

**UNC Workgroup 0506 0506A Minutes  
Gas Performance Assurance Framework and Governance  
Arrangements**

**Friday 06 March 2015**

**at ENA, 52 Horseferry Road, London SW1P 2AF**

**Attendees**

Bob Fletcher Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Margan*	(AMa)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Andy Miller	(AM)	Xoserve
Angela Love	(AL)	ScottishPower
Carl Whitehouse*	(CWh)	first:utility
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
Edward Hunter*	(EH)	RWE npower
Emma Lyndon	(EL)	Xoserve
Jonathan Kiddle	(JK)	EDF Energy
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy	(RP)	Wales & West Utilities

\* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0506/060315>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 June 2015.

## **1.0 Review of Minutes and Actions**

### **1.1. Minutes**

The minutes of the previous meeting were approved.

### **1.2. Actions**

**0506 1101:** Xoserve (EL) to investigate the areas of concern with regards to manual workarounds.

**Update:** EL provided an overview of the 'Pre-Nexus Xoserve settlement intervention activities' document.

Focusing on the main points of discussion in turn we have:

#### Section 2.2 Rejection of readings

EL explained Xoserve's validation regime for meter read tolerances during which AL enquired how parties could be confident that these would not change in the post Project Nexus world. Responding, EL explained that any future tweaks would be via formal industry consultation in conjunction with the appropriate governance arrangements.

When asked whether it was possible to (inadvertently or otherwise) over write the information, EL advised that the agreed tolerance table values (as per PNUNC) would be hardcoded within the system (back end) with no manual intervention available, therefore limiting the risk and any change would follow Xoserve's internal

change control process. BF remarked that to change a hardcoded value would require either a UNC Modification or UNCC approval, depending upon the appropriate viries. It was also noted that a similar arrangement was used to engage CEPA for the Ofgem Funding, Governance and Ownership work, where Ofgem contracted CEPA for the work.

#### Section 2.3 AQ of 1kWh validation tolerance (and low AQs)

When asked whether or not this potentially overrides the provisions of UNC Modification 0527 'Implementation of Annual Quantity arrangements (Project Nexus transitional modification), CW advised that it does not, as Modification 0527 seeks to deal with 'backstop' and is purely at the Transporters discretion. However, AM suggested that there could possibly be a conflict between these proposed provisions and Modification 0527 proposals. CW agreed to take an action to double check and report back.

**New Action 0506 0301: *Reference Pre-Nexus Xoserve settlement intervention activities document - National Grid Distribution (CW) to double check whether the provisions of 'Pre-Nexus Xoserve settlement intervention activities' potentially conflict with those of UNC Modification 0527.***

#### Section 2.4 M number creations

AL believes that there is/are still potentially outstanding issues associated with new construction site 'plot' designations. Sharing this concern, AM pointed out that the controls around these matters are continuing to be developed and updated over time.

#### Section 2.5 Shipper Agreed Reads acceptance

EL apologised for the typographical error in the third paragraph that refers to Modification 0424, which of course should read as 0434.

Some concerns were voiced that this section appears to suggest that the rejection codes are purely a Shipper related problem (i.e. Shipper agreed reads), which some parties believe is not necessarily true. Referencing recent discussions relating to a read tolerance breach that necessitated reads being held up and not processed over a weekend, some parties felt that this would suggest that there are also Xoserve system limit issues impacting as well. Responding, AM questioned why Shippers appear to initially delay sending in their reads and then submit a large batch of reads later in the process (i.e. close to the potential submission cut-off time). He went on to point out that in the post Project Nexus world, system capacity is enhanced which should alleviate concerns.

It was recognised that Shippers running close to the submission timelines and loading large batches of reads is not ideal. However, some parties highlighted that this often reflects market conditions, service provider contracts and is not necessarily a deliberate act by Shippers.

#### Section 2.6 Consolidated rejection codes and not keeping up to date

EL explained that these cover all areas such as Gemini, UK Link etc.

#### Section 2.7 Failure to check/stop duplicate MPRNs

EL explained that Xoserve is refining the processes around this on an ongoing basis, whilst the numbers involved are also reducing. She also believes that iGT sites being incorporated within the UK Link system would provide additional benefits as all site related information would reside in one location.

#### Section 2.8 Meter point statuses – ensuring allocation and settlement where gas is or can be consumed

EL explained that this is one of two areas that Xoserve is still working on and she hopes to provide a further update at a future meeting.

#### Section 2.9 Setting meter points to "dead" (e.g. Whaley Thorns)

EL explained that this relates to the query process (DTL code) and would be passed to the appropriate Network(s) for resolution.

Referring to the table at the top of page 6, EL pointed out that Xoserve or Transporters are only able to change the status of the 'EX' column. AM suggested that there has been some (industry wide) misunderstanding/confusion around Meter Point status aspects and reminded everyone that setting MPs is a Transporter only activity.

#### Section 2.10 Mis-interpretation of Schedule 11 to 13 of the SPAA

EL explained that this is the second of the two areas that Xoserve is still working on and she hopes to provide a further update at a future meeting.

It was then agreed, to carry forward the action and also amend it to reflect that items 2.8 and 2.10 remain to be resolved. **Carried Forward**

**0506 0201:** National Grid Distribution (CW/AC) and ScottishPower (AL) *in reference to (Modification 0506) Guidelines document for Energy Settlements Performance Assurance Regime* – Clarify expectations/obligations of each party (Transporters, PAC and PAFA) in respect of extensions/termination of services of the PAFA.

**Update:** AL explained that she has commenced updating Modification 0506 at which point CW suggested that whilst he would be happy to assist, he is unclear as to the level of detail Transporters would be able to get involved with. Responding, AL reminded CW that at the previous meeting he had stated that he would check with his legal colleagues and provide a view on how the contracting process could operate.

CW then indicated that whilst he believes that the role would/could be similar in concept to that of the AUGE, he does not believe that the PAC should be able to influence Transporters contractual provisions, as any arrangement would be subject to commercial confidentiality. To this end, he would suggest that the Wales & West Utilities (WWU) lawyers should consider the matter in more detail when preparing the legal text and look to avoid a potential duplication of views. RP suggested that the actual requirements would need to be clearly set out within the Business Rules for the modification(s) and once this had been done the WWU lawyers could provide the legal text, whereupon Transporters could provide their views via the formal consultation route.

AL highlighted that she believes that tensions remain between the Transporters letting of the Agent Contract Role and Shippers aspirations and needs – as a consequence, parties liabilities and powers of termination needs further consideration.

RP suggested that the Workgroup would also need to consider various contract backing out aspects, as in his opinion a 'carve out' is needed to protect Transporters from potentially breaching their respective Code obligations. AM enquired whether this is about the provision of an annual contract break out mechanism, to which AL suggested that was, but that it is also about potential material breaches that is a concern for the Transporters and in that case would anticipate that they (the Transporters) would seek to terminate the contract immediately.

It was agreed to close the action, on the grounds that the matter would be resolved during development of the Business Rules. **Closed**

## **2.0 Consideration of Modifications 0506 and 0506A**

### **2.1. Appendix 1 – Guidelines document for the Energy Settlement Performance Assurance Regime (draft 0506, v0.3)**

AL provided an overview the draft document at which point AM pointed out that it would also need to make reference to NTS as well as LDZ offtakes, if the intention is to keep them within scope.

In highlighting the most recent changes to the document, AL noted that the 'Performance Assurance Administrator (PAFA) Contract' definition would also need to be amended Modification 0506A.

Moving on, focus centred on the highlighted text (and respective comments<sup>1</sup>) contained within Section 4 'Performance Assurance Scheme'.

- Comment 1 – no adverse comments from Workgroup participants, so AL will include some wording around 'required performance' in a subsequent update of the document;
- Comment 2 – questions asked as to whether this should be included within the document in the first instance. When asked, AL confirmed that iGTs are in scope and indicated this applies to both Modification 0506 and 0506A provisions. Some parties suggested that this matter is/was already 'covered' by the iGT UNC IGTAD and AM provided a brief explanation of iGT obligations.

CW suggested that there remains a lack of clarity around how iGTs are 'tied in' to the proposed process to which AM added that Xoserve is not just looking at iGT Supply Points, but rather CSEP Supply Points and documents published on the Joint Office web site support this approach (for the avoidance of doubt, iGT SPs refer to the physical Supply Point on the iGT network, whereas the CSEP SPs refers to a virtual Supply Point at the CSEP offtake on the DNO network).

It was suggested that perhaps an amendment to the iUNC IGTAD might be required in due course. AM pointed out that Xoserve can only report on the information iGTs provide to them and that performance would be monitored across all SPs going forward. CW enquired whether or not the iGTs are aware that their performance will be monitored in future. AL advised that she would look to consider the iGT to DNO relationship and associated requirements and whether the iGTs should be in scope. AM pointed out that the real issue relates to settlement within the Local Distribution Zones (LDZs), regardless of whether they are iGTs or not.

CW suggested that the Workgroup would need to consider how iGTs would be incentivised going forwards and wondered if they (the iGTs) are aware of what is actually going on right now. AL indicated that she would look to inform the iGTs through her contact with J Barrett;

- Comment 3 – BF questioned the rights of the PAC to monitor performance of Non Code signatories. AL suggested that further clarity around who parties actually are is needed;
- Comment 4 – it was agreed to add 'will' initially comprise;
- In considering PAC membership (reference item 5.1 General), AL advised that she has considered current Panel and EBCC rules;
- Comment 5 – in considering UNC inter year elections, AL indicated the whilst the User to Transporter ratio is still being considered she would still update the wording to include the Gas Forum (election rules) process in the meantime;
- In considering that PAC members would need to sign a Confidentiality Agreement, BF enquired whether nominated alternates would also need to sign one – AL confirmed that they would;

<sup>1</sup> To ensure a better understanding of these minutes, please refer to the MS Word version of the 0506 Guidance document published on the Joint Office web site, for more details relating to the various comments. A copy of the document can be found at: <http://www.gasgovernance.co.uk/0506/060315>.

- In considering the new underlined statement that '*Alternates need not necessarily.....knowledge and experience*', AL pointed out that this 'mirrors' the current EBCC rules although CB suggested that it might be preferable to state '*gas settlement and 3 years gas industry knowledge*'.

AM was keen that this item be bottomed out at the meeting, as he sees this as a very important consideration – he provided a summary of some potential wording during which MJ noted that it is the industries perception of settlement that confuses matters.

Whilst CB provided a brief explanation as to how such matters are managed in the electricity side (in essence Panel approval of applicants), BF wondered whether this could/would be seen as a potential barrier to industry involvement – this was not a universally supported view. BF also pointed out that the EBCC is struggling to attract experienced members at this time;

- Comment 6 – AL explained that this is not needed for 0506 purposes;
- In considering the new underlines statement '*Work with the Transporters to agree.....to terminate the PAFA contract*', AL acknowledged that this is very much subject to further termination and liability related discussions;
- Comment 7 – When asked how the funding aspects would be identified, especially those relating to Modification 0506A, AM advised that these would be assessed at the time (of consideration) and would take into account the prevailing circumstances, which may or may not require the raising of a UNC modification to facilitate;
- Comment 8 – AL suggested that this does not apply to Modification 0506 whilst AM pointed out that the requirement is also not included within Modification 0506A, at which point AL agreed to remove the statement;
- AL indicated that she would reconsider Section 6.1 in light of feedback and provide an update at the next meeting;
- Comment 9 – AL advised that she remains unsure as to whether or not this is actually needed and would consider removing it in an updated document;
- Comment 10 – RP enquired as to what is actually meant by the statement 'Manage the invoicing function of an incentive scheme' before questioning whether it is actually needed, as it is not clear how it aligns with Modification 0506 proposals.

Whilst AL suggested that for PAC purposes the industry could look to establish a 5:5 membership mix, BF pointed out that clear rules around quoracy would be required to support this approach.

Closing, AL indicated that she would now look to make further amendments to the document in line with discussions, and provide an updated version in time for consideration at the next Workgroup meeting.

## **2.2. Agency Charging Statement for Modification 0506A update**

AM provided a quick onscreen review of the recent round of changes to the document, whereupon discussions focused on the new underlined (red) text in the 'Appendix 1 – Schedule of User Pays Services and User Pays Service Charges' table on page 20.

AM explained that in essence service item 20 is a direct lift and shift of the AUGGE charging aspects and tailored to Modification 0506A User Pays requirements. AM went on to suggest that an ACS would also be required for UNC Modifications 0506 and 0520 in due course before providing a quick overview of how any Modification 0506 aspects would/could work.

When asked what the difference is between AQ and SOQ, AM explained that SOQ is based on actual information at which point AMA indicated that he would consider this for inclusion within Modification 0520.

Moving on to consider the 'charging basis' statement of 'Total SOQ for all LDZs for each relevant billing period.....the relevant billing period (30<sup>th</sup> September)', AM indicated that he would double check the details and look to provide examples of how this would be expected to work.

**New Action 0506 0302: Reference the Agency Charging Statement for 0506A - Xoserve (AM) to look to provide examples of how the Total SOQ for all LDZs for the relevant billing period for each Shipper would be expected to work in reality.**

When asked how the costs were managed for Urgent Modification 0513 'UK Link Programme (Project Nexus) – independent project assurance for Users', AM explained that in essence this was a three way agreement between Ofgem (as the contracting party), Baringa and Xoserve, where Xoserve paid Ofgem on behalf of Transporters who then reimbursed Xoserve.

When asked how a Non-Code Party would be funded via the UNC, AM accepted that this is a good question before remarking that as far as the ACS is concerned, it is limited in terms of flexibility.

### 2.3. Performance Assurance Committee Terms of Reference (v0.4 0506)

AL provided an overview of the draft PAC ToR.

Moving on, focus centred on reviewing the highlighted text (and respective comments<sup>2</sup>) contained within the document, as follows:

- Comment 1 – BF suggested mirroring the non voting member EBCC process;
- Comments 3 & 4 - AM explained that as the terms of reference had been extracted from the Modification 0506/0506A Guidelines document in the first instance, any further changes made to the terms of reference would need to be 'mirrored' back in to the guidelines document;
- Comments 5 & 6 – no objections raised to suggested changes;
- In considering the new underlines statement '*Alternates need not necessarily come from the same company.....gas settlement knowledge and experience*', AL advised that she would update this in line with discussions undertaken for the Guidelines document;
- Comment 7 – BF suggested that more consideration would be needed especially around majority voting aspects (i.e. what constitutes a majority and under what circumstances). In noting that the current wording was simply a 'lift and shift' from the current DESC rules, BF suggested it would be preferable for this to reflect the UNC Panel voting rules (i.e. a general or implementation type vote).

Some parties considered that a simplified Yes, No and No Comment (abstention) style voting would be preferable until AM pointed out that if nine voters abstain, and only one votes in favour, it is deemed a majority vote in favour. When asked, AL confirmed that it is not envisaged that the Chairperson would/should have a casting vote. In the end it was concluded to go with a UNC Panel style of voting arrangements;

- Comment 8 – no objections raised to suggested changes;

<sup>2</sup> To ensure a better understanding of these minutes, please refer to the MS Word version of the 0506 Guidance document published on the Joint Office web site, for more details relating to the various comments. A copy of the document can be found at: <http://www.gasgovernance.co.uk/0506/060315>.

- Comment 9 – it was recognised that this had already been considered under the Guidance document discussions earlier in the meeting;

In looking to consider what was required for cessation of membership, or how to cater for members who subsequently change companies (important consideration in light of the fact that the businesses warrant membership appointments), BF advised that this is really a matter that relates to how the Gas Forum manages the membership/election processes before giving a brief explanation of how this works for the UNC Panel. AL suggested that she would consider adding a requirement to cover items such as cessation/resignation/retirement/disqualification of members – AM pointed out that Modification 0506A does not propose a requirement for such.

AL indicated that she would also look at membership durational requirements (i.e. annual elections/re-elections etc.) before enquiring as to what Deputy Chairperson provisions are proposed. AM pointed out that under the auspices of Modification 0506A, this would be the Joint Office.

#### **2.4. Performance Assurance Committee Terms of Reference (v0.4 0506A)**

In providing a brief overview of the draft PAC ToR, AM acknowledged that amendments would be required in line with discussions elsewhere in the meeting but did point out that as far as Modification 0506A was concerned, it proposes a relatively straightforward PAC role.

Moving on, AM reminded everyone that whilst Modification 0506 envisages PAC involvement in a tendering process, this is not the case for Modification 0506A. BF then advised that discussions with Gemserv relating to legal services provision recognised that the UNC has some ‘core’ areas such as settlement etc. that potentially influences a parties views on the matter.

BF then clarified how Users or User Representatives are designated in accordance with the modification rules, explaining that it is not on a constituency basis. AL wondered whether or not MR3.2.3 presented a different view, to which BF responded by pointing out that as all Users are appointed by the Gas Forum how they are designated, is a discussion for within the Gas Forum arena.

#### **2.5. Performance Assurance Framework Administrator Scope (v0.3 0506A)**

During a quick review of the PAC scope, AM highlighted the changes to the templates. No adverse comments were received.

Moving on it was agreed that whilst the modification would need to be amended to reflect the meeting discussions, the business rules are not required within the modification itself as they are defined within the Guidance document. However, BF also pointed out that anything that needed to be reflected within the legal text would also need to be clearly defined within the business rules.

In summarising the meeting, BF suggested that the Workgroup should look to reconsider both modifications at the 24 March 2015 meeting where work would commence on the Workgroup Report with the aim being submission of the report at the May 2015 UNC Panel.

### **3.0 Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings are scheduled to take place as follows:

<b>Time/Date</b>	<b>Venue</b>	<b>Workgroup Programme</b>
10:30, Tuesday 24 March 2015	Energy Networks Association (Room 4 - Note: Maximum capacity 20 persons)	Standard Workgroup agenda plus: Consideration of amended modifications Consideration of 0506/0506A legal text

		Development of Workgroup Report
10:30, Wednesday 08 April 2015	31 Homer Road, Solihull B93 9PS	Including Workgroups 0506 and 0520.
10:30, Tuesday 21 April 2015	Energy Networks Association (Room 4 - Note: Maximum capacity 20 persons)	Including Workgroups 0506 and 0520.
10:30, Tuesday 05 May 2015	Energy Networks Association (Room 4 - Note: Maximum capacity 20 persons)	Including Workgroups 0506 and 0520. <i>Workgroup Reports 0506 and 0520 are due at 18 June Panel</i>

**Action Table**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0506 1101	26/11/14	2.0	EL to investigate the areas of concern with regards to manual workarounds, <u>specifically resolution of outstanding items 2.8 and 2.10 in the 'Pre-Nexus Xoserve settlement intervention activities.</u>	Xoserve (EL)	<i>Action amended at 06/03/15 meeting.</i> <b>Carried Forward</b>
0506 0201	24/02/15	2.1	<i>(Modification 0506) Guidelines document for the Energy Settlement Performance Assurance Regime - Clarify expectations/obligations of each party (Transporters, PAC and PAFA) in respect of extension/termination of services of the PAFA.</i>	National Grid Distribution (CW/AC) and ScottishPower (AL)	Update provided. <b>Closed</b>
0506 0301	06/03/15	1.2	<i>Reference Pre-Nexus Xoserve settlement intervention activities document - double check whether the provisions of 'Pre-Nexus Xoserve settlement intervention activities' potentially conflict with those of UNC Modification 0527.</i>	National Grid Distribution (CW)	<b>Pending</b>



**Action Table**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
0506 0302	06/03/15	2.2	<i>Reference the Agency Charging Statement for 0506A - look to provide examples of how the Total SOQ for all LDZs for the relevant billing period for each Shipper would be expected to work in reality.</i>	Xoserve (AM)	<b>Pending</b>