

**UNC Workgroup 0674 Minutes  
Performance Assurance Techniques and Controls  
Tuesday 26 October 2021  
via Teleconference**

<b>Attendees</b>		
Alan Raper (Chair)	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Andy Clasper	(AC)	Cadent
Dan Fittock	(DF)	Corona Energy
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Guv Dosanjh	(GD)	Cadent
Kundai Matiringe	(KM)	BUUK
Mark Bellman	(MB)	ScottishPower
Mark Jones	(MJ)	SSE
Sally Hardman	(SH)	SGN
Sallyann Blackett	(SB)	E.ON
Steve Mulinganie	(SM)	Gazprom Energy

Copies of all papers are available at: <https://www.gasgovernance.co.uk/067/261021>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 December 2021.

### 1.0 Introduction and Status

Alan Raper (AR) welcomed all to the meeting and provided an overview of the meeting schedule as below:

#### Meeting Schedule

Meeting #1	23 August 2021	High-level governance and relationship with UNCC
Meeting #2	06 September 2021	Other governance
Meeting #3	28 September 2021	Performance Assurance Objective
Meeting #4	26 October 2021	Costs

AR advised this approach was initiated to provide a comprehensive and focused approach during the production and population of the Supplemental Report and to aid the production of the Variation Report and amended Modification.

Meeting Number	Issue Number	Question	Reference Documentation
4	4	Discuss the advantages and disadvantages of greater levels autonomy for PAC with regard to management of its functions and authorship of the PAFD. <b>Completed</b>	16.2.4 Functions – 16.4 PAFD – 16.7 GTB4.3.1
4	2	Provide views on the adoption of GTD-like governance arrangements. <b>Completed</b>	16.3 & 16.6 GTD
4	3	Comment on the role of the UNCC where a Party appeals its referral to Ofgem. <b>Completed</b>	16.8
2	4	Comment on the right for the PAC to raise performance-related Modification proposal. <b>Completed</b>	MR6.1.1(e)
2	5	Discuss business rule 2a and the corresponding legal text. <b>Completed</b>	16.1.1
2	6	Provide views on the facility for PAC to co-opt PAFA personnel to chair & secretary PAC meetings. <b>Completed</b>	16.6.3 & 16.3.4
2	7	Identify & clarify any IGT requirements should the mod be directed for implementation. <b>Completed</b>	IGT138
2	8	Provide views on PAC's right to request, and the parties' obligation to provide, performance assurance related information. <b>Completed</b>	16.1.5 & GTB4.4.2
2	9	Clarify the rules with respect to quoracy. <b>Completed</b>	16.6.2
3	10	Comment on the Performance assurance Objective (PAO) and its effect on Code Parties.	16.1.1(b) & 16.1.2
3	11	Comment on the PAO and its effect on non-Code Parties.	16.1.1(c) & 16.1.2(b) & (d)
3	12	Comment on the interaction, (if any), on the requirements of the PAO and the "Relevant Objectives".	16.1.1(b)
3	13	Comment on the interaction, (if any), on the requirements of the REC Performance Assurance Framework and those set out in this proposal.	REC Schedule 6 & REC Code Manager Performance Assurance Consultation (April 2021)
4	14	Comment on the effect the application of the PAO could have on operating costs.	
4	15	Clarify the CDSP's, (and other parties'), implementation costs.	

## 2.0 Review minutes from previous meeting

The minutes from the meeting held on 28 September 2021 were approved.

## 3.0 Review of Outstanding Actions

**Action 0801:** ScottishPower (MB) to add into the arrangements the reference to the PAC open, closed, and confidential closed meetings.

**Update:** Mark Bellman (MB) advised this is currently being considered and would be included in the Variation Request / amended Modification and so should be carried forward. **Carried forward**

**Action 0803:** ScottishPower (MB) to include in the arrangements that the PAC may be required to consult on any changes requested to the PAFD in an open meeting.

**Update:** Mark Bellman (MB) advised this is currently being considered and would be included in the Variation Request / amended Modification and so should be carried forward. **Carried forward**

**Action 0804:** ScottishPower (MB) to produce a process flow/diagram to map the PAFD changes processes.

**Update:** Mark Bellman (MB) advised this is currently being considered and would be included in the Variation Request / amended Modification and so should be carried forward. **Carried forward**

**Action 0805:** ScottishPower (MB) to contact Ofgem regarding Ofgem representation at the PAC meetings Mark Bellman (MB) advised this is currently being considered and would be included in the Variation Request / amended Modification and so should be carried forward.

**Update: Carried forward**

**Action 0901:** Review of Supplemental Report - Joint Office (AR) to look at the sign-off process of the Supplemental Report to ensure there is a completeness check.

**Update:** AR said he had undertaken the full completeness check with each revised version of the Supplemental Report and that he was confident all areas matched and this action could now be closed, although if attendees thought that a point had been missed there was a window of opportunity open until w/e 5 November to raise the point for inclusion in the final Workgroup meeting on 29 November. **Closed.**

**Action 0903: Question 1:** *Comment on the right for the PAC to raise performance-related Modification proposal* - ScottishPower (MB) to make this more explicit in the report and the Business Rules may need amending slightly. MB to carry out a review of the mod and text.

**Update:** Mark Bellman (MB) advised this is currently being considered and would be included in the Variation Request / amended Modification and so should be carried forward. **Carried forward.**

**Action 0904: Question 2:** *Discuss business rule 2a and the corresponding legal text* - ScottishPower (MB) to update the Business Rule to reflect the Legal Text.

**Update:** MB said that this area was being amended to reflect the reference to Users and the 'reasonable test' rather than an 'absolute test' and he would update the Business Rule accordingly. This action was carried forward. **Carried forward.**

**Action 0905: Question 3:** *Provide views on the facility for PAC to co-opt PAFA personnel to Chair & Secretary PAC meetings:* Joint Office (AR) to arrange discussion on this topic with Penny Garner.

**Update:** AR and MB said that a meeting would be arranged in due course to discuss this area, once the Supplemental Report was completed. This Action was carried forward. **Carried forward.**

**Action 0906: Question 5:** *Provide views on PAC's right to request, and the parties' obligation to provide, performance assurance related information - ScottishPower (MB) to confirm wording in the proposed Legal Text (V16.1.5), where it refers to 'own business' (please to refer to the specific consultation response provided by SM for further reference).*

**Update:** Mark Bellman (MB) advised this is currently being considered and would be included in the Variation Request / amended Modification and so should be carried forward. **Carried forward/**

**Action 0907: Question 6:** *Clarify the rules with respect to quoracy: ScottishPower (MB) to review the Business rules and the proposed legal drafting (V16.6.2) and the existing PAC rules and ensure alignment.*

**Update:** Mark Bellman (MB) advised this is currently being considered and would be included in the Variation Request / amended Modification and so should be carried forward. **Carried forward**

AR provided an overview of his aspirations for the final meeting on 29 November 2021 and of the next steps, to meet the submission deadline for the December 2021 Panel.

AR proposed the following timeline, with the agreement of Mark Bellman (MB) and Andy Clasper (AC) as below:

Date	Owner	Task
By Friday 29 October 2021	Mark Bellman	Submission of Amended Modification and Variation Request
By Friday 05 November 2021	All	Any outstanding issues or points to be submitted directly to MB
W/C 08 November 2021	Andy Clasper	Drafting of Legal Text
W/C 15 November 2021	Andy Clasper	Legal Text completion
By 16 /17 November 2021	Alan Raper	Completion and publication of the final Supplemental Report on the Joint Office Website
29 November 2021 Workgroup Meeting (final)	All	Final Review of Panel Submission

AR confirmed the provisional meeting of 08 November 2021 would now be cancelled.

#### 4.0 Review Costs

**Question 14:** *Comment on the effect the application of the PAO could have on operating costs*

AR explained there were two aspects of the costs, one from the Shippers perspective and how they think the PAC objective may impact on the operating costs, together with how the Correla/ Xoserve activities and the PAC contract costs will be impacted once Modification 0674 had been implemented.

**Question 15:** *Clarify the CDSP's, (and other parties'), implementation costs.*

Fiona Cottam (FC) explained that the PAFA costs were borne by Xoserve / CDSP as they appointed the PAFA for a 2-year term, and she said that should the Modification be implemented, some changes to the contractual arrangements would be required.

FC explained that Xoserve was unable to provide an exact cost as there were too many variables which could only be determined by the level of the industry performance and the standards in relation to what tools and techniques needed to be used.

She said likewise, some of the costs would be determined by the tools the PAC chose to deploy. However, when all aspects were considered, her assessment was that the annual incremental cost was likely to be in the region of £30-£60k a year. She added this could be less following the implementation of the Modification, as the existence of the new regime could create provide extra incentivisation for parties to perform.

Steve Mulinganie (SM) stated there had been the inference previously that these costs could be significant, although it now appeared that this might not be the case. He added that the expectations on the CDSP and PAFA was to provide confidence that the £60k would be the maximum. In response to the comment that 60k should be confirmed as the maximum additional PAFA cost as a result of 0674, it was advised by the CDSP that this was difficult to confirm because of unknown factors. These unknown factors include not knowing what the level of industry performance will be once 0674 is implemented and not knowing what actions PAC will want to take for underperforming organisations. Both of these could impact the level of action required by the PAFA. The range provided is to give a high-level best indication but is not a confirmed cost.

Mark Bellman (MB) noted that the PAFA had been fully engaged and involved with the drafting of the Modification and were aware of the content of the Supplemental Report. FC said that the PAFA costs would be dependent on the industry performance levels and performance activities and that these would be prioritised.

Ellie Rogers (ER) said from a CDSP cost perspective, these were difficult to assess and FC further explained that the CDSP support for these activities could incur extra costs where individual parties could undertake specific activities provided by the CDSP, e.g., tailored training and compliance reviews. For these CDSP services, FC explained in this situation, there was no pre-agreed 'rate card' from a costing perspective, as every activity would be tailored as required.

SM said if a specialist was required in the wider industry to conduct some activities or training 'in-house' then a 'day rate' should be agreed. FC said she appreciated this fact, however the cost incurred would be dependent on the bespoke training required. AR suggested that from the transactional costs aspect this would be agreed at a bi-lateral level and that any issues with this mechanism should be raised within the DSC arena for discussion, approval and sign off.

ER added that in this instance, an Additional Service Request (ASR) would be available to DSC customers and would be kept confidential under the CDSP umbrella. SM again reiterated from a charging perspective that any costs should be transparent and FC/ER both said that they were giving assurances to the industry of transparency and that similar bespoke ASR arrangements operated currently.

SM said that there was a need to understand the components that would make up the suitable rate for the services along with the need for transparency. ER said that she would speak with Jayne McGlone, (the CDSP's DSC Contract Manager) who was fully conversant with the ASR process and the confidentiality aspect, to seek clarification and would provide feedback at the November meeting.

**New Action 1001:** ER (Xoserve) to investigate internally the process and procedures of the ASR in relation to the confidentiality aspect.

## Discussion Completed

### 5.0 Review and update the Supplemental Report

AR said that the topics contained within the Matrix had now been completed and that he had conducted a thorough sense check of the content of the Supplemental Report, ensuring the discussions from previous meetings had been captured.

SM queried if there was the ability to address ‘exceptional circumstances’ e.g., COVID-19 Pandemic. Mark Bellman responded affirmatively and stated that there was that facility in place, to adjust performance expectations during exceptional events. SM said he was happy if that area had been included and was available for when needed.

Richard Pomroy (RP) said regarding this subject, the Modification itself was quite limited and if there there was a case for derogation from contractual obligations, a new UNC Modification would be required to address specific instances. AR said it would be up to the PAC to make optimum decisions but noted that voting arrangements of the Committee structure should moderate any extreme views. SM said that although there was no duty on the committee to consider wider industry factors, as in the case of site visits to read meters during COVID-19 pandemic, he hoped that PAC & the PAFA would have to the reasonableness to “apply common-sense to the bigger picture”.

Dan Fittock said that this aspect was covered in the Terms of Reference (ToR) and he did not see this being an issue, as the ToR did cover external factors. He added that the proposed formalisation of the open and closed meeting sessions of the PAC should facilitate better informed industry discussions and, hence, better decision making.

AR said he had undertaken the full completeness check with each revised version of the Supplemental Report and a further version of the Report to reflect today’s meeting would be issued to the Workgroup, early November.

## 6.0 Next Steps

AR said his aspirations for the final meeting on 29 November 2021 were:

Date	Owner	Task
By Friday 29 October 2021	Mark Bellman	Submission of Amended Modification and Variation Request
By Friday 05 November 2021	All	Any outstanding issues or points to be submitted directly to MB
W/C 08 November 2021	Andy Clasper	Drafting of Legal Text
W/C 15 November 2021	Andy Clasper	Legal Text completion
By 16 /17 November 2021	Alan Raper	Completion and publication of the final Supplemental Report on the Joint Office Website
29 November 2021 Workgroup Meeting (final)	All	Final Review of Panel Submission

## 7.0 Any Other Business

None.

## 8.0 Diary Planning

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10.00 Monday 29 November 2021	Microsoft Teams	Standard Agenda, plus: <ul style="list-style-type: none"> <li>Review the Supplemental Report</li> <li>Review the Variation Request</li> <li>Review the Variation Modification</li> <li>Review of amended Legal Text</li> </ul>

**Action Table (as of 26 October 2021)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0801	23/08/21	2.0	ScottishPower (MB) to add into the arrangements the reference to the PAC open, closed, and confidential closed meetings.	ScottishPower (MB)	Carried forward
0803	23/08/21	2.0	ScottishPower (MB) to include in the arrangements that the PAC may be required to consult on any changes requested to the PAF D in an open meeting.	ScottishPower (MB)	Carried forward
0804	23/08/21	2.0	ScottishPower (MB) to produce a process flow/diagram to map the PAF D changes processes.	ScottishPower (MB)	Carried forward
0805	23/08/21	2.0	ScottishPower (MB) to contact Ofgem regarding Ofgem representation at the PAC meetings.	ScottishPower (MB)	Carried forward
0901	06/09/21	4.0	Joint Office (AR) to look at the sign-off process of the Supplemental Report to ensure there is a completeness check	Joint Office (AR)	Closed
0903	06/09/21	5.0 Q1	<b>Question 1:</b> <i>Comment on the right for the PAC to raise performance-related Modification proposal</i> – ScottishPower (MB) to make this more explicit in the report and the Business Rules may need amending slightly. MB to carry out a review of the mod and text	ScottishPower (MB)	Carried forward
0904	06/09/21	5.0 Q2	<b>Question 2:</b> <i>Discuss business rule 2a and the corresponding legal text</i> - ScottishPower (MB) to update the Business Rule to reflect the Legal Text	ScottishPower (MB)	Carried forward

0905	06/09/21	5.0 Q3	<p><b>Question 3:</b> Provide views on the facility for PAC to co-opt PAFA personnel to Chair &amp; Secretary PAC meetings - Joint Office (AR) to arrange discussion on this topic with Penny Garner</p>	Joint Office (AR)	<b>Carried forward</b>
0906	06/09/21	5.0 Q5	<p><b>Question 5:</b> Provide views on PAC's right to request, and the parties' obligation to provide, performance assurance related information - ScottishPower (MB) to confirm wording in the proposed Legal Text (V16.1.5), where it refers to 'own business', (please to refer to the specific consultation response provided by SM for further reference.)</p>	ScottishPower (MB)	<b>Carried forward</b>
0907	06/09/21	5.0 Q6	<p><b>Question 6:</b> Clarify the rules with respect to quoracy: ScottishPower (MB) to review the Business rules and the proposed legal drafting (V16.6.2) and the existing PAC rules and ensure alignment.</p>	ScottishPower (MB)	<b>Carried forward</b>
1001	26/10/21	4.0	<p>ER (Xoserve) to investigate internally the process and procedures of the ASR in relation to the confidentiality aspect.</p>	Xoserve (ER)	<b>Pending</b>