

Guidelines document for the Energy Settlement Performance Assurance Regime

Document 4 Performance Assurance Committee

**Performance Assurance Framework Administrator Scope**

This is one of the Documents governed under the Guidelines document for the Energy Settlement Performance Assurance Regime.

~~This is one of a series of Performance Assurance Committee Documents governed and managed by the Performance Assurance Committee under its Uniform Network Code Committee Terms of Reference and the terms of the Guidelines Document for the Energy Settlement Performance Assurance Regime.~~

~~In the event of any conflict between the Uniform Network Code Committee Terms of Reference and the terms of the Guidelines Document for the Energy Settlement Performance Assurance Regime then the Uniform Network Code Committee Terms of Reference shall prevail.~~

For Performance Assurance Framework Year [1<sup>st</sup> October 2015/16]

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## **Part 1 General**

### **1. Introduction**

This Performance Assurance Framework Administrator Scope (PAFA Scope) sets out the Services to be provided by the Gas Transporters for the relevant year.

Note: for the purpose of the document any reference to the Gas Transporters includes the independent Gas Transporters and excludes National Grid Transmission. Gas Transporters also refers to any party that is appointed to perform the administration services on their behalf.

### **2. Interpretation and Definitions**

This PAFA Scope shall be interpreted in accordance with Schedule 1.

### **3. Services**

The Services to be provided within the PAFA Scope are detailed in Schedule 2.

### **4. Change**

To initiate a Change to the Services a Change procedure is set out in Schedule 3.

### **5. Agreeing the PAFA Scope, cost estimates and cost reporting**

The PAC shall submit a Draft PAFA Scope largely in the form of Schedule 2, setting out the scope of Services for the forthcoming PAF Year to the Gas Transporters [4] month prior to the start of the PAF Year.

The Gas Transporters and the PAC shall discuss the PAFA Scope and the Gas Transporters shall provide a PAC Cost Estimate for the delivery of the PAFA Scope. The Gas Transporters and the PAC shall agree the Final PAFA Scope [1] month prior to the start of the PAF Year.

The Gas Transporters shall monitor actual costs against forecast costs and provide a [monthly] Budget Tracking Report to the PAC.

Where the Gas Transporters identify that actual, or forecast costs, vary, or are expected to vary by [50%] of the relevant PAC Cost Estimate the Gas Transporters shall submit a Budget Exception Report to the PAC explaining the situation, its impacts and any mitigation that may be possible.

[may need some templates to support this]

### **6. Performance Assurance Scheme Party obligations to the Gas Transporters**

Each Performance Assurance Scheme Party is expected to use reasonable endeavours to support the Gas Transporters in the performance of the Services. E.g. the Gas Transporters may have a requirement to request data from a Performance Assurance Scheme Party as part of the provision of a Service.

## **7. Monitoring of Performance**

The Gas Transporters shall be responsible for reporting its performance of the Services and any other obligations under this PAFA Scope to the PAC in accordance with schedule 4 on a [monthly] basis. If the Gas Transporter fails to provide the Services in accordance with the Performance Indicators the Gas Transporters shall:

- (a) identify the cause of any failure to provide the Services in accordance with a specific Service Standard or Performance Indicator;
- (b) inform the PAC of such action necessary to correct such failure and prevent it from recurring; and
- (c) keep the PAC advised of the status of remedial efforts and any rectification being undertaken.

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## Schedule 1 Definitions

### 1. Interpretation and Definitions

#### 1.1 Definitions

The following terms shall have the following meanings:

**Budget Exception Report** means the report described in Section 5 in a form largely as set out in Appendix 1;

**Budget Tracking Report** means the report described in Section 5 in a form largely as set out in Appendix 1;

**Business Evaluation Order** means a form submitted to the Gas Transporter by the PAC approving an EQR and requesting a BER in relation to a specific Change Order;

**Business Evaluation Report** means a report issued by the Gas Transporters in response to a BEO, setting out such matters as are referred to in Schedule 3;

**Change Order** means a request for a Service Change;

**Draft PAFA Scope** means the proposed scope of Services for the forthcoming PAF Year;

**Evaluation Quotation Report** means , a report issued by the Gas Transporters in response to a Change Order, setting out such matters as are referred to in Schedule 3;

**Final PAFA Scope** means the agreed scope of Services for the forthcoming PAF Year;

**PAC Cost Estimate** means the report described in Section 5 in a form largely as set out in Appendix 1;

**Performance Indicators** means the specific standards to which the Gas Transporters must provide the Services and which are set out in Schedule 4;

**Services** means the service requirements described or referred to in Schedule 2.

#### 1.2 Interpretation

Capitalised terms that are not defined below shall have the meanings given to them in the Uniform Network Code, Performance Assurance Committee Terms of Reference, or the Guidelines Document for the Energy Settlement Performance Assurance Regime.

## Schedule 2 Services Schedule [example]

Part 1 Provision of administration services to the PAC					
Service description – The provision of administration services to the PAC to support the delivery of the PAC requirements					
	Service Requirement Description	Service Requirement Trigger	Service Requirement Output	Recipient	Timing of delivery of service requirement output
1	Maintenance and publication of the Performance Reports Register	Ongoing, maintain as changes require	The publication of the Performance Reports Register	The industry, published at:	Within [1] business day of the notice from the PAC of the approved Performance Reports Register
2	Review of Performance Reports and consideration of effectiveness, providing recommendations to the PAC as required	Annually	A report to the PAC	PAC	April each year [this is to give the PAC chance to consider the report before the PAC submits the PAFA scope 4 months before 1 <sup>st</sup> October each year]
3	Maintenance of each Report Specification	Ongoing	The publication of each Report Specification	The industry, published at:	Within [1] business day of the notice from the PAC of the approved Report Specification
4	Attend meetings of the PAC as required	Ongoing	Attendance at PAC	PAC	As required
5	Provision of PAC Cost Estimate for the provision of the PAFA Scope as provided by the PAC	On receipt of the PAFA Scope for the forthcoming PAF Year from the PAC	Cost estimate	PAC	Within [2] months of the receipt of the PAFA Scope for the forthcoming PAF Year
6	Provision of Budget Tracking Report to the PAC	[Monthly]	A report of actual against forecast costs	PAC	Within [10] business days from the end of the [month]
7	Provision of a Budget Exception Report	As required when actual to forecast costs, or forecast costs, vary, or are expected to vary from the relevant PAC Cost Estimate	A Budget Exception Report	PAC	As soon as reasonably practicable
Part 2 Provision and maintenance of the PAF Risk Register					
Service description - Creation, management, maintenance and reporting (including publication) of the PAF Risk Register and operation of the PAF Risk Register process					
	Service Requirement Description	Service Requirement Trigger	Service Requirement Output	Recipient	Timing of delivery of service requirement output
1	Publication of the PAF Risk Register process and any supporting documents / templates etc	Ongoing, maintain as changes require	The publication of the PAF Risk Register Process	The industry, published at:	Within [1] business day of the notice from the PAC of the approved PAF Risk Register process
2	Operation of the PAF Risk Register Process	Ongoing	As required by the PAF Risk Register Process	As required by the PAF Risk Register Process	As required by the PAF Risk Register Process

Part 3 Provision of reports to industry					
Service description – The provision of reports to the industry (individual organisations, PAC, and others as required)					
	Service Requirement Description	Service Requirement Trigger	Service Requirement Output	Recipient	Timing of delivery of service requirement output
1	Performance Report Register report 1	As per Performance Report Register report 1	As per Performance Report Register report 1	As per Performance Report Register report 1	As per Performance Report Register report 1
2	Performance Report Register report 2	As per Performance Report Register report 2	As per Performance Report Register report 2	As per Performance Report Register report 2	As per Performance Report Register report 2

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## **Schedule 3 Change Control Procedure [example]**

### **1. Principles**

A suggestion for a Change may be made by any party and will be processed in accordance with this Change Control Procedure.

This Change Control Procedure, will, where required, encompass the processes and framework principles created under the Guidance Document on Best Practise – Process, Cost Estimates and Cost Allocations relating to Uniform Network Code User Pays Modification Proposals – as published on the Joint Office website. This is most likely to apply for the provision of a Rough Order of Magnitude (ROM) and Detailed Cost Analysis (DCA) services.

The supporting templates are shown in Appendix 1 of this Schedule

### **2. Procedure**

#### **2.1 Change Order**

Any party wishing to make a Change to the PAFA Scope shall issue a written request to the Gas Transporters. A request for a Change shall be submitted by a Change Order in the format shown in Appendix 1 of this Change Control Procedure.

The Gas Transporters shall provide an acknowledgement of receipt of the Change Order to the originator.

#### **2.2 Change Order evaluation at PAC**

The Gas Transporters shall submit the Change Order to PAC with an outline report of its assessment of the Change (including a ROM), as soon as reasonably practical after receipt of the Change.

The Gas Transporters and the PAC shall discuss the Change Order to determine the next actions to be undertaken.

The Gas Transporters shall provide a response to the originator advising the outcome of the PAC review.

##### **2.2.1 PAC review outcomes**

The PAC review outcomes are as follows:

- a) Reject Change Order
- b) Accept Change Order and proceed to the next stage



- c) Suspend Change Order. Request the Gas Transporters and the originator discuss the Change Order further to enable the PAC to make a final decision.

### **2.3 Evaluation Quotation Report**

Where the PAC accept the Change Order, the Gas Transporters shall prepare an Evaluation Quotation Report (EQR). Once it is complete, the Gas Transporters shall submit the EQR to the PAC. The EQR will set out:

- the details of the Service Change (i.e. describe the new service requirements) and the expected beneficiaries, based on the Gas Transporters understanding of the Change Order;
- the Gas Transporters initial view of whether and (if relevant) how the Service Change can reasonably be implemented; and,
- if the Gas Transporters initial view is that the Service Change could reasonably be implemented, the EQR will also set out:
  - the Gas Transporters impact assessment of what analysis work is required in order to develop the Business Evaluation Report (BER) which may include a DCA;
  - If the Gas Transporters have determined that it needs to recover the costs of preparing the BER, a quotation for such costs; and
  - any initial view that the Gas Transporters may have of potential likely changes to the Services Schedule and the PAFA costs.

### **2.4 Agreeing the Evaluation Quotation Report**

2.4.1 If the EQR states that, in the Gas Transporters view, the Service Change cannot reasonably be implemented then the relevant Change Order will be referred back to the PAC for rejection.

2.4.2 If the EQR states that, in the Gas Transporters initial view, the Service Change may reasonably be implemented then the PAC will then consider the EQR. The Change will not progress until the PAC has agreed and approved the EQR (including any quotation for the funding required by the Gas Transporters to complete the BER) in accordance with its then prevailing terms of reference. The PAC will notify the Gas Transporters that it has approved the EQR by submitting, in accordance with its then prevailing terms of reference, a Business Evaluation Order (BEO) to the Gas Transporters.

### **2.5 Preparation of Business Evaluation Report**

Once the PAC has, in accordance with its then prevailing terms of reference, provided the Gas Transporters with the BEO the Gas Transporters will prepare the Business Evaluation Report (BER) which may include a DCA. Once the BER is complete, the Gas Transporters shall submit it to the PAC. The BER will set out:

- whether, after further business analysis, the Gas Transporters still consider that the Change can reasonably be implemented;
- and if the Gas Transporters still consider that the Change can reasonably be implemented, the BER will also set out:
  - the various design options for how the Service Change may be delivered by the Gas Transporters (including timescales) (“Design Options”);
  - the estimated development and implementation costs of each Design Option (a ROM or DCA as required);
  - the estimated ongoing service costs/price of each Design Option (a ROM or DCA as required);
  - any amendments which will be required to the wording of the Services Schedule;
  - any necessary changes to the Agency Charging Statement which would need to be submitted to the Gas and Electricity Markets Authority (“Ofgem”) pursuant to the provisions of Standard Special Condition A15 of the Transporter’s Licence.

## **2.6 Agreeing the Business Evaluation Report**

If the BER states that, in the Gas Transporters view, after further business analysis, the Service Change cannot reasonably be implemented (and giving reasons therefor), then the relevant Change Order will be referred back to the PAC. Any party may then, should it choose to do so, submit a new or revised Change Order pursuant to the provisions of paragraph 2.1 above and the Services Schedule Change Procedure will recommence.

If the BER states that, in the Gas Transporters view, after further business analysis, the Service Change may reasonably be implemented, the PAC will then consider the BER and shall either agree on one of the proposed Design Options and approve the BER on that basis, or elect to cancel the Change Order.

The Change Procedure will not progress until the PAC has agreed and approved the BER in accordance with its then prevailing terms of reference.

## **2.7 Development and Implementation**

If the PAC agrees and approves the BER, the Gas Transporters will commence work to develop and implement the chosen Design Option.

If the PAC agrees and approves the BER, but there are required changes to the Agency Charging Statement then:

- the revised Agency Charging Statement will be submitted to Ofgem pursuant to the provisions of Standard Special Condition A15 of the Transporter's Licence.

Once (if required) Agency Charging Statement has been modified pursuant to the provisions of Standard Special Condition A15 of the Transporter's Licence, the Gas Transporters will proceed to implement the chosen Design Option and the changes to the Service Schedules as set out in the BER shall be made.

The Gas Transporters will provide ongoing progress reports to the PAC as the development and implementation of the chosen Design Option progresses. This will include performance against planned timescales and budgets.

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**Appendix 1 of this Schedule 3**

**Change Order Template**

**Performance Assurance Framework  
Change Order Form  
For {Title}**

**Please send completed CO Form to [tbc]**

Admin Details	
Change Title	
Submission date	
Originator organisation	
Organisation representative	
Change reference number	[provided by PAFA]
<i>Change Details</i>	
<b>Change description:</b>  {Provide a full description of the change from a requirement perspective – where possible the solution should not be provided, the change is a description of the matter requiring resolution not a description of the solution. Where possible include: - Issue that has led to the change requirement - Expected benefits of the change - Any other related topics relevant to the change - Any timescale or other critical drivers.}	

## EQR template

### Performance Assurance Framework Services Evaluation Quotation Report (EQR) for Change Order [ref] [title]

#### Document Purpose & Summary

The purposes of this report are...

- To provide a quotation for the Gas Transporters to evaluate the business change outlined in the relevant Change Order, i.e. a quote to provide a Business Evaluation Report (BER).
- To identify the impacted areas that will be analysed during the evaluation.

#### Evaluation service offered:

Analysis of the change order to produce a Business Evaluation Report that will include estimated costs for delivery of the business change.

During business evaluation the Gas Transporters may provide other appropriate deliverables.

#### Quotation Dependencies

- There are no changes in the scope or complexity of the change between provision of this EQR and delivery of the BER.
- The BER delivery time scale quoted is elapsed time. Actual start date depends upon [a] when the BEO is received and [b] the relative priorities and availability of resource at that time.

#### Disclaimer

This Evaluation Quotation Report has been prepared pursuant to Schedule 3 of the PAFA Scope.

It has been prepared in good faith, and has been prepared using data and information provided by third parties, and whilst the Gas Transporters have used reasonable endeavours to ensure that it is accurate and appropriate, no representation or warranty is made as to its accuracy or completeness of the information contained herein, nor its fitness for purpose, even where any such purpose has been advised. By its very nature is only able to contain indicative information and estimates (including without limitation those of time, resource and cost) based on the circumstances known to the Gas Transporters at the time of its preparation. Nothing in this document is intended to have any contractual or legal force.

Change type:	Change Order PAF Services
Service Change details (describe new requirements and expected beneficiaries):	
Gas Transporter's initial view of if and how service Change can be reasonably be implemented:	
Gas Transporter's impact assessment of what analysis work is required in order to deliver BER:	
Estimated BER delivery cost and whether recoverable:	
Potential Changes to: Any regulatory documents e.g. Agency Charging Statement	
Period for which EQR is valid:	
Lead Xoserve operational manager name & contact details:	

## BEO template

### Business Evaluation Order (BEO) for Performance Assurance Framework Services Change Order [ref] [title]

The purposes of the business evaluation order are...

- To approve an Evaluation Quotation Report for the change order.
- To inform the Gas Transporters of the next action the sponsor requires for the change Order.

Change Order Reference:	
Change Order Title:	
Customer:	
Customer Representative:	
EQR version	Version: n Date:
EQR approval	<ol style="list-style-type: none"> <li>1. Approved</li> <li>2. Approve with comments</li> <li>3. Clarification required</li> <li>4. Rejected</li> </ol> <p>Unless approved without comment, please provide reasons in the comment section below.</p>
Next action required	<ol style="list-style-type: none"> <li>1. Proceed with evaluation</li> <li>2. Provide clarifications</li> <li>3. Revise the EQR</li> <li>4. Nothing – change being reassessed</li> <li>5. Nothing – change suspended</li> <li>6. Nothing – change cancelled</li> </ol>
Date Change Order received:	
Date EQR received:	
Date BEO provided:	
Date BEO expires:	
Funding Approval	<i>Detail proposed funding methodology.</i>

No	Section Ref	Reviewer comment	Author response
1			
2			
etc			

**Note:** The Gas Transporters reserve the right to reject the BEO and provide a new EQR if the scope of the service requested or scope of the change differs from that specified in relevant version the EQR for the relevant change order.

## BER Template

### Performance Assurance Framework Services - Business Evaluation Report (BER) for Change Order [ref] [title]

#### Disclaimer:

This Business Evaluation Report (BER) has been prepared in good faith by the Gas Transporters but by its very nature is only able to contain indicative information and estimates (including without limitation those of time, resource and cost) based on the circumstances known to the Gas Transporters at the time of its preparation. The Gas Transporters accordingly make no representations of accuracy or completeness and any representations as may be implied are expressly excluded (except always for fraudulent misrepresentation).

This BER does not, and is not intended to create any contractual or other legal obligation on the Gas Transporters.

Details of Service Change	
Do the Gas Transporters consider the service Change can reasonably be implemented?	
Design Options (including timescales)	
Estimated development and implementation costs of each Design Option	
Estimated ongoing service costs/price (and cost recovery mechanisms) of each Design Option	
Any system constraints	
Any amendments which will be required to the wording of the PAFA scope document	
Any required changes to regulatory documents e.g. Agency Charging Statement	
Period for which BER is valid:	
Lead Xoserve operational manager name & contact details:	

## Schedule 4 Performance Indicators

### 1. Performance Indicators

- 1.1 The Performance Indicators and the Services to which they apply are set out in the following table.
- 1.2 The Gas Transporter shall produce an exception report on a monthly basis, which provides relevant information relating to the non-achievement of the Performance Indicators in accordance with Part 1 paragraph 7.
- 1.3 The introduction, change or removal of Performance Indicators can only occur as a Change. Any such introductions, changes or removals will come into force in the month immediately following their agreement unless otherwise agreed with the PAC.
- 1.4 In the case of introduction or substitution of a Performance Indicator, where no historic performance and management information is available, a period of at least six months must elapse (or such other period as may be agreed between the Gas Transporters and the PAC) before a new performance standard can be set for the Performance Indicator.

<b>Performance Indicators</b>				
To be developed based upon Schedule 2 and where required schedule 3				