

**Performance Assurance Committee Minutes**  
**Wednesday 04 October 2017**  
**at Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Angela Love	(AL)	Shipper Member
Fiona Cottam	(FC)	Observer, Xoserve
John Welch	(JW)	Shipper Member
Lisa Saycell	(LS)	Shipper Member
Lizzie Montgomerie	(LM)	PAFA
Mark Jones	(MJ)	Shipper Member
Martin Crozier	(MC)	PwC ( <i>Observer – item 4.1 only</i> )
Miriam Elis	(ME)	PAFA
Nirav Vyas	(NV)	PAFA
Shanna Key*	(SK)	Transporter Member
Rachel Hinsley	(RH)	Observer, Xoserve

**Apologies**

None

\* *via teleconference*

Copies of non-confidential papers are available at: <https://www.gasgovernance.co.uk/PAC/041017>

**1. Introduction and Status Review**

**1.1 Confirm Quorate Status**

BF explained that unfortunately due to a lack of Transporters members in attendance, the meeting was not quorate. Those present agreed to continue with an informal meeting on the understanding that no decisions could be taken.

**1.2 Apologies for absence**

It was noted that there had been no formal apologies received prior to the meeting.

**1.3 Note of Alternates**

None.

**2. Risk Register Approval**

BF pointed out that unfortunately as the meeting was not quorate, formal approval of the Risk Register could not be undertaken at this meeting. However, those present agreed to continue reviewing the document

**2.1 Risk Register Responses presentation**

NV provided a brief overview of the 'Risk Register Responses' presentation during which, members agreed that identifying both Allocation and Reconciliation elements within the risks would be beneficial.

NV explained that the 'Risk Summary' information provided on slide 4 is taken from a new tab already added within the Risk Register and that the 'Risk Scores' provided on slide 5 are taken from the approach document.

In considering the 'Controls and Actions' slide it was recognised that whilst this might on the face of it appear to be a strict and abrupt approach, it remains fit for purpose at this time. BF suggested that perhaps the inclusion of a 'archive' mechanism for completed or closed risks would prove beneficial in avoiding duplication.

It was felt that the three current risks with a score of 8 or less, appear to still be reflective of conditions. It was agreed that there is benefit in retaining these risks for the first (gas) year. It was also recognised that risks 7 and 8 now have gross risk scores of 6 after recent adjustments.

## 2.2 Risk Register Amendments Review

During a quick summary of the front page, NV pointed out the allocation/reconciliation column splits, and the SAP information before agreeing to consider rounding the (£) values to better match the whole numbers provided for the (GWh) values. When asked, NV also indicated that the PAFA would be providing a 'cover note' (to accompany the subsequent consultation) for consideration at the 10 October 2017 PAC meeting.

An onscreen review of the 15 outstanding risks was undertaken in reverse order with the focus being mainly on the recent changes made to the register in response to feedback from various interested parties.

In order to focus the discussions, it was agreed to undertake the review of the most recent amendments mainly on a 'by exceptions' basis, and a brief resume on each risk is provided as follows:<sup>1</sup>

### PACR0015

- It was acknowledged that as far as throughput is concerned, it is early days and RAASP is expected to provide further clarity;
- It was also noted that some Shippers are holding fire until Request 0624R Workgroup provide a view on the progress of RAASP, and
- Consensus amongst members present is that the scores remain acceptable and reflective at this time.

### PACR0014

- No adverse comments received in relation to the scores;
- Controls statement amended and it was noted that Schedule 1 Reports are now time expired and therefore references can be removed throughout all risks, and
- It was noted that once PAC starts to receive the monthly performance reports, the risk could/would be re-assessed.

### PACR0013

- No significant changes undertaken to this 'here and now' related risk;
- No adverse comments received in relation to the scores;
- Subtle tweaks to the 'Potential Causes of the risk' statement undertaken;

---

<sup>1</sup> Please note: some of the comments captured against a risk apply to the specific risk whilst others could be deemed to apply across all risks.

- It was acknowledged that whilst industry performance levels are not encouraging being in the circa 60% range, it is difficult to assess the proposed scores without access to the background information which is expected to flow through over time;
- It was recognised that there could be potential financial impacts relating to settlement involved;
- Potential disconnect between settlement and readings utilised for customer billing purposes, and
- NV agreed to provide a narrative (caveat) to explain that this is an initial theoretical view of the risk until more information is forthcoming.

#### PACR0012

- No adverse comments received in relation to the scores, and
- Controls statements amended.

#### PACR0011

- No adverse comments received in relation to the scores, and
- It was agreed that splitting the 'Risk Financial Estimate' to display both allocation (circa £1.4m) and reconciliation (circa £467k) elements would be beneficial.

#### PACR0010

- No adverse comments received in relation to the scores;
- In noting that a request for Xoserve to provide a 'Failed Reads by Shipper' report has been received, FC responded by explaining that although the information is not provided as a separate report it is already provided as part of the Shipper Performance Report. RH advised that the next report is scheduled for around 29 June 2018 as part of release 2. Furthermore, involvement of the Data Warehouse potentially extends delivery of the reports;
- 'Target Score' moved to fully effective. The consensus of those present is that until a view on key controls is available it is hard to assess – it was agreed to leave at fully effective in the meantime;
- It was noted that targets have been set on an understanding of (gas) year 1 basis;
- It was recognised that a missing piece in the targets jigsaw, relates to the lack of clarity around the cost to the industry in order to move from a 'partially' to a 'fully' effective position and care is needed whilst we are in a transitional period;
- PAC to take a view following receipt of consultation feedback;
- Need to be mindful of any potential operational / financial impacts, which is true for all risks;
- It was recognised that wider industry initiatives (i.e. CMA proposals are driving an improved landscape) could/would address some of the issues associated to the risks, and
- It was agreed that the PAFA should look to highlight the cost assessments associated to the risks for inclusion in the consultation phase and possibly identify impediments that are outside a parties' direct sphere of control.

#### PACR0009

- No adverse comments received in relation to the scores;

- Similar to PACR0008 below, and
- In relation to the MOD0469S statement contained within the 'Controls' column, this relates to the previous point about what does or does not fall under a User's sphere of direct control.

#### PACR0008

- No adverse comments received in relation to the scores, and
- In referring to the 'Controls' statement, and how these might relate to the scores, it was acknowledged that these are largely monitoring requirements;
- Several recently approved UNC Modifications have yet to fully bed in and deliver improvements;
- There are potentially some back billing registration related aspects and the main difference between this risk and the theft of gas one relates to whether or not any 'tampering' has taken place;
- FC requested that her 'Actions' comment relating to PAC is tweaked to reflect that the demarcation is between the Shipperless sites and Unregistered sites working group and PAC;
- It was also agreed to ask the Shipperless sites and Unregistered sites working group for a view on their controls and scores;
- It is felt by some members that this risk should be particularly effective as the Shipperless sites and Unregistered sites working group investigations have been ongoing for some time, and
- It was suggested that where PAC deems the risk to be 'partially effective' then this should be passed back to the workgroup for their consideration.

#### PACR0007

- No adverse comments received in relation to the scores, and
- A few subtle amendments made;
- As far as the 'Risk Financial Estimate' is concerned, the allocation and reconciliation split is circa £7m apiece;
- It was agreed that the Action 0807 statement should reside under the previous risk rather than this one, and
- More detail around the Action 0806 statement would be provided at the 10 October 2017 PAC meeting.

#### PACR0006

- No adverse comments received in relation to the scores;
- Xoserve are currently looking at the WAR band take up rate and where there are any issues identified will contact the Shipper concerned directly;
- Initial indications are that this October's WAR band take up is superior to last years, and
- It was noted that whilst rolling AQs do not automatically result in WAR band changes, they can (indirectly) affect them via the WAR band calculation mechanisms – FC briefly explained how the ratios are utilised.

#### PACR0005

- No adverse comments received in relation to the scores;
- Members agreed that the description / title needs to be expanded to include missing asset data;

- It was noted that dependent upon the level of granularity in the Schedule 2 reports it might be possible to look to report on more specific financial aspects going forwards;
- In referring to the 'Potential Consequences of the Risk Event Occurring' statement, NV explained that comments have been received relating to controls and possible Electralink involvement and risk financial aspects have been identified and questioned, and
- It is acknowledged that this is currently only a partial control and that a new suite of reports might be needed in future.

**New Action PAC1001: *In relation to the incorrect / missing asset data on the Supply Point Register risk - Xoserve (RH) to consider providing a list of MDD attributes that have been either validated or disregarded.***

#### PACR0004

- No adverse comments received in relation to the scores;
- Members noted that this risk links to evidence provided by the Transporters and has resulted in the current probability score of 4 being amended to 3 – it was suggested that this is consistent with the improved controls being put in place by the Transporters, and
- The two outstanding actions were noted.

#### PACR0003

- No adverse comments received in relation to the scores;
- In examining the two incentive statements contained in the Control column, members noted that to address these it might need a new UNC Modification raising at some point;
- It was suggested that the wording of these two statements would benefit from a review, especially when baring in mind that Code already specifies both targets and incentives and liabilities;
- Brief discussion around whether or not the target throughput score of 5 is appropriate concluding in acknowledgement that it potentially reflects the size of sites involved;
- Whilst it was acknowledged that the relationship between throughput and probability remains unclear, BF suggested, and members agreed that this is more of an issue than a risk on the grounds that the event has already materialised (i.e. its happening right now);
- It was recognised that there maybe benefit in PAC looking at how to move issues back to being risks going forwards and that perhaps views can be sought on throughput concerns and percentages during the consultation;
- NV highlighted that it is sometimes hard to reflect/visualise improvements when the scores do not move outside their current band which is why showing a movement from partially effective to full effective is beneficial, and
- FC reminded everyone present that estimated reads can only be used for allocation and not reconciliation purposes and therefore this remains a transitional risk only.

#### PACR0002

- No adverse comments received in relation to the scores,
- It was noted that the target throughput score has been reduced from 4 to 3 to reflect previous PAC discussions and is therefore more reflective of what PAC is aiming to achieve.

PACR0001

- No adverse comments received in relation to the scores;
- JW requested that the target throughput score is readjusted back to 5 rather than 4 as this better reflects the within a gas year perspective;
- It considering the 'Potential Causes of the risk' statement, it was noted that PAC has previously struggled to identify and implement the correct controls;
- In referring to the Action 0801 statement, AL advised that she has now spoken with Electralink on this matter but would now go back to clarify what the point around MDD validations really means and confirm whether this is specific to TRAS in this aspect;

Concluding discussions, NV advised that they would review the proposed amendments and should anyone have any additional feedback to please contact him direct so that any matters can be included in a revised Risk Register for consideration at the next dedicated PAC meeting.

### 3. Initial Sub-group Meeting

Pre-empting discussions, BF pointed out that regardless of PAC's view, only the UNCC are able to establish sub committees/working groups unless specifically highlighted with the sub-committees authority. In highlighting that the Joint Office has already been approached over who can, or cannot attend, the meetings, BF advised that members should consider the confidential / non confidential aspects that would apply for such meetings going forward. FC briefly explained how any confidential / non confidential, reports are provided to the industry and PAC in particular.

BF suggested that the question boils down to whether or not it is a PAC members only meeting in which case it is definitely NOT a sub-group, but rather a dedicated PAC meeting and as a consequence care is needed to avoid reinventing PAC.

BF then suggested that it is probably preferable to look to schedule extra (dedicated) PAC meetings to focus on UIG related matters, in which case observers would be able to attend, but only for non confidential areas of consideration and discussion.

#### 3.1 Draft Terms of Reference

Taking into account the initial opening discussion above, members agreed that the draft Terms of Reference are not needed at this time and thanked AL from preparing these in advance of the meeting. It was noted that the scope of the dedicated meetings should be established in advance of the meeting.

#### 3.2 Work Areas to be covered

When asked, members agreed to consider the presentation at short notice whereupon, AL explained the rationale behind compiling the document and suggested that this forms the basis of a good starting point for further consideration. FC advised that she would be looking to provide an update on her related outstanding action at the 10 October 2017 PAC meeting.

It was agreed that the Joint Office should publish the document under the 10 October meeting materials.

When asked how PAC envisages engaging the industry on these matters, BF suggested that this would be via the raising of suitable UNC modifications.

FC indicated that she believes there are potentially two aspects involved, the first being related to where Code is clear on the obligations and the other being whether or not a matter is compliant.

### 4. Any Other Business

#### 4.1 PAC Budget Sponsorship Request

In explaining that the PAC budget proposals to allow a service line to support the provision of adhoc PAC related activities have been approved in principle by the DSC Contract Managers, RH requested that a Shipper Member volunteers to sponsor the accompanying Change Proposal – JW volunteered to undertake the role.

BF suggested that it might be prudent to also pass this by PAC for their comments.

#### 4.2 Update on Distribution Workgroup Ratchet Breaches & Performance Issues

In raising this item, JW enquired as to whether or not this should be added as a new item on future PAC agendas, at which point RH reminded everyone of the PMSOQ triggers.

MJ suggested that the matter really boils down to whether a UNC modification is required, as ratchets are a Code matter. Furthermore, he would anticipate that the work being undertaken by the 0619 0619A Workgroup would potentially address some of the related issues.

It was agreed to await the outcome of the 0619 0619A Workgroup before revisiting the matter.

#### 5. Next Steps

Consideration of the next steps to be undertaken as part of the main 10 October 2017 PAC meeting.

#### 6. Diary Planning

When asked, members agreed to consider any additional PAC meeting requirements at the 10 October 2017 meeting.

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

Time/Date	Venue	Programme
10:30, Tuesday 10 October 2017	Xoserve, Lansdown Gate, 65 New Road, Solihull. B91 3DL	<i>To be confirmed</i>
10:30, Tuesday 14 November 2017	Room LG8, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>To be confirmed</i>
10:30, Tuesday 12 December 2017	Radcliffe House, Blenheim Court, Solihull, B91 2AA	<i>To be confirmed</i>

#### Action Table (as at 04 October 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAC 1001	04/10/17	2.2	<i>In relation to the incorrect / missing asset data on the Supply Point Register risk - Xoserve (RH) to consider providing a list of MDD attributes that have been either validated or disregarded.</i>	Xoserve (RHi)	<b>Pending</b>