

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

**10.30 Tuesday 16 June 2015**

**at Energy Networks Association, 52 Horseferry Road, London  
SW1P 2AF**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andy Clasper	(AC)	National Grid Distribution
Andy Miller	(AM)	Xoserve
Angela Love	(AL)	ScottishPower
David Mitchell	(DM)	Scotia Gas Networks
Douglas Alexander	(DA)	Elexon
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/0506/160615>

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 August 2015.

**1.0 Review of Minutes and Actions**

**1.1. Minutes**

AL and AM provided a brief outline of their proposed amendments to the 18 May 2015 minutes.

Thereafter, the minutes of the previous meeting were approved.<sup>1</sup>

**1.2. Actions**

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

**Update:** EL explained that whilst consideration remains ongoing, clarification was awaited around retrospective updates etc. from the Project Nexus Steering Group (PNSG). AM pointed out that even if the PNSG make a recommendation, it does not necessarily mean that Xoserve could provide a definitive answer.

It was agreed to transfer this action to sit under the main Performance Assurance Framework Workgroup. **Carried Forward**

**0506 0306:** Reference draft 0506 Guidelines Document – Scottish Power (AL) to consider whether an iGT UNC Modification is required to include the iGTs within the Performance Assurance Framework Regime.

<sup>1</sup> Post meeting note: an amended version of the 18 May 2015 minutes was published after the meeting.

**Update:** It was agreed that this action had been sufficiently debated at the 18 May meeting and could now be closed. **Closed**

**0506 0503:** *Reference HLC for 0506 - Xoserve (AM)* to look to provide a view on potential costs on a contract term based around the EU procurement threshold basis.

**Update:** AM indicated that whilst a clear view on this action is rather difficult to provide, he is able to advise that it would involve a minimum of 6 months duration, with the lowest cost estimate being in the region of £80k. However, until all aspects of the potential work involved (i.e. the specification and criteria) are clearer, a more accurate assessment is not available. **Closed**

**0506 0504:** *Reference the Options paper discussion document on contracting model - ScottishPower (AL)* to look to canvas Shipper views on the most suitable option for the contracting model.

**Update:** AL advised that this matter had been tabled at the previous day's Energy UK meeting and she now expects to be able to provide a communication relating to this action in due course. **Carried Forward**

## 2.0 Consideration of Modifications 0506 and 0506A

### 2.1. Consider Amended Modification(s)

#### 2.1.1. Modification 0506

AL provided a brief overview of the latest round of changes to 0506, focusing attention on the changes made to BR7.2 on page 6, the 'NB' statement and the User Pays table on page 7.<sup>2</sup>

RP explained that he is expecting to receive the draft legal text for 0506 from the Wales & West Utilities (WWU) legal team within the next few days. He went on to add that once he has seen the text he may wish to discuss it with the proposer offline.

AL advised that she would look to consider whether or not additional clarification around the potential 0440 'Project Nexus – iGT Single Service Provision' impacts needs to be included within 0506.

#### 2.1.2. Draft Modification 0506A (*for discussion only*)

AM provided a brief overview of the proposed changes to 0506A, during which the following key aspects were highlighted:-

Section 1 – Solution – CSEP statement added to reflect the impact of implementation of UNC Modification 0440 'Project Nexus – iGT Single Service Provision'. AM suggested that the proposer might wish to also amend Modification 0506 to include this as well.

AM also pointed out that the removal of some text better reflects Xoserve's administration role proposed under 0506A.

Section 3 – Solution – the new set of business rules on page 7 now better reflects the proposed 0506A sunset clause.

AM pointed out that the titles in BR5(a) through to (f) will become UNC defined terms in due course whilst some previous defined terms contained within the Guidelines Document have now been removed to avoid unnecessary duplication.

<sup>2</sup> Post meeting note: a further amended version (v4.0) of Modification 0506 was published on the Joint Office web site on 18 June 2015.

When asked why BR13 includes a reference to CSEP's, AM explained that from the onset it had always been envisaged that once data became available, CSEP's meter points would be included in both 0506 and 0506A.

Moving on, RP explained that work on the 0506A legal text had not yet commenced. He suggested that once Modification 0506 was fully 'bottomed out' and a formal amended to Modification 0506A provided, he would look to commission the production of the legal text for 0506A – hopefully by the end of the current week, subject to the above requirements being satisfied.

## **2.2. Consider Associated Documents**

### **2.2.1. Draft 0506 Guidelines document for the Energy Settlement Performance Assurance Regime (v0.10)**

AL provided a brief overview of the latest changes to the document drawing attention on the 'NB' statement on page 9.

### **2.2.2. Draft 0506A Guidelines document for the Energy Settlement Performance Assurance Regime (v0.4)**

AM explained that the main changes were restricted to the front page, although he did point out that some defined terms along with the previous paragraph 6.1, had been removed as these would now be included within the legal text to better reflect the solution for Modification 0506A.

In reviewing the associated documents (Document 1 Performance Report Register, Document 2 Performance Report Specification Template and Document 3 Risk Register), AM reminded those present that documents remain the same as the versions previously reviewed.

It was agreed that it would be preferable to publish the supporting documents alongside the modification, rather than being an appendix as this would make updating far easier in future.

### **2.2.3. Draft 0506A Uniform Network Code Committee – Performance Assurance Committee Terms of Reference (v0.8)**

AM provided a brief overview of the latest changes explaining that any meeting arrangements and requirements (item 2.3 on page 2) would be conducted in accordance with the Code Administrators Code of Practise.

## **3.0 Development of Workgroup Report**

### **3.1. Consideration of Business Rules**

In light of discussions under item 2.0 above, further consideration was deferred.

### **3.2. Consideration of User Pays**

In light of discussions under item 2.0 above, further consideration was deferred.

### **3.3. Consideration of Relevant Objectives**

In light of discussions under item 2.0 above, further consideration was deferred.

### **3.4. Consideration of Legal Text**

In light of discussions under item 2.0 above, further consideration was deferred.

## **4.0 AOB**

### **4.1. Elexon Performance Assurance Reporting presentation**

D Alexander from Elexon provided an overview of the presentation explaining how performance assurance is managed in the electricity arena.

When asked why attention is focused on the top 10 settlement risks, DA explained that this had less to do with any financial considerations and more to do with

manageability. He went on to confirm that these can change over time but would subsequently align with the BSC report.

The industry trends utilises a RED/AMBER/GREEN status for suppliers.

In considering the 'Monthly SRR' table on slide 7, DA confirmed that under normal conditions the 'Net Sig.' values do not change and are generally set on an annual basis. However, they can be amended in exceptional circumstances. DA also explained that the 'Noted Controls' stay stationary and reflect the original set up.

Whilst considering slide 10, AL suggested that the GSP groups roughly approximate to the Gas Distribution Network's on the gas side.

During consideration of slide 11, DA explained that EFR stands for Error and Field Resolution plans which seeks to ensure that a failing party provides suitable action plans to address their problems. Escalation takes place when the problems are not resolved in a timely fashion. TA Checks may involve site visits undertaken by Elexon.

As far as slide 12 is concerned, DA advised that P272 (which expanded Performance Assurance Board (PAB) role from a management and reporting perspective) relates to a change of measurement class profile which is a joint initiative involving Ofgem.

So far both P272 and P300 have been formally approved by Ofgem, whilst P320 and P322 remain to be approved. Should P322 be approved, it would have some 'knock on' effects on P272 implementation timescales.

During consideration of slide 13, DA confirmed that the PAB are able to view which parties are identified in the net position report.

Moving on to slide 15, DA advised that Elexon are able to respond to both the Annual BSC Audit and the Technical Assurance Annual reports. When asked, DA confirmed that audit costs make up around 1/3 of all performance related costs. All three reports are available to view on the Elexon web site.

DA went on to explain that this was KPMG's second year (of a 5+2 contract) in the auditor role and they (KPMG) have fared well in recent customer surveys.

In considering slides 18 and 19, DA explained that the NHH is reported after the final reconciliation run and that it is rare for PAB to question any movements highlighted within the reports.

Moving on to slide 21, DA explained that suppliers are able to view their respective dashboards, which show how they have performed against the 'top risks'. The Technical Progress Report and Supplier Charges are strictly confidential and only go to the PAB. DA confirmed that parties are required to sign confidentiality agreements.

When asked, DA explained that whilst there is no direct reporting on Elexon's performance as managers of the electricity performance assurance regime, they (Elexon) are held to account by the BSC.

When asked, DA confirmed that the PAB is one of four sub groups (committees) that report directly to the BSC. The BSC Chair person also resides of the PAB alongside other PAB members such as suppliers and independents. He also pointed out that the BSC approve the PAB membership once Elexon have provided CV related information for any prospective nominees.

When asked, DA explained that Elexon is subject to independent auditors rather than KPMG.

In concluding discussions, the Workgroup thanked DA for his enlightening presentation whilst AL suggested that this could/would provide a good basis for looking at what might be required in the gas market, especially as the Engage

Report has already identified potential risks.

**4.2. 0506 0506A UNC Panel Guidance**

AM raised the question as to whether or not the Workgroup believe that there would/could be benefit in providing a guidance statement on the interaction of the various 0506 0506A related supporting documentation for UNC Panel members to consider when reading the Workgroup Report.

**New Action 0506 0601: SSE (MJ), Xoserve (AM) and ScottishPower (AL) to liaise offline and prepare a one page ‘up front’ clarification summary document (identifying the various supporting documentation interactions) for inclusion in the Workgroup Report solution section.**

**5.0 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:

Time/Date	Venue	Workgroup Programme
10:30 Tuesday 14 July 2015	<i>to be confirmed</i>	Standard Workgroup agenda plus: Consideration of amended modification Consideration of Business Rules / Documentation Consideration of Legal Text Development of Workgroup Report
10:30 Tuesday 25 August 2015	Elexon ( <i>Orange Room - Note: Maximum capacity 30 persons</i> )	<i>To be confirmed.</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, specifically resolution of outstanding item 2.10 in the 'Pre-Nexus Xoserve settlement intervention activities.	Xoserve (EL)	<b>Transferred to main PAF WG.</b>
0506 0306	24/03/15	2.2	<i>Reference draft 0506 Guidelines Document</i> – Scottish Power (AL) to consider whether an iGT UNC Modification is required to include the iGTs within the Performance Assurance Framework Regime.	ScottishPower (AL)	<b>Closed</b>
0506 0503	05/05/15	2.2	<i>Reference HLC for 0506</i> – Xoserve (AM) to look to provide a view on potential costs on a contract term based around the EU procurement threshold basis.	Xoserve (AM)	<b>Closed</b>
0506 0504	05/05/15	2.2	<i>Reference the Options paper discussion document on contracting model</i> - ScottishPower (AL) to look to canvas Shipper views on the most suitable option for the contracting model.	ScottishPower (AL)	<b>Carried Forward</b>
0506 0601	16/06/15	4.2	To liaise offline and prepare a one page 'up front' clarification summary document (identifying the various supporting documentation interactions) for inclusion in the Workgroup Report solution section.	SSE (MJ), Xoserve (AM) & ScottishPower (AL)	<b>Pending</b>