

Appendix 1

Guidelines document for the Energy Settlement Performance Assurance Regime v 0.10

The Performance Assurance Framework is limited to energy once it has entered the Local Distribution Zone, including energy that is measured at the LDZ offtakes. Gas transported through the National Transmission System (NTS) and supply points connected to the NTS are excluded for the arrangements created by this Guidelines document.

Prepared and maintained by the UNCC.

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Version History

| Version | Date | Reason for update |
|---------|---------------|---|
| 0.1 | December 2014 | First draft |
| 0.2 | February 2015 | Second draft for 24 th February PAW meeting |
| 0.3 | March 2015 | Third draft for 6 th March PAW meeting |
| 0.4 | March 2015 | Fourth draft for 24 th March PAW meeting |
| 0.5 | April 2015 | Fifth draft for 21 st April PAW meeting |
| 0.6 | April 2015 | Sixth draft for 21 st April PAW meeting |
| 0.7 | April 2015 | Proposed changes to reflect Transporter Agency as PAFA tender party |
| 0.8 | May 2015 | Eighth draft for 5 th May PAW meeting |
| 0.9 | May 2015 | Ninth draft for 18 th May PAW meeting |
| 0.10 | May 2015 | Tenth draft following the 18 th May PAW meeting |

Development of Rules

1 The requirement to publish the “**Energy Settlement Performance Assurance Regime**” document is specified in Section [xxx] 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:

“1 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 Gas 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.co.uk

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
- 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) the Allocation of Unidentified Gas Document referenced in Section E10.1.1
- f) the Customer Settlement Error Claims Process Guidance Document referenced in Section E1.3.10.

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

The following terms shall have the following meanings:

- 'Change' means a proposal for the addition to, variation of, or removal of any of the services within the Performance Assurance Administrator Scope;
- 'Code Parties' means parties to the Uniform Network Code
- 'Employer Assurance Document' means a document signed by an Office Bearer of the employer of the PAC Member assuring that the PAC Member can attend PAC meetings and that they are attending and voting at PAC meetings in the interest of the GB gas market and that they will not be representing any commercial interest or commercial body;
- 'Energy Settlement' means the allocation and reconciliation of energy at supply point level;
- 'Performance Assurance Framework Administrator (PAFA) Contract' means the contract entered into by the Gas Transporters with a third party provider for the Performance Assurance Framework Administrator position;
- 'Performance Assurance Committee (PAC)' means the committee as referred to or described in Section 5;
- 'Performance Assurance Committee Document' means the series of documents detailed in Section 8 of these Guidelines, prepared and maintained to support the general operation of the Performance Assurance Scheme. These documents are governed by the Performance Assurance Committee and not by the Uniform Network Code Committee;
- 'Performance Assurance Committee (PAC) Member' shall be a voting member of the Performance Assurance Committee, such members being elected in accordance with Section 5.2;
- 'Performance Assurance Framework' means the framework as referred to or described in Section 3;
- 'Performance Assurance Framework Administrator (PAFA)' means the administrator as referred to or described in Section 4;
- 'Performance Assurance Framework Administrator Contract (PAFA Contract)' means the contract entered into by the Gas Transporters with a third party provider for the Performance Assurance Administrator position

- ‘Performance Assurance Framework (PAF) Year’
means the year commencing on [1st October] each year.
- ‘Performance Assurance Framework Administrator Scope’
means the scope of works set by the Performance Assurance Committee and anticipated to be performed by the Performance Assurance Framework Administrator, as set out in Document 4;
- ‘Performance Assurance Scheme’
means the scheme as referred to or described in Section 4;
- ‘Performance Assurance Scheme Party’
means the scheme party referred to or described in Section 4;
- ‘Performance Report(s)’
means a report or reports defined in the Performance Report Register;
- ‘Performance Report Register’
means the register of agreed reports defined in Document 1;
- ‘Report Specification’
means the report specification defined in Document 2;
- ‘Risk Register’
means the register of risks defined in Document 3;

2. Introduction

These Guidelines set out the arrangements for the general administration of the Performance Assurance Framework.

3. Performance Assurance Framework

3.1 General

The Performance Assurance Framework (the “Framework”) is the overarching framework for the Energy Settlement Performance Assurance Regime. The Framework comprises the Performance Assurance Scheme and its operation, the Performance Assurance Committee (PAC) and its operation, and provision of services to be provided by the Performance Assurance Framework Administrator.

3.2 Goal

The goal of the Energy Settlement Performance Assurance Regime is:
“A demonstrably effective settlement regime for the gas industry where no one party adversely impacts another party as a result of its failure to operate to the defined settlement regime”.

3.3 Objectives

The Framework has the following objectives:

- To determine the appropriate reporting and analysis to measure energy settlement performance and risks to it
- To create a risk register and supporting analysis to assess risks and determine mitigation activities for energy settlement performance
- To report as necessary
- To create a regime incentivising the required performance

These objectives may be updated by the PAC from time to time as the Energy Settlement Performance Assurance Regime develops.

4. Performance Assurance Scheme

The Performance Assurance Scheme applies to those UNC actors that directly contribute to Energy Settlement performance i.e. those in direct control of the data inputs to Energy Settlement (the Performance Assurance Scheme Party(s)). For the avoidance of doubt this includes all Gas Transporters; the Transporter Agency and Shipper Users.

The Performance Assurance Scheme will initially comprise reporting against certain performance indices and the management of a Risk Register comprising risks to Energy Settlement performance.

To meet the requirements of the Performance Assurance Scheme, two new roles are created; the Performance Assurance Committee (see section 5), and the Performance Assurance Framework Administrator (PAFA). The PAFA is to perform a range of services to the PAC as defined in the PAFA Scope.

The Performance Assurance Scheme may extend to include:

- Management of a risk model developed by a third party
- The operation of an incentive regime requiring the creation and settlement of incentive charges
- The provision of training and awareness services to existing and new Users
- Other activities yet to be determined

5. Performance Assurance Committee

5.1 General

The Performance Assurance Committee has the roles and responsibilities as defined with in the Uniform Network Code Committee Performance Assurance Committee Terms of Reference.

The PAC is defined as a Uniform Network Code Committee, or any relevant sub-committee, with certain rights and responsibilities relating to the management of the Community's Performance Assurance Framework.

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

6. Responsibilities under the tender process, appointment process, review process, termination process and provision of data for the Performance Assurance Framework Administrator Scope

6.1 PAC PAFA appointment criteria

- 6.1.1 The PAC shall produce a clear set of criteria for the appointment of the PAFA detailing (without limitation);
- a) The ability of the PAFA to produce, publish and maintain a Performance Report Register and the creation, management and maintenance of the PAF Risk Register which shall be in line with the Generic Terms of Reference, contained in these Guidelines plus any other criteria agreed by the PAC
 - b) Changes to services are expected to be made in the future, therefore the PAFA should indicate its ability to deliver new services;
 - c) The appointment is expected to be for a period of three years, with arrangements for a minimum 2 year initial period, with the option for a one-year extension;
 - d) The consideration of the relevant knowledge and expertise of the candidates;
 - e) Details of how much weight / percentage should be placed for each set of criteria
- 6.1.2 Produce a clear scope of works and activities that the PAFA is required to perform against which the Gas Transporters can undertake a tender process. The scope of works is as detailed in Document 4.
- 6.1.3 Prepare the draft recitals / introduction for the PAFA contract.

6.2 Gas Transporter PAFA tender and appointment

- 6.2.1 Is as is set out in the UNC Section [XX].

6.3 Tender and PAFA appointment timescales and PAFA Contract extension

- 6.3.1 The PAC shall provide the final versions of document in section 6.1, to the Gas Transporters.
- 6.3.2 On receipt, the Gas Transporters shall commence the tender process, using reasonable endeavours to appoint the PAFA:

6.3.3 At the end of each anniversary of the PAFA Contract appointment, the Gas Transporters shall seek feedback from the industry, including the PAFA, on the activities and performance of the PAFA for the provision of the PAFA Scope. The Gas Transporters shall produce a report for the PAC.

6.3.4 In sufficient time prior to the end of the PAFA Contract first term (two years), and if applicable second extension term (1 year), the Gas Transporters shall consult with the PAC to determine whether to extend the PAFA Contract, or allow the PAFA Contract to terminate and commence another procurement process.

6.4 PAFA Contract termination

6.4.1 In the event that the PAFA Contract is required to be terminated, the termination will be at the sole discretion of the Gas Transporters.

6.5 Code Parties provision of data or information to the PAFA

6.5.1 Where the PAFA requests data / information / services, required for the provision of the PAFA Scope, from Code Parties, Code Parties shall use reasonable endeavours to provide the information data / information / service, within the timescales requested. Such timescales having been previously notified to Code Parties.

7. Potential extension of these Guidelines as other UNC modifications are developed

These Guidelines have been prepared for the establishment of the PAC and PAFA arrangements. It is recognised that there are current and potential future modifications, in development that may require the extension of these Guidelines. These Guidelines allow for future change.

8. Performance Assurance Committee Documents

The following Performance Assurance Committee Documents – hereafter referred to as “Documents”, will be used to support the general operation of the Performance Assurance Scheme. These example Documents will be governed by the Performance Assurance Committee and published on the Joint Office website. Changes to these Documents can be proposed by any UNC Party; the Performance Assurance Committee or the Performance Assurance Administrator. Changes to the Documents will be prepared by the Performance Assurance Framework Administrator and presented to the Performance Assurance Committee for approval.

NB: For the avoidance of doubt these Documents may be amended or removed by the PAC in the interests of the effective and efficient operation of the PAF. Any new Documents must be referred to and agreed by the UNCC, such agreement by a majority vote.

Document 1 Performance Assurance Framework – Performance Report Register
Document 2 Report Specification Template
Document 3 Risk Register
Document 4 Format of Performance Assurance Framework Administrator Scope.

Document 5 PAC Member Confidentiality Agreement
Document 6 Employer Assurance Document

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