

Performance Assurance Committee Minutes

Tuesday 11 April 2017

at Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Angela Love*	(AL)	Shipper Member
Colette Baldwin	(CB)	Shipper Member
Fiona Cottam	(FC)	Observer, Xoserve
Fraser Mathieson	(FM)	Transporter Member
Greg Mackenzie	(GM)	Shipper Member Alternate
Hilary Chapman	(HCh)	Observer, Transporter
John Welch	(JW)	Shipper Member Alternate
Kish Nundloll*	(KN)	Transporter Member
Mark Jones	(MJ)	Shipper Member
Rachel Hinsley	(RH)	Observer, Xoserve
Shanna Key	(SK)	Transporter Member
Tricia Quinn*	(TQ)	Ofgem

*via teleconference

Copies of non-confidential papers are available at: <http://www.gasgovernance.co.uk/PAC/110417>

1. Introduction and Status Review

1.1 Confirm Quorate Status

LJ welcomed everyone to the meeting which was declared quorate.

1.2 Apologies for absence

Apologies were received from:

Andy Clasper (Transporter Member);
 Lisa Saycell (Shipper Member);
 Mitch Donnelly (Shipper Member); and
 Richard Pomroy (Transporter Member)

1.3 Note of Alternates

Fraser Mathieson for Andy Clasper and Richard Pomroy
 Greg Mackenzie for Mitch Donnelly
 John Welch for Ed Hunter

1.4 Review of Minutes (14 March 2017)

Ofgem noted that action PAC0301 had been recorded incorrectly and requested an amendment. See item 6. The minutes of the previous meeting were then approved.

2. Procurement of a Performance Assurance Framework Administrator (PAFA) - Update

FC confirmed that the process remains on schedule. Further updates would be provided when appropriate. *(This agenda item will remain as a 'place holder' until such time as Xoserve has relevant information to impart to the PAC.)*

3. Monthly Review Items

3.1 Risk Register Review *(on hold pending PAFA)*

Currently on hold for consideration at future meetings.

3.2 Issues Register

LJ briefly summarised the current issues:

PAC002 – LJ highlighted that a set of square brackets needed to be resolved. Update due May 2017. **Carried Forward**

PAC007 - Update due June 2017. **Carried Forward**

PAC008 - Update due October 2017. **Carried Forward**

3.3 Implementation Plan

The committee considered the Q2 activities:

Q2 Line 17 - Consider reports and whether they provide the expected insight into settlement risk. To be considered later in the period, when more visibility of trends is available.

Q2 Line 18 - Work with Xoserve on any additional elements required from the reports. To be considered in later in the period, as it's linked to line 17.

Q2 Line 19 - Resolve outstanding questions from Xoserve on post-Nexus reports. LJ referred to action PAC1004 (see item 6) which will be considered in due course. It was agreed that the line would be updated and moved to Q3.

RH explained that a re-plan may be required for the Schedule 2 Reports, confirming that the Scheduled 1 reporting will continue where possible.

Q2 Line 20 - Determine and agree a range of available incentives, considering the problems. The committee considered whether or not this is now a Q4 consideration. It was agreed to leave this item 'as-is' for the time being until members are satisfied with the reporting aspects.

AL suggested the line is updated to include the suggested communications.

Q2 Line 21 - Conclude contract with PAFA. Work ongoing.

Q2 Line 22 - Review other communication needs. Parties to consider whether the high-level summary is sufficient or if a better industry engagement process is required (i.e. a communication plan based approach). See action PAC0302 (item 6 below)

LJ briefly reviewed Q3 planned items. GM drew attention to the recent launch of a review by Elexon of the equivalent electricity performance assurance scheme, explaining that it was expected to be a comprehensive review lasting many months. Members thought that it would be helpful to track progress to see if there are any quick wins arising and ultimately to consider the outcome. LJ agreed to add 'Monitoring the Electricity Performance Scheme review' in each quarter going forwards. LJ confirmed that the Implementation Plan would be updated and republished for further review at the next meeting.

3.4 Assumptions Register

Committee members briefly reviewed the Assumptions. No new assumptions were suggested. GM enquired if these would be regularly reviewed; LJ confirmed that this was a standing agenda item.

CB queried assumption 4 – *A significant number of supply points will be elected into product 2 and 3 as a result of the mandated smart and AMR rollout.* CB questioned the purpose of the assumption, what is the potential change in approach, and what is the significant number?

JW believed there had been considerable debate on the assumptions and associated risks at previous meetings, noting that they had originated in the Engage report. It was understood that the assumptions had been produced to enable the risk assessment to be compiled. The previous PAC discussion had concluded that, in the absence of better knowledge at this time, the assumption should stand until the PAFA could consider it more fully.

JW believed that there are still a lot of unknowns until the end of rollout. FM suggested that the assumption should be kept under review, to explore the movement of information and to reassess the situation once PAFA is on board.

The committee briefly reviewed the risks aligned to the assumption, confirming that the link from assumption to risk could be observed.

3.5 Ofgem Update

TQ provided a brief status update providing three headlines, these were; that Ofgem are looking at post Project Nexus Governance, with a potential data group and more information flows; that the Funding, Governance and Ownership (FGO) had gone live; and that the Electricity Performance Scheme will be reviewed by PAB.

3.6 PARR Schedule 1 Reporting

FC provided a verbal update for which it was agreed a confidential update would be emailed to members. The committee considered the security protocol and the requirement for password protection for the emailed documents. It was recognised this would be an interim workaround, with a view to providing a secure area with password access to view future confidential data and to record discussions. LJ also reminded members that any provided reports should not be printed.

The meeting briefly reviewed the Schedule 1B reports for February 2017.

CB queried why Report 1B-3 only showed results for January and not February. FC responded that the Opening Read performance was published an extra month in arrears, due to the need to allow the full read submission window to elapse. FC agreed to add an explanatory comment to that effect to that report tab for both PAC and Industry reports for March 2017.

FM noted that several Shipper organisations had multiple Shipper Shortcodes on the report, and queried whether it would be better to amalgamate them to a single line, to prevent poor performance being masked. CB commented that each licence could represent a separate legal entity, under separate management and with distinct processes, so that it would not always be appropriate to merge the records. No action to be taken at present.

Report 3 – the meeting requested that the report be amended to remove (or mark as N/A or similar) Shippers who had not had any new confirmations in the month, to distinguish between zero compliance with the standard and a Nil target. FC to request that the reports are amended.

Reports 4.1 to 4.6 were queried as to whether the Xoserve estimated reads being generated as part of the UKLink Replacement cutover would cause the “clock” to be re-set on these sites. FC agreed to investigate.

FM queried the performance of a Shipper that had 0% of portfolio on report 4.1 in January and 100% in February. FC checked against a confidential portfolio listing during the meeting and confirmed that the Shipper had only 1 meter point in that AQ category and that it had now been unread for 2 years, hence had appeared in report 4.1 for the first time. It would remain there until it received a reading, or until it ticked over into the 3-4 years category.

4. Annual Workplan and Budget

FC confirmed that a one page document had been published on the Xoserve secure website and this would be republished with updates from today's meeting. At the present time, there was no expectation to take explicit actions based on the content of the report however the committee agreed it would be reviewing trends.

CB envisaged the reports would be used to see how the industry was performing, what good performance looked like in order to set targets, and the possible incentives that may encourage improved performance.

AL believed there wasn't a role to call parties to the committee to explain any underperformance within the current set of arrangements. Members concurred that the committee did not currently have the power to call parties to account. However, it would be able to look at performance and consider the need for obligations or incentives in the UNC to ensure parties achieve the performance required.

GM suggested parties with lower performance could be invited to provide an insight and explain what measures / actions are being undertaken to address any underperformance, to keep the committee informed.

AL was reluctant to invite parties to meetings unless other steps had been taken before more formal proceedings.

LJ believed that there was a reasonable expectation that the committee would hold parties to account. If this was then not proving effective the committee could then consider what further changes may be required to ensure parties achieve the level of expected performance.

CB suggested that it may be too early to actively hold parties to account in this way – a 'one-to-many' process wasn't appropriate. CB explained that, in the Electricity scheme, many interactions are undertaken with dedicated Contract Managers to assess and understand performance levels – a 'one-to-one' relationship. She suggested that the reported performance first needed to be considered in full with a consideration of what targets might need to be set. CB suggested the committee needs to identify what it is trying to achieve, and then set out the incentives and consequences. She stressed the need to be sure the right targets are set that deliver value, if parties are then not hitting the targets the committee will need to consider the next steps.

LJ suggested that the committee should consider what the process would look like for the next 12 months and set out these expectations for the industry. The Annual Workplan might be a good mechanism for this.

Moving on, AL expressed that she would like to see the workarounds and the implications of it. She understood that Xoserve were working on a comprehensive list (see action PAC0104).

It was agreed that all members should consider what needs to be in the workplan with AL, MJ and CB considering key areas.

Action PAC0401: All members to consider what needs to be in the workplan: manual workarounds and the risks arising from them (AL), on-boarding the PAFA (MJ) and setting out the 'stall' for expectations/targets and how the framework will work (CB).

It was anticipated the workplan would be reviewed next month, with a view to finalising it in June, and a consultation in July, to apply for the next Gas Year

5. Communications Plan

LJ explained that there was an agreement for work to be undertaken on a Communication Plan. AL agreed to compile a Communication plan for consideration at the next meeting. See Action PAC0302.

6. Review of Actions Outstanding

PAC 1004: *PARR Schedule 2 Reports* - Xoserve to collate report development questions/recommendations for review by PAC at a future meeting.

Update: Ongoing; deferred to next meeting. **Carried Forward**

PAC 0104: *"Nexus Manual Workaround Report"* - AL and RH to bring to the next meeting for discussion.

Update: Ongoing discussions. AL had been informed that there were currently 10 recognised manual workarounds. However, PNSG have noted there could actually be 26, with another 24 to be added. RH was looking into the additional information required and would be supporting AL. **Carried Forward**

PAC 0301: *Reference the Implementation Plan (line 15)* – Ofgem (TQ) ~~to consider how the final risk methodology would be agreed.~~ **research equivalent incentive schemes in other industries.**

Update: TQ provided a correction to the action and confirmed Ofgem are in the process of following this up and hope to provide an update in May. **Carried Forward**

PAC 0302: *Reference the Implementation Plan (line 22)* – **AL** ~~All parties~~ to consider whether the high-level summary is sufficient or do we need a better industry engagement process (i.e. a communications plan based approach).

Update: AL agreed to take ownership of this action. Deferred until the next meeting. **Carried Forward**

PAC 0303: *Reference the Annual Workplan and Budget* – British Gas (GM/MD) to source a copy of the equivalent Elexon document(s) to utilise as a 'strawman' for consideration at the April meeting.

Update: GM confirmed that Elexon have recently published a budget, however he was not sure how useful this would be as the PAB items were not separated. It was agreed that a link to the publication would be provided and the action could be closed. (**Post Meeting**

link: https://www.elexon.co.uk/wp-content/uploads/2017/03/Business-Plan-2017-18-Final.pdf?utm_source=Newscast+2016&utm_campaign=dfe8251c8b-EMAIL_CAMPAIGN_2017_03_20&utm_medium=email&utm_term=0_14d01e9481-dfe8251c8b-393806781.

Closed

7. Agree Key Messages and Next Steps

7.1 Key Messages

It was agreed that the following information should be communicated:

- PAFA Procurement process is on track
- Annual Workplan and Budget for 2017/18
 - Main topic areas have been agreed
 - Working towards a consultation in July
- Performance Assurance Report Register (PARR)
 - Schedule 1 reports have been considered, with no significant concerns at this time
 - Anonymised versions are available on the Xoserve secure portal
 - Parties are reminded that Schedule 2 reports are not expected to be available until 6-9 months after Nexus go-live. In the interim, Schedule 1 reporting will continue wherever possible.

7.2 Next Steps

The agenda items for the May meeting were agreed (see diary planning table).

8. Any Other Business

CB enquired about the snapshots for the Schedule 2 Reports. FC wanted to manage people's expectations and the requirements from the modification. FC explained that most of the new reports are transactional and should not be a problem to produce. However, some of the snapshots require historical data extraction for example, missing meter reads in the last six months. These types of reports are more difficult to create. FC reassured members that the four reports in question are included in Schedule 1 and will be carried over, whilst work is being undertaken with the developers on the design.

LJ confirmed that following the implementation of FGO, Bob Fletcher would be chairing future Performance Assurance Committee meetings.

9. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Time/Date	Venue	Programme
10:30, Wednesday 03 May 2017	Elaxon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> • Procurement of a Performance Assurance Framework Administrator (PAFA) • Monthly Review Items (Risk Register Review; Issues Register; Implementation Plan; Assumption Register, Ofgem update and PARR Schedule 1 Reporting) • Annual Workplan and Budget • Communications Plan
10:30, Tuesday 13 June 2017	Solihull	<i>To be confirmed</i>
10:30, Tuesday 11 July 2017	Rooms LG5/6 combined, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>To be confirmed</i>
10:30, Tuesday 08 August 2017	Solihull	<i>To be confirmed</i>
10:30, Tuesday 12 September 2017	Room LG8, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>To be confirmed</i>
10:30, Tuesday 10 October 2017	Solihull	<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	Solihull	<i>To be confirmed</i>

Action Table (as at 11 April 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAC 1004	10/10/16 (reworded 08/11/16)	7.	<i>PARR Schedule 2 Reports</i> - Xoserve to collate report development questions/recommendations for review by PAC at a future meeting.	Xoserve (RH)	Carried Forward
PAC 0104	10/01/17 (reworded 14/02/17)	6.	"Nexus Manual Workaround Report" - AL to liaise with RH and bring to the next meeting for discussion.	PAC Member (AL) & Xoserve (RH)	Carried Forward
PAC 0301	14/03/17	6.2	<i>Reference the Implementation Plan (line 15)</i> – Ofgem (TQ) to consider how the final risk methodology would be agreed research equivalent incentive schemes in other industries.	Ofgem (TQ)	Carried Forward
PAC 0302	14/03/17	6.2	<i>Reference the Implementation Plan (line 22)</i> – AL All parties to consider whether the high-level summary is sufficient or do we need a better industry engagement process (i.e. a communications plan based approach).	PAC Member (AL)	Carried Forward
PAC 0303	14/03/17	7.0	<i>Reference the Annual Workplan and Budget</i> – British Gas (GM/MD) to source a copy of the equivalent Elexon document(s) to utilise as a 'strawman' for consideration at the April meeting.	British Gas (GM/MD)	Closed
PAC 0401	11/04/17	4.0	All members to consider what needs to be in the workplan: manual workarounds and the risks arising from them (AL), on-boarding the PAFA (MJ) and setting out the 'stall' for expectations/targets and how the framework will work (CB).	PAC Members (AL/MJ/CB)	Pending