

Guidelines for the Appointment of the AQ Review Performance Improvement Auditor

Document Control

Version	Date	Reason For Change
0.1	11 Nov 2011	Initial draft
0.1	1 June 2012	Updated draft

Development of Rules

1. The requirement to publish the XXX Name of Document XXX is specified in Section X.X of the Transportation Principal Document (TPD) of the Uniform Network Code (UNC). This section also provides for the document to be published and revised from time to time. The provision reads :

“Each Document shall be kept up to date and published by the Transporters on the Joint Office of Gas Transporters website.”

2. The Rules set out below meet the Transporter’s obligation to prepare Guidelines, while the Document Control Section records changes which have been made to the Guidelines. The document is published on the Joint Office of Gas transporters website, www.gasgovernance.com.

3. These guidelines can only be modified in accordance with the requirements set out in paragraph 12 of Section V of the UNC Transportation Principal Document, which reads as follows:

“UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION V - GENERAL

12 GENERAL PROVISIONS RELATING TO UNC RELATED DOCUMENTS

12.1 Purpose

The purpose of this Section is to establish generic governance arrangements in respect of the following UNC Related Documents (each a “**Document**” and collectively the “**Documents**”):-

- (a) Network Code Operations Reporting Manual as referenced in Section V9.4;
- (b) Network Code Validation Rules referenced in Section M1.5.3;
- (c) ECQ Methodology as referenced in Section Q6.1.1(c); and
UNC Mod Proposal 0229 Page 13 2009-05-19
- (d) Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ
Measurement Installations as referenced in OAD Section D 3.1.5
- (e) Allocation of Unidentified Gas Statement referenced in section xxx
- (f) Appointment of the AQ Review Performance Improvement Auditor referenced in section xxx

12.2 Publication Requirements

Each Document shall be kept up to date and published by the Transporters on the Joint Office of Gas Transporters website.

12.3 Modifications

Should a User or Transporter wish to propose modifications to any of the Documents, such proposed modifications shall be submitted to the Uniform Network Code

Committee and considered by the Uniform Network Code Committee or any relevant sub-committee where the Uniform Network Code Committee so decide by majority vote.

12.4 Approved Modifications

12.4.1 In the event that a proposed modification is approved by a majority vote of the Uniform Network Code Committee, the modification shall be implemented. Where the Uniform Network Code Committee fails to achieve majority approval the proposed modification shall be considered in accordance with the provisions set out in Section 7 of the Uniform Network Code Modification Rules unless the Uniform Network Code Committee determines otherwise.

12.4.2 Each revised version of a Document shall be version controlled and retained by the Transporters. It shall be made available on the Joint Office of Gas Transporters website.

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1. Definitions

Unless otherwise stated, terms in these Appointment of the AQ Review Performance Improvement Auditor (“**these Guidelines**”) shall have the meanings given to them in the Uniform Network Code. Such terms will be capitalised within quotation marks where first used in the Guidelines.

In these Guidelines:

“**Gas Industry Consultant / Auditor**”- an independent expert who has been nominated by one of the Parties to be used in undertaking the compilation of a full audit of a Shippers (and relevant

Suppliers) approach to all AQ related processes. ~~The Gas Industry Consultant/Auditor should not, at the time of endorsement of appointment, be directly employed or engaged by the Shipper or the relevant Supplier.~~ As a consequence of appointment, the Gas Industry Consultant/Auditor will subsequently be engaged by the relevant Shipper/~~Supplier~~ by means of a contractual arrangement for the purposes of the compilation of the **AQ Process Performance Audit**.

“Appointed Gas Industry Consultant/Auditor” the Gas Industry Consultant/Auditor proposed by the Shipper/~~relevant Supplier~~ and subsequently contracted by them to undertake the AQ Process Performance Audit.

“Listed Gas Industry Consultant/Auditor” a Gas Industry Consultant/Auditor that has been approved by the ~~Offtake~~-Uniform Network Code Committee and appears on the Gas Industry Consultant/Auditor Log.

“AQ Process Performance Audit” - a document compiled by the **“Gas Industry Consultant / Auditor”**, detailing the AQ Methodology and approach taken by the Shipper (~~and relevant Supplier~~), including, as necessary, the approach to meter readings, meter read submission to Xoserve and AQ amendment and appeal activity.

“Generic Terms of Reference” – the standard terms of reference to be applied as a basis of the contracts between the Shipper/~~relevant Supplier~~ and the Appointed Gas Industry Consultant / Auditor for the creation of the AQ Process Performance Audit.

2. The Guidelines

These guidelines set-out the means by which the Gas Industry Consultant/Auditor is appointed and the full scope of the Auditing process to be followed.

3. AQ Review Performance Improvement Audit

Section XX of the UNC sets out the ~~appointment requirement procedure~~ for an AQ Review Performance Audit where a Shipper/Supplier has not managed to update at least 85% of their portfolio AOs in one AQ Review period. Where a Shipper/Supplier has not met the performance level they can ~~elect will be required~~ to engage a Gas Industry Consultant/Auditor to consider why the performance level has not been achieved and to work with them to create an action plan to ensure that the performance level is reached at the next AQ Review period. If the level of 85% is not met at the next AQ Review, then the Shipper /Supplier will face Shipper penalty charges, which will be re-distributed to those SSP Shippers/Suppliers who have met or exceeded the 85% update rate, as outlined in UNC Section XX.

4. Responsibilities under the tender process for the position of Gas Industry Consultant /Auditor.

- The Joint Office of Gas Transporters will, on behalf of GTs:
 - Invite all “Shipper Users” and “Transporters” to nominate at least one (1) but no more than three (3) persons to act as Gas Industry Consultant/Auditors.
 - Upon receipt in writing of desire of the nominee to appear as a Listed Gas Industry Consultant/Auditor, add to the register as a proposed Listed Gas Industry Consultant/Auditor.
 - Collate the Shipper User and Transporter List of proposed Listed Gas Industry Consultant/Auditors and forward to the Offtake Committee for approval.
 - Upon receipt of the approved Listed Gas Industry Consultant/Auditor from the Offtake Committee hold and maintain the register of Listed Gas Industry Consultants/Auditors .
 - Undertake a review of the Listed Gas Industry Consultants/Auditors register at least annually.
- The ~~Offtake~~ Uniform Network Code Committee will:
 - Upon receipt of the proposed list of Gas Industry Consultants/Auditors:
 - Endorse, or decline to endorse, the appropriateness of the expertise; and
 - Agree the register of the Listed Gas Industry Consultants/Auditors.
- The Gas Industry Consultants/Auditors will:
 - Confirm in writing to the Joint Office of Gas Transporters and nominating party the desire to be registered as a Listed Gas Industry Consultant/Auditor, or not;
 - Upon desire to withdraw as a Listed Gas Industry Consultant/Auditor, notify the Joint Office of Gas Transporters of their wish to be removed from the list.
- The Transporters will:
 - Nominate at least one (1) but no more than three (3) Gas Industry Consultants/Auditors to appear as a Listed Gas Industry Consultant/Auditor and notify the Joint Office of Gas Transporters.
- The Shipper Users will:
 - Nominate at least one (1) but no more than three (3) Gas Industry Consultants/Auditors to appear as a Listed Gas Consultant/Auditor and notify the Joint Office of Gas Transporters.
- The Shipper/~~Supplier~~ subject to audit will:
 - Consider the Log of Listed Gas Industry Consultants/Auditors and engage one of those listed to become their Appointed Gas Industry Consultant/Auditor.
 - Pay the costs of the work of that Appointed Gas Industry Consultant/Auditor.
 - Ensure that an AQ Process Performance Audit report is created, in conjunction with the Appointed Gas Industry Consultant/Auditor, and that this is provided to Ofgem for information ahead of commencement on the next AQ Review period (May proceeding the Gas Year). In this report the Shipper and the Gas Industry Consultant/Auditor will confirm that they are not employed or engaged by the nominating Shipper, other than for the purposes of this work

Gas Industry Consultant List Framework

- Name of Gas Industry Consultant/Auditor;
- Expert organisation;
- Area of expertise;
- Date of first registration;

- Date of last review;
- Renewal date

5. Generic Terms of Reference for an Appointed Gas Industry Consultant/Auditor

- Undertake a AQ Process Performance Audit using the most appropriate data and systems analysis tools to assess the reasons why the relevant Shipper/~~Supplier~~ has not managed to meet 85% update of meter point AQs.
- Consider systems, process, validation, data handling and data quality issues to create an action plan to meet 85% or more update level in the next AQ Review.
- The Gas Industry Consultant/Auditor will be expected to work with the relevant Shipper/~~Supplier~~ to compile an AQ Process Performance Audit report that can be submitted to Ofgem for information, which will explain why the 85% performance level has not been achieved and the actions that are proposed to allow the 85% level to be attained in the next AQ Review process.
- ~~Assure Ofgem that they are not employed or engaged with the Shipper other than for this exercise.~~
- The decision on the most appropriate approach to determine the update issues will be solely for the Gas Industry Consultant/Auditor and the Shipper/~~Supplier~~ to determine.
- The Gas Industry Consultant/Auditor will set out what data is required from the relevant Shipper/~~Supplier~~ in order to determine what action is required to meet the 85% performance level.
- It is proposed that the Gas Industry Consultant/Auditor may consider the following areas, subject to agreement with the Shipper ~~and relevant Supplier~~:
 - - Meter reading strategy, validation and submission
 - Meter exchange strategy, validation and submission
 - Data exceptions for reads, exchanges, disconnections, reconnections, new connections and their resolution
 - Vacant site management process
 - Isolation and withdrawal process
- The Gas Industry Consultant/Expert will work with the relevant Shipper/~~Supplier~~, but will also interface with Xoserve, as the need arises, to determine the issues impacting update performance and also considering ways in which performance can be improved.

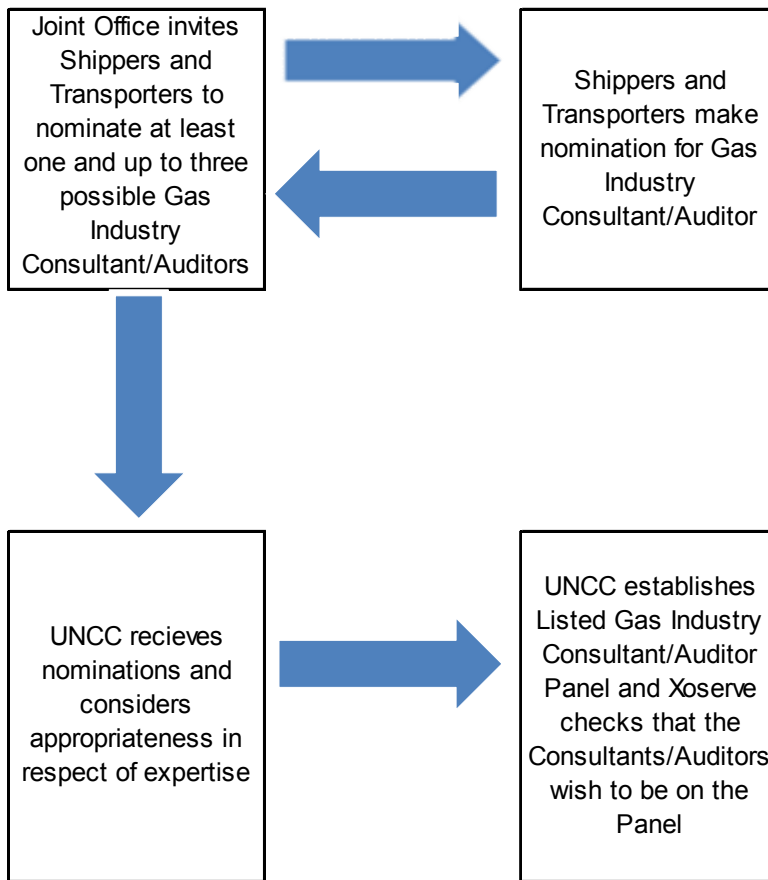
6. Details of the report submitted to Ofgem

The Gas Industry Consultant/Auditor will submit an AQ Process Performance Audit report to Ofgem, for information purposes only, ahead of the subsequent AQ Review (May before the next Gas Year) to demonstrate the analysis that they have undertaken with the relevant Shipper/~~Supplier~~, outlining whether or not they believe that they have had full access to the Shipper/~~Supplier's~~ systems, processes, validation routines and staff. In addition the report will highlight if there has been any limit on co-operation by the Shipper/~~Supplier~~. ~~The Gas Industry Consultant/Auditor will also assure Ofgem that they are not employed or engaged with the Shipper other than for this exercise~~

The AQ Process Performance Audit report will outline to Ofgem the issues found to be impacting the update performance and, the recommended remedies, ~~and also highlight if the Shipper/~~Supplier~~ has commenced action to remedy the situation.~~

The Shipper/~~Supplier~~ ~~should~~ may supplement the report by the Gas Industry Consultant/Auditor with details of their plans to improve update performance and explain any issues that they believe have affected their performance.

Establishing the Listed Gas Industry Consultant/Auditors



Contracting a Gas Industry Consultant/Auditor

October

