

1.0 Introduction

The Performance Assurance Committee (PAC) has agreed these Terms of Reference, which constitute a PAC sub-committee to consider post-Nexus Unidentified Gas (UIG). Since the introduction of the new UKLINK (Project Nexus solution) there has been a higher than anticipated level of UIG, with unpredictable day-to-day volatility and inconsistency across LDZs.

Xoserve has been investigating the issue and identified a number of areas of concern. In particular there is a concern on the submission of readings for DM sites in Product Class 1¹.

2.0 Scope of the PAC Sub-Committee

The PAC itself is defined as a sub-committee of the Uniform Network Code Committee, with certain rights and responsibilities relating to the management of the community's Performance Assurance Framework (PAF). As recognised in the PAC's Terms of Reference it is not subservient to any other Committee and is able to investigate the root causes of inaccurate settlement.

In considering updates from Xoserve on the significance of issues affecting UIG, the PAC has agreed that a PAC sub-committee will be established to look into post-Nexus UIG.

The scope for the sub-committee will be:

- Consider the issues impacting on UIG, looking firstly at the issues that Xoserve have already identified, and then comparing to the PAC Risk Register
- Determine whether there is reporting already available or that can be readily developed to estimate the financial implications to gas settlement
- Consider what rules, if any, are in the UNC and supporting documents and governance that should control the issues impacting UIG
- Consider what other rules or changes to UNC obligations or reporting that could be introduced to both highlight the financial implication of the issues and incentivise resolution of them

3.0 Sub-Committee Structure

The PAC Sub-Committee will comprise up to 5 Shipper PAC Members and 5 Transporter PAC Members (or their nominated Alternate, but only where the Alternate has signed the Confidentiality Assurance Document²). As with the PAC itself, PAC Members are representatives in their own right and do not represent the company by which they are employed and will be expected to approach the work of the sub-committee with the objective of identifying issues which are impacting on UIG and considering what action, if any, would be in the interest of the market and of improving settlement accuracy.

Xoserve and the gas Performance Assurance Administrator will also be able to send representatives to the sub-group to aid in consideration of the issues and provide their insight into reporting and resolution options.

Ofgem's Performance Assurance representative will also be able to attend.

¹ <https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2017-09/PAC%20Supporting%20Materials%20for%20UIG%20Section%20-%20Final%20Version.pdf>

² As set out in the PAC Terms of Reference section 2.2 - <https://www.gasgovernance.co.uk/sites/default/files/ggf/PAC%20Terms%20of%20Reference%20v3.0.pdf>

4.0 Meetings

The PAC Sub-Committee will hold its first meeting ahead of the October PAC meeting (10th October 2017). At the first meeting the Sub-Committee members will consider meeting frequency and keep this under review, making PAC aware of their proposals and workplan. The PAC Sub-Committee will be quorate, where there are [2] Shipper PAC Members and [2] Transporter PAC Members or their Alternates present.

The meetings of the PAC Sub-Committee will be facilitated by the Joint Office.

Any confidential information to be used within meetings will be provided to PAC Members, the Joint Office and the Ofgem representative via the PAFA secure web portal. Such information shall not be downloaded by the Ofgem representative and all PAC Members, the Joint Office and Ofgem shall treat all information as confidential unless it is clearly marked otherwise.

5.0 Decision Making

Where the meeting is quorate, all decisions shall be made by simple majority of PAC Sub-Committee Members or their nominated alternates present. 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 Chairperson shall submit the matter to the full PAC for consideration.

6.0 Roles and Responsibilities of the PAC Sub-Committee

The PAC Sub-Committee will be responsible for:

- Considering the causes of UIG and whether UNC Parties' performance/action/inaction is impacting on settlement accuracy
- Identifying settlement performance deficiencies, proposing methods of resolution to improve settlement performance

The PAC Sub-Committee shall only perform the duties set out in these Terms of Reference and restrict the scope of their work accordingly.