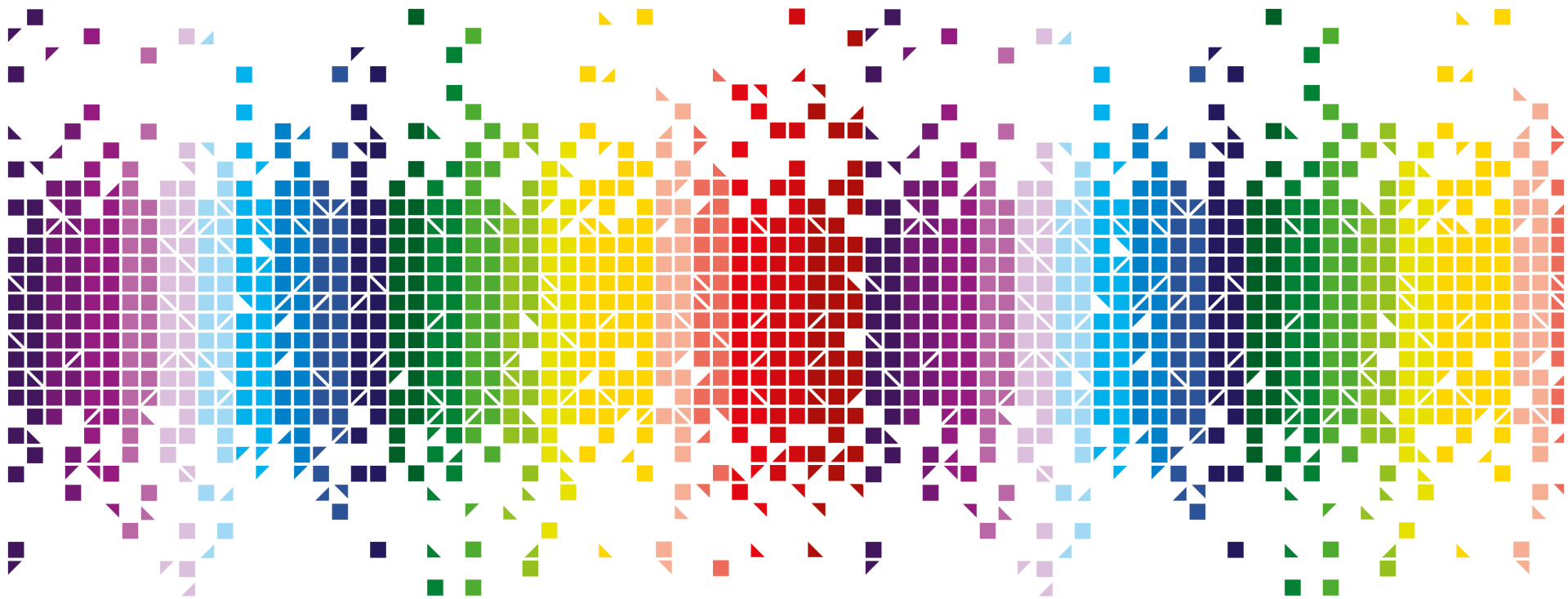


Performance Assurance Framework Administrator

11 July 2017





PAFA Scope

- ✓ Manage the PAF Risk Register
- ✓ Maintenance of Gas Settlement Risk Model
- ✓ Collation, Publication and Interpretation of a suite of reports specified in the Performance Report Register
- ✓ Provide expert advice on the Gas Settlement Risk Model



PAFA Scope

- ✓ Manage the PAF Risk Register
 - ✓ Provide review and challenge of the Risk Register where necessary
 - ✓ Provide advice and guidance on new risks, including their applicability, measurability and how best to look at controls against them
 - ✓ Reviews will be combined with the process to support the analysis and assessment of Shipper performance



PAFA Scope

- ✓ Maintenance of Gas Settlement Risk Model
 - ✓ Adopt Gas Settlement Risk Model
 - ✓ Provide dashboard updates of the model to PAC
 - ✓ Reassessment of the existing risks in the model as needed
 - ✓ Propose a method and schedule to incorporate into the PAF and Risk Register



PAFA Scope

- ✓ Collation, Publication and Interpretation of a suite of reports specified in the Performance Report Register
 - ✓ Analyse reports on performance patterns for both industry as a whole and individual Shipper performance
 - ✓ Investigate the outputs of the analysis to provide monthly updates on performance
 - ✓ Make recommendations on how to manage any performance patterns and issues



High level mobilisation objectives

- Performance Report Register Review
- Define PRID(e) in Gas Model (assurance principles and techniques to manage performance)
- Agree PAF Approach (including the use of the PRID(e) in Gas Model) with the PAC
- Industry Engagement Workshops
- Agreed PAF Design Specification with the PAC
- PAF Training and Guidance documents for Shippers and Transporters
- Reporting system – alpha system test
- Trial reporting run – beta system test
- Readiness declaration for Go Live

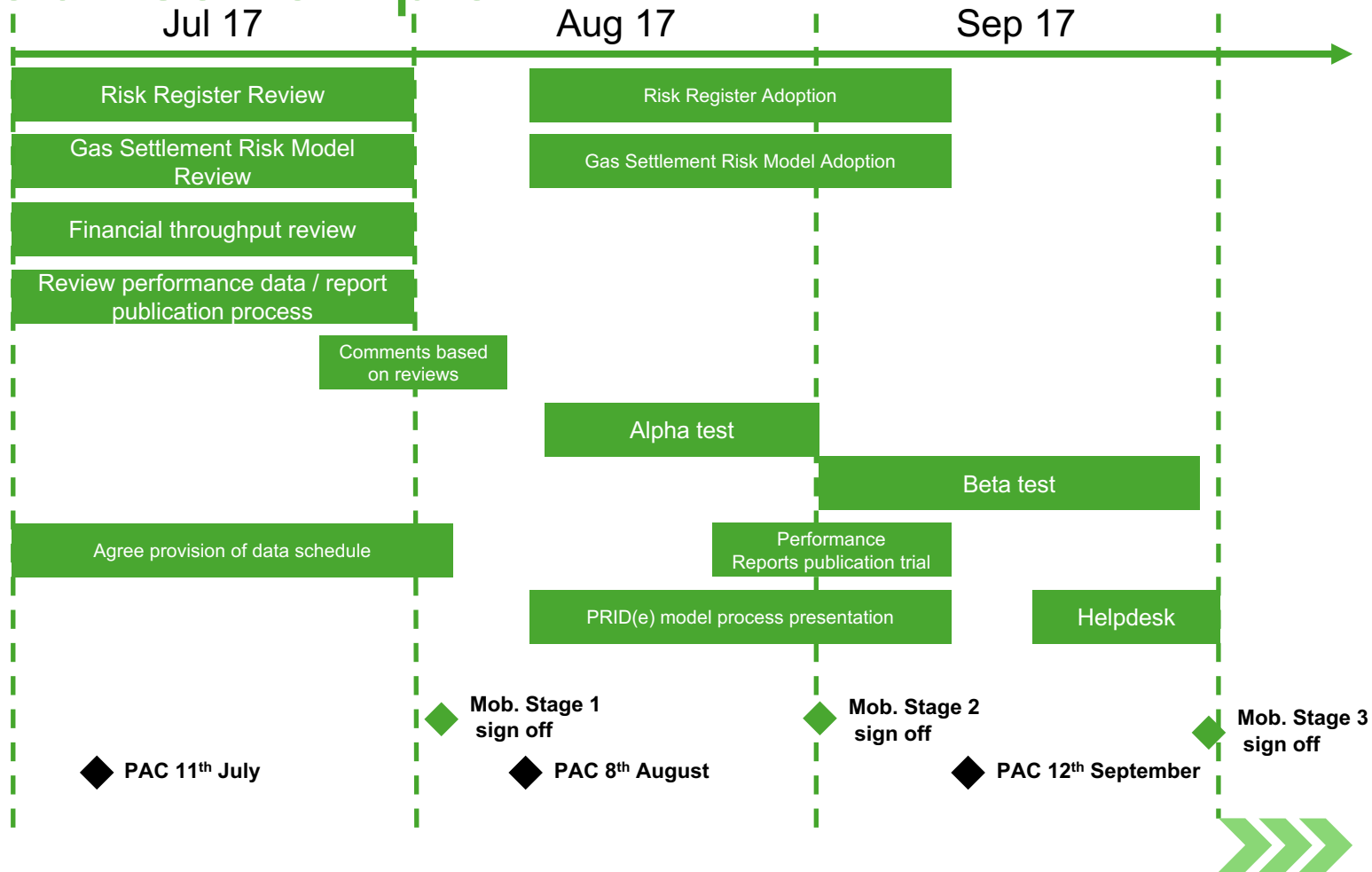


Readiness to date

- ✓ Assurance Team mobilised
- ✓ Progress reporting templates ready
- ✓ Help Desk contact point
- ✓ In-house project set-up
- ✓ Proposed Mobilisation Project Plan dates



Mobilisation plan

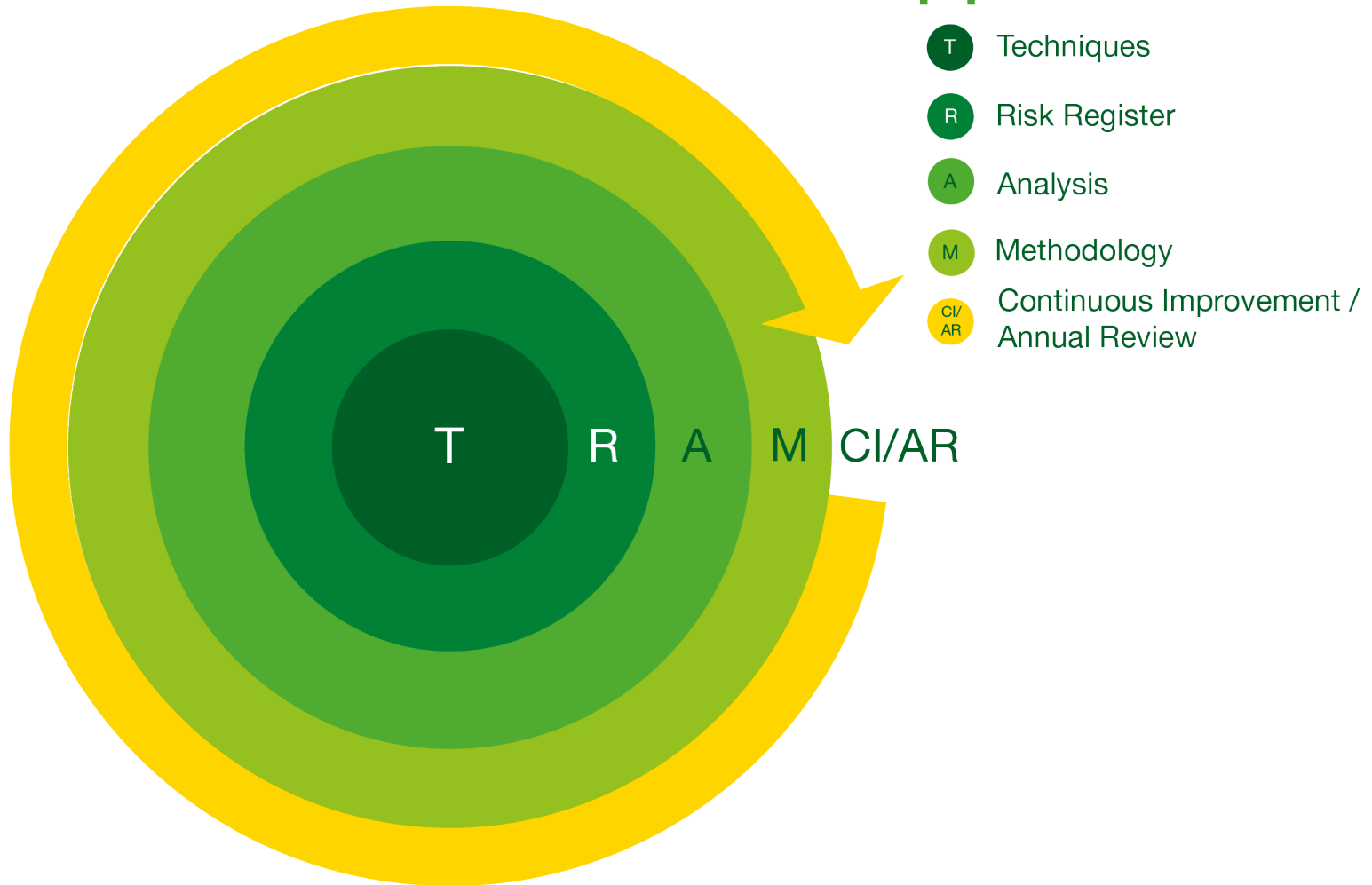




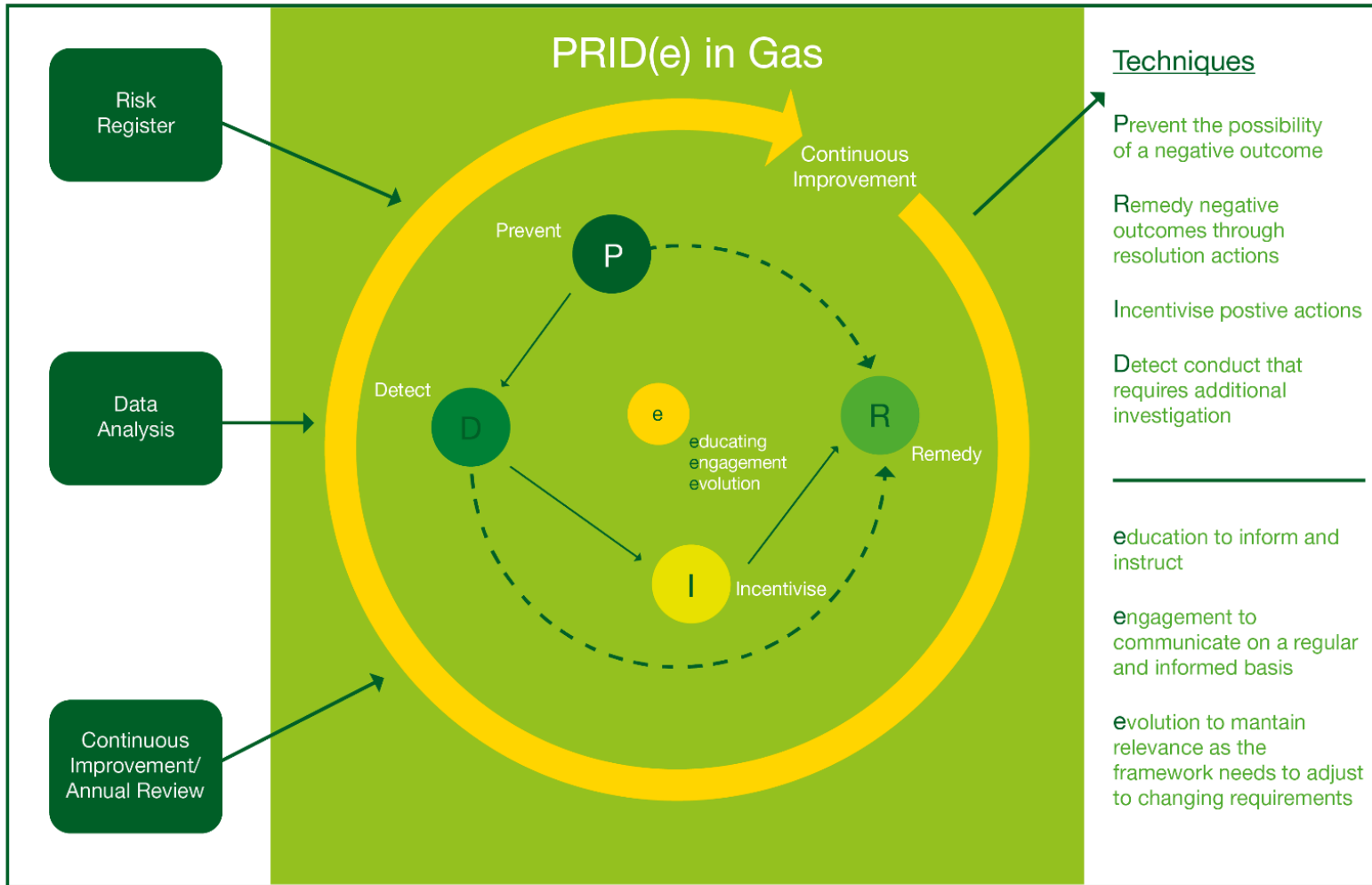
Activity	Proposed Dates
Review Engage Study	10 July – 8 Aug
Review Gas Settlement Risk Model	10 July – 8 Aug
Review Financial throughput document	10 July – 8 Aug
Review performance data / report publication process	10 July – 8 Aug
PAC Meeting	11 July
Agree provision of data schedule with Xoserve	10 July – 4 Aug
Mobilisation Stage 1 Sign off	4 Aug
Present Risk Register first draft	8 Aug
Present comments of reviews	8 Aug
PAC Meeting	8 Aug
Revise Risk Register	8 Aug - 12 Sept
PRID(e) Model process presentation	8 Aug - 12 Sept
Alpha Testing	11 Aug – 1 Sept
Mobilisation Stage 2 Sign off	1 Sept
Beta Testing	4 Sept – 29 Sept
Risk Register adoption	12 Sept – 29 Sept
Gas Settlement Risk Model adoption	12 Sept – 29 Sept
PAC Meeting	12 Sept
Helpdesk	22 Sept
Mobilisation Stage 3 Sign off	29 Sept



Performance Assurance Approach



PRID(e) in Gas Model





Methodology

- Use the established Risk Register Approach
- How risks will be identified, assessed, managed and reported
- Maintain fairness and transparency



Risk Register Process





Risk Register

- All identified risks impacting settlement in the Gas industry
- Defined in the Risk Register Approach
- Risk ratings scored based on the financial impacts, and the likelihood of the risk occurring
- Risk scoring matrix
- All risks highlighted to the PAC to clarify and quantify



Analysis of Data

- Monthly analysis of Shipper performance data to build a picture of performance across the industry
- Provide quantification against risks



Controls

- Status of Active/Monitoring/Closed
- Action created to reduce the likelihood of occurrence of the risks
- PRID(e) Model used to control risks



Techniques

- **Prevent** possibility of a negative outcome
- Monitor data for patterns proactively for both Shipper and industry performance decline
- Educate a Shipper (or type or group of Shippers) where reporting shows parties to be falling short of the required performance standards
- Engage stakeholders on a regular and informed basis



Techniques

- **Remedy** negative outcomes through resolution actions
- Shipper required to assess an identified performance issue and propose a resolution plan for approval by the PAC
- Require the PAFA or an industry working group to assess an industry performance issue and propose a resolution plan for approval by the PAC (this may result in industry wide changes)
- Escalation actions



Techniques

- **Incentivise** positive actions
 - Peer comparison reporting
 - Industry education sessions
 - Engage stakeholders on a regular and informed basis
 - Incentive Scheme (e.g. Liquidated Damages)



Techniques

- **Detect** conduct that requires additional investigation
- Performance monitoring and reporting
- Audit and investigation



Techniques

- **engage:** to communicate with all stakeholders on a regular and informed basis
- **educate:** to inform and instruct participants in what is expected in the market
- **evolve:** to maintain relevance as the framework needs to adjust to changing requirements and industry environments
 - Monitor industry behaviour (and changes in behaviour)
 - Work with Shippers to understand the methodology, their responsibilities and how to interpret reports
 - Work proactively with the market to identify potential improvements and innovations



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