%	89.11%	1.99%	89.21%	2.09%	76.87%	3.23
CII	74%	14.96%	0.04%	4.65%	0.08%	19.55%	0.02%	95.35%	0.00%	0.00%	0.00%	0.00%	0.00
FKS	74%	38.57%	0.03%	59.54%	0.01%	69.10%	0.01%	55.23%	0.02%	38.57%	0.04%	55.23%	0.01
FTD	74%	78.60%	0.02%	80.57%	0.01%	59.99%	0.05%	95.09%	0.00%	86.70%	0.01%	95.72%	0.00
GHH	74%	56.94%	0.44%	47.21%	0.37%	63.10%	0.40%	67.17%	0.39%	55.95%	0.69%	70.36%	0.19
GPM	74%	89.39%	3.98%	84.40%	3.40%	95.51%	1.64%	99.09%	0.34%	96.63%	1.19%	95.95%	0.84
HFW	74%	49.61%	46.25%	48.30%	22.69%	60.63%	27.68%	62.03%	30.16%	66.08%	23.89%	54.26%	23.12
ILE	74%	84.98%	4.48%	32.38%	28.60%	67.14%	13.17%	79.30%	8.11%	89.13%	3.66%	81.62%	3.88
ILY	74%	59.14%	17.99%	40.18%	21.41%	41.35%	36.83%	36.42%	52.78%	35.92%	56.21%	21.35%	61.63
JAA	74%	65.55%	0.01%	57.92%	0.01%	96.97%	0.00%	63.57%	0.01%	65.55%	0.01%	100.00%	0.00
NFS	74%	85.43%	0.17%	83.79%	0.11%	84.73%	0.20%	88.45%	0.17%	77.78%	0.36%	88.12%	0.10
QGI	74%	48.42%	0.03%	6.60%	0.23%	9.46%	0.34%	35.04%	0.08%	38.07%	0.08%	6.14%	0.36
QZQ	74%	69.83%	0.97%	59.78%	0.91%	83.32%	0.44%	76.35%	0.79%	71.57%	1.21%	83.96%	0.29
SLZ	74%	75.21%	1.06%	0.00%	0.00%	65.63%	1.88%	98.69%	0.06%	67.54%	1.80%	98.69%	0.03
VKL	74%	93.93%	1.05%	82.68%	1.83%	83.10%	3.71%	93.81%	1.45%	89.55%	2.45%	90.23%	1.29
WJU	74%	80.40%	0.44%	80.08%	0.25%	97.88%	0.03%	84.53%	0.34%	83.34%	0.38%	80.19%	0.26
XHP	74%	43.41%	0.03%	41.75%	0.02%	55.93%	0.02%	14.66%	0.13%	25.25%	0.07%	0.00%	0.00
YDQ	74%	91.77%	0.91%	76.54%	1.71%	89.90%	1.01%	89.78%	1.17%	82.60%	2.21%	66.13%	2.93
ZLG	74%	27.30%	16.62%	18.31%	15.00%	81.20%	1.70%	96.44%	0.32%	95.60%	0.37%	99.87%	0.01

Example explanation of the figures above.

In July Shipper GPM read 89.39% of its monthly read frequency AQ. The Shipper will therefore have some unread AQ. The Shipper has exceeded the performance target (74%). The Shipper's performance and unread AQ are used to determine the residual risk to the industry. In the case of GPM, 3.98% for July (it has a good performance and low unread AQ value).

In July Shipper HFW read 49.61% of its monthly read frequency AQ. The Shipper will therefore have some unread AQ. The Shipper has failed the performance target (74%). The Shipper's performance and unread AQ are used to determine the residual risk to the industry. In the case of HFW, 46.25% for July (it has a poor performance and high unread AQ value).

HFW has created more risk for the industry than GPM.

3. **Overview of methodology results for annually read and six monthly read meter read frequency meter points**

The methodology has been applied to annually read and six monthly read meter read frequency meter points. However, the results are much less conclusive. This would appear to be because the actual AQ value falling due to be read each month is, compared to the monthly read frequency meter points, very small (see Analysis Results Report). The details are shown below:

	Monthly AQ to be read	Six-monthly AQ to be read	Annual AQ to be read
November	10,158,810,000	3,852,514,952	647,388,193
December	10,132,170,000	3,344,359,722	814,022,706

Six-monthly and annual meter read frequency meter points, have a lower total of AQ to be read each month. Actual performance of AQ read is much lower than the monthly read frequency meter points (six-monthly average 26%, annual average 12% (only based upon 2 months analysis)). The absolute AQ at risk value is much lower for six-monthly and annual meter read frequency meter points. Whilst some of the percentages in the tables below will be high the AQ value behind them is low in comparison to month read frequency meter points.

Annually read meter points

November			December		
Actual Portfolio AQ Read (% of Portfolio AQ)	Industry average	AQ % Risk	Actual Portfolio AQ Read (% of Portfolio AQ)	Industry average	AQ % Risk
0.00%	12.00%	0.00%	8.50%	12.00%	2.18%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.82%	12.00%	1.22%	21.83%	12.00%	7.57%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.09%	12.00%	23.86%	33.20%	12.00%	11.21%

0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.00%	12.00%	0.00%	35.30%	12.00%	1.08%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.00%	12.00%	0.00%	7.54%	12.00%	4.07%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.00%	12.00%	0.00%	0.00%	12.00%	0.00%
0.14%	12.00%	33.32%	22.92%	12.00%	32.80%
0.00%	12.00%	0.00%	75.67%	12.00%	0.00%

Six monthly read meter points

November			December		
Actual Portfolio AQ Read (% of Portfolio AQ)	Industry average	AQ % Risk	Actual Portfolio AQ Read (% of Portfolio AQ)	Industry average	AQ % Risk
35.68%	26.00%	0.80%	31.90%	26.00%	0.84%
31.32%	26.00%	0.04%	25.35%	26.00%	0.06%
27.66%	26.00%	2.05%	22.70%	26.00%	2.30%
54.22%	26.00%	0.10%	36.26%	26.00%	0.15%
46.56%	26.00%	6.03%	47.42%	26.00%	4.52%
28.38%	26.00%	0.01%	0.00%	26.00%	0.00%
15.68%	26.00%	0.01%	0.00%	26.00%	0.00%
94.90%	26.00%	0.00%	0.00%	26.00%	0.00%
36.08%	26.00%	0.56%	35.20%	26.00%	0.54%
20.04%	26.00%	27.62%	18.07%	26.00%	24.84%
26.75%	26.00%	3.04%	25.10%	26.00%	3.19%
16.82%	26.00%	0.03%	17.52%	26.00%	0.02%
23.55%	26.00%	0.17%	29.80%	26.00%	0.15%

0.00%	26.00%	0.00%	19.82%	26.00%	0.01%
29.38%	26.00%	0.40%	8.65%	26.00%	1.38%
32.26%	26.00%	0.05%	49.44%	26.00%	0.03%
0.00%	26.00%	0.00%	0.00%	26.00%	0.00%
36.64%	26.00%	0.03%	13.52%	26.00%	0.09%
28.49%	26.00%	23.17%	25.65%	26.00%	24.85%
36.12%	26.00%	0.21%	40.85%	26.00%	0.14%