

Performance Assurance Committee Minutes
Tuesday 08 November 2016
Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Andy Clasper	(AC)	Transporter Member
Angela Love*	(AL)	Shipper Member
Fiona Cottam	(FC)	Observer, Xoserve
Gregory MacKenzie	(GM)	Shipper Member Alternate
Hilary Chapman*	(HCh)	Transporter Member Alternate
John Welch	(JW)	Shipper Member Alternate (non voting)
Jon Dixon*	(JD)	Ofgem
Lisa Saycell	(LS)	Shipper Member
Mark Jones	(MJ)	Shipper Member
Rachel Hinsley	(RH)	Observer, Xoserve
Richard Pomroy	(RP)	Transporter Member
Shanna Key	(SK)	Transporter Member
Tricia Quinn*	(TQ)	Ofgem

Apologies

Fraser Mathieson	(FM)	Transporter Member
Mitch Donnelly	(MD)	Shipper Member

*via teleconference

Copies of non-confidential papers are available at: www.gasgovernance.co.uk/PAC/081116

1. Introduction and Status Review

LJ welcomed everyone to the meeting.

1.1 Confirm Quorate Status

The meeting was declared quorate.

1.2 Apologies for absence and note of Alternates

John Welch for Edd Hunter (Shipper Member, non-voting).

Greg MacKenzie for Mitch Donnelly (Shipper Member)

Hilary Chapman for Fraser Mathieson (Transporter Member)

1.3 Review of Minutes (10 October 2016)

The minutes of the previous meeting were approved.

2. Procurement of a Performance Assurance Framework Administrator (PAFA) - Update

FC referred to the emailed Evaluation Panel Terms of Reference (ToR) and the action to establish a stakeholder panel for the procurement of a Performance Assurance Framework Administrator (PAFA).

FC explained the similarities with the AUGE process and the ToR for the evaluation and procurement panel. Xoserve were now looking for feedback on the ToR before the non-disclosure arrangements could be issued for the evaluation panel.

FC summarised what was in scope and what next steps were required. The TOR needed to be agreed, and the non-disclosure arrangements needed to be issued.

FC clarified that there would be a need to review all documents in advance of attending scoring meetings and explained how critical it would be ensure timescales are met. She explained that Xoserve will need to work to a timetable that allows them to manage the procurement process in line with their internal standards to ensure correct process has been followed, risks are managed, mitigating the leakage of confidential tender information and that Xoserve are operating in the best interest of the industry.

AL enquired if Xoserve had a view on likely dates/timescales. FC agreed to update the ToR following today's discussions and provide the proposed dates.

The PAC members unanimously approved the provided PAFA Evaluation Panel ToR (in line with the discussed changes), including the Membership. It was agreed that an updated ToR would be published on the PAC pages at: <http://www.gasgovernance.co.uk/pac>

Action PAC1101: Xoserve to provide an updated PAFA Evaluation Panel ToR to be published and proposed timetable/dates.

A further update will be provided at the December meeting.

3. **Performance Assurance Framework (PAF) Document for the (Gas) Energy Settlement Performance Assurance Regime (Framework document)**

LJ provided a draft document on screen for members to review. RP highlighted the suggested changes/considerations.

RP explained that the term 'Code Parties' is a defined UNC Term however, depending on the section of the UNC, this can mean different parties. He suggested for the avoidance of doubt that the PAF Framework Document should specify who the parties are in each case, rather than simply referring to 'Code Parties'. It was appreciated this would require a longer piece of text however it was recognised that this would be more meaningful.

RP explained that the importance of the confidentiality agreement and that any information /discussions about an individual party (ie, a Shipper or User), to be compliant, is not to be divulged when advised confidential. The committee discussed the best way forward to control confidentiality. LJ suggested avoiding the level of detail of what is confidential and what is not, it was agreed that all information is to be treated as confidential for the purposes of PAC, therefore all information will be deemed confidential unless stated/advised otherwise. JW also suggested for practicality reasons splitting meeting discussions into confidential and non-confidential sessions.

RP was of the opinion that any future incentives regime would need a UNC modification.

RP highlighted within section 6.1, referring to the appointment criteria, this had been re-arranged and re-worded (not to change the intent) and include a reference to the CDSP. It was agreed that the CDSP should be referred to throughout the document rather than the Gas Transporters, in preparation for the introduction of the CDSP.

LJ accepted a number of suggested changes on screen as discussed.

The committee considered the risk management and the range of financial values. AL confirmed she would consider the financial values. The committee discussed the option of having multiple impact criteria for example: financial; community; or throughput and rating each scale. This could then be used to ascertain which scale was relevant and assess the risk impact based on the worse case scenario. JW enquired about throughput and system market price and the impact of prices on the financial impacts. He suggested throughput might be a better measure than a financial measure as this would remove any cost variability. AL questioned if the historical values that were assessed in the Engage report would need to be reconsidered (if moved from financial to through-put). MJ explained there must be an assumed price of gas to reach a financial value and this would be based on throughput.

It was agreed to consider a financial and through-put risk rating scale.

Action PAC1102: PAF Framework Document - AL to consider the risk rating scale based on financial values and provide a suggested amendment to the current section wording.

Action PAC1103: PAF Framework Document – AW/MJ to consider the risk rating scale based on throughput and provide a suggested amendment to the current section wording.

The committee considered the scope of services and the period required for the notice of services and costs. It was agreed a 10% overspend would trigger the need to provide an explanation.

The committee also considered the EQR template and whether it should be included, if this was already part of the CDSP.

Action PAC1104: PAF Framework Document - Xoserve (RH) to establish if the EQR Templates are already part of the CDSP process and if the framework can simply refer to the relevant documents rather than replicating and maintaining parallel changes.

It was agreed that the revised Framework Document, Version 1.5, including the changes agreed to date would be published as a meeting paper ready for further review at the next meeting and in readiness for UNCC's approval.

4. Overall Implementation Approach/Plan

AL confirmed that the 'straw man' would be provided for consideration at the December meeting.

5. PARR Schedule 4² Reports - Development questions and recommendations (Action PAC1004)

A clarification to this action was confirmed; that it related to Schedule 2 reports. RH advised that the relevant Xoserve experts were engaged on Nexus delivery priority work and confirmed that the recommendations would be provided in due course (as soon as they are available).

6. Potential UNC modification - Removal of liabilities for members of Performance Assurance Committee

RP provided a draft modification for the committee to review.

The committee considered the solution and the legal text provided within the modification. RP explained that the legal text used is a direct lift from the Energy Balancing Credit Committee (EBCC) and amended to refer to PAC.

AL enquired if the CDSP should be referred to with a link to the DSC. RP confirmed as the CDSP will not be a signatory to the UNC, obligations cannot sit within the UNC. He clarified that the CDSP cannot be bound under a contract they are not signed up to.

AL confirmed, in the future, ScottishPower's intent would be for Xoserve to be subject to the Performance Assurance arrangements and a UNC modification would be raised in due course. It was clarified that obligations on the CDSP will need to be incorporated under the appropriate contract.

The Schedule 1 and Schedule 2 reports and their availability were considered in relation to the modifications' implementation date. The committee considered the need to have confidentiality agreements in place before the reports are made available. RP agreed to re-consider the timing of the modification and implementation date before formal submission.

It was originally intended to submit the self-governance modification to the December UNC Panel meeting with a request for immediate consultation. However upon considering the timescales, Christmas Holidays and the current business expected at the November Panel meeting, it was agreed that the modification should be submitted to the November Panel with a request for short notice consideration.

7. UNC Standard of Service (SoS) Report

LJ highlighted that members for the Standards of Service (SoS) Sub-committee had not been elected this year, as the expectation was that the SoS Sub-committee business would now be referred to PAC. This had been confirmed at the October 2016 UNCC meeting. A copy of the UNC SoS Report was provided for consideration.

The committee reviewed the report and discussed the varying statistics being provided. It was noted there was some under performance and discrepancies that needed further consideration. This included the under performance for Nominations Referred (ie. capacity increase requests and the length of time Transporters take to respond), and percentages greater than 100%.

Before any formal actions could be agreed, it was suggested that a Transporter Representative (from Xoserve) provides an overview of the report at the December meeting to aid a better understanding of the content and materiality.

8. Issues List

Current

LJ summarised the current issues and noted actions:

PAC001 - DNOs were requested to develop a Confidentiality Agreement for incorporation into Document 5 and review the existing content of Document 5 and the definition (page 5, Section 1). In particular to consider whether an indemnity of some form is required for PAC Members and/or PAFA. RP explained he was looking at the Energy Balancing Credit Committee (EBCC) example (UNC TPD X). RP will continue his research into potential requirements. **Carried Forward.**

PAC002 - Update due May 2017.

PAC003 - Closed October 2016.

PAC004 - Similar arrangements exist in the equivalent electricity industry. To be included in the next iteration of the Framework Document – See action PAC1003. **Carried Forward.**

PAC005 - LJ briefed Members on the UNCC's views and the outcome of the agreement regarding membership. To be included in the next iteration of the Framework Document – See action PAC0804d. **Carried Forward.**

PAC006 - JD confirmed that this had been discussed at previous meetings and he believed there was a conclusion that Ofgem should be entitled to attend meetings but wouldn't be considered a member with voting rights. Confirming that Ofgem would not be a voting party the PAC agreed to close this issue and further clarification would be provided by AL in the next iteration of the Framework Document – See action PAC0804d. **Closed.**

Any new issues

None raised.

9. Review of Actions Outstanding

PAC 0601: *PAC Terms of Reference* - DNOs to decide how their representation (5 DNO Members) would be fulfilled from 01 October 2016, when the Performance Assurance Committee is formally instated.

Update: HCh confirmed the view from the Association of independent Gas Transporters (AiGT) is that they would like involvement and will look to provide a representative in the future. However, until a representative can be appointed, they wish to defer their vote to one of the GTs (who have already signed the confidentiality agreement). It was suggested that this ought to be provided in writing for an audit trail of the agreement; as only the vote holder can delegate a vote, it needs to be clear who is the Member. It was recognised that the delegation was an interim arrangement until a representative is appointed. HCh confirmed that she would keep the AiGT briefed on proceedings in line with the confidentiality agreements. **Closed**

PAC 0602: *PAC Terms of Reference* - All Members to consider who their standing Alternate should be and procure and provide to the Designated Person (the Joint Office) the relevant documentation to support appointment(s) as an Alternate.

Update: 4 Members to provide details of their standing Alternates. **Carried forward**

PAC 0604: *'Performance Assurance Framework Document': Document 5* - DNOs to develop a Confidentiality Agreement for incorporation into Document 5 and review the existing content of Document 5 and the definition (page 5, Section 1).

Update: RP to circulate the Confidentiality Agreement for incorporation. **Carried forward.**

PAC 0804a: *Framework document* - CB to produce a draft section on the Budgeting process, and provide to the Joint Office by ~~30 September~~ 02 December 2016.

Update: Deferred to the next meeting. **Carried forward.**

PAC 0804d: *Framework document* - AL to produce a draft section on the Membership ([including voting rights for Shippers and Ofgem](#)) and adaptations to statements in the associated documentation (e.g. endorsements) and provide to the Joint Office by ~~30 September~~ 02 December 2016.

Update: LJ referred to the August minutes and some of the clarifications identified omissions / inconsistencies. AL believed discussions on Ofgem's membership had superseded this action (see issue PAC006). JD confirmed this had been discussed at previous meetings and he believed there was a conclusion that Ofgem should be entitled to attend meetings but wouldn't be considered a member with voting rights. SK suggested that this action related to qualification for membership, and LJ reminded members that they had previously agreed that it was important to have a broad spectrum of knowledge and experience. The document needed to be clear about the expected attributes of a PAC member. AL agreed to provide clarity with regards to Ofgem's attendance rights and on membership qualification. **Carried forward.**

PAC 0806: *Pre Nexus* - RH to produce a schedule of reports against the PARR (from Modification 0520A) setting out availability and delivery.

Update: See item 5. **Carried forward.**

PAC 0807: *Issue PAC004 Annual Industry Workplan and Budget Statement* - PAC Members to consider what is required and return with a view to the next meeting.

Update: The committee agreed they needed to consider the Workplan, Budget Statement, and forward looking focus items and reports. It was agreed it would be prudent to produce a view/strawman of what this could look like, with hard facts and tasks. **Closed. Referred to Action 1003.**

PAC 0808: *Issue PAC005 User Representative Appointment Rules* - Shipper PAC Members to review the framework documentation and reach a view on an appropriate approach to assuring an acceptable level of competency.

Update: See action 0804d above, which subsumes this action. **Closed.**

PAC 0809: *Issue PAC006 PAC Membership - to consider whether Ofgem should be included explicitly (non-voting)* - JD to consider Shippers' concerns in respect of unintended consequences of Ofgem's membership/access to information, i.e. the potential release of sensitive information should Ofgem need to respond to a Freedom of Information (FOI) enquiry and advise of Ofgem's preferred status.

Update: TQ confirmed Ofgem have looked into Ofgem's membership and FOI and the use of qualifications that can be utilised for protection and expectations under the Utility Act. If PAFA / Xoserve use a secure information-sharing product then, as long as the information sits on a providers website, parties can read but would not own the information. Responding to a question, JD indicated that it would not be possible to get a hard and fast legal ruling on this because it was an 'in principle' situation and legal advice was only made on specifics. **Closed.**

PAC 1001: *PAC Stakeholder Sub-group* - FC to set up arrangements as quickly as possible, and include on and republish the Indicative Timeline.

Update: See item 2 and new action PAC1101. **Closed.**

PAC 1002: *Framework Document - Risk Ratings Matrix* - Members to consider and provide views on whether financial impact or throughput is an appropriate measurement criterion.

Update: See item 3 and new actions PAC1102 and PAC1103. **Closed**

PAC 1003: *Issue PAC004 Annual Industry Workplan and Budget Statement* - MD to prepare and submit a draft insertion for inclusion in the Framework Document.

Update: See Action update PAC0807. JD volunteered to outline what Ofgem expectations would be to assist the committee (TQ/JD). A draft of what the first year deliverables should be for PAC will be provided for consideration at the next meeting. Action PAC1003 re-assigned to Ofgem (JD/TQ). **Carried forward**

PAC 1004: *PARR Schedule 42 Reports* - Xoserve to collate report development questions/recommendations for review by PAC at ~~the November~~ a future meeting.

Update: Deferred. **Carried forward**

10. Agree Key Messages and Next Steps

Key Messages:

PAFA Procurement - Stakeholder Panel:

- Terms of Reference and membership approved.

Standards of Service (SoS):

- Reporting now directed to PAC (SoS subcommittee not elected from this year);
- Future piece of work to understand the content and consider next steps.

Implementation Plan:

- Updated version to follow.

Transporter Representation:

- Interim arrangements agreed until AiGT takes up a transporter voting role;
- Hilary Chapman appointed to the vacant seat.

Items scheduled for the next meeting:

- Procurement of a Performance Assurance Framework Administrator (PAFA)
- Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Regime” (Framework Document)
- Review Implementation Approach/Plan
- PARR Schedule Reports
- UNC Standards of Service Report
- Issues List
- Review of Actions Outstanding
- Agree Key Messages and Next Steps

11. Any Other Business

11.1 0575R Meter Error Reporting Proposal

RP confirmed that WWU had presented a Meter Error Reporting Proposal at the October 2016 Offtake Workgroup (<http://www.gasgovernance.co.uk/oa/251016>) regarding daily-metered sites with large flow rates.

The presentation was provided by Bethan Winter and it was agreed that the reports (maintenance, significant measurement errors and an annual reports) should all be provided to PAC.

RP confirmed that Bethan Winter would provide a schedule (what/when) of the reports that will be provided.

Action 1105: WWU (RP) to provide a proposed timetable for the Meter Error Reporting.

12. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Please note that the programme of future meetings (2016/17) has been arranged as follows:

Time/Date	Venue	Programme
10:30, Tuesday 13 December 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	See item 10 above.
10:30, Tuesday 10 January 2017	Room LG8, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>To be confirmed</i>
10:30, Tuesday 14 February 2017	Consort House, 6 Homer Road, Solihull B91 3QQ	<i>To be confirmed</i>
10:30, Tuesday 14 March 2017	Room LG8, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>To be confirmed</i>
10:30, Tuesday 11 April 2017	Consort House, 6 Homer Road, Solihull B91 3QQ	<i>To be confirmed</i>
10:30, Tuesday 09 May 2017	Room LG8, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>To be confirmed</i>
10:30, Tuesday 13 June 2017	Solihull	<i>To be confirmed</i>
10:30, Tuesday 11 July 2017	Rooms LG5/6 combined, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>To be confirmed</i>
10:30, Tuesday 08 August 2017	Solihull	<i>To be confirmed</i>
10:30, Tuesday 12 September 2017	Room LG8, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>To be confirmed</i>

10:30, Tuesday 10 October 2017	Solihull	<i>To be confirmed</i>
10:30, Tuesday 14 November 2017	Room LG8, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>To be confirmed</i>
10:30, Tuesday 12 December 2017	Solihull	<i>To be confirmed</i>

Action Table (08 November 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAC 0601	29/06/16	2.	<i>PAC Terms of Reference</i> - DNOs to decide how their representation (5 DNOs) would be fulfilled from 01 October 2016, when the Performance Assurance Committee is formally instated.	DNOs	Closed
PAC 0602	29/06/16	2.	<i>PAC Terms of Reference</i> - Members to consider who their standing Alternate should be and procure and provide to the Designated Person (the Joint Office) the relevant documentation to support appointment(s) as an Alternate.	AL, CB, LS and RP	Prior to 13 December 2016 Carried forward
PAC 0604	29/06/16	3.	' <i>Performance Assurance Framework Document</i> ': Document 5 - DNOs to develop a Confidentiality Agreement for incorporation into Document 5 and review the existing content of Document 5 and the definition (page 5, Section 1).	DNOs	Prior to 13 December 2016 Carried forward
PAC 0804a	31/08/16	4.	<i>Framework Document</i> - CB to produce a draft section on the Budgeting process, and provide to the Joint Office by 30-September 02 December 2016.	CB	Prior to 13 December 2016 Carried forward
PAC 0804d	31/08/16 <i>(reworded 08/11/16)</i>	4.	<i>Framework Document</i> - AL to produce a draft section on the Membership (including voting rights for Shippers and Ofgem) and adaptations to statements in the associated documentation (e.g. endorsements) and provide to the Joint Office by 30-September 02 December 2016.	AL	Prior to 13 December 2016 Carried forward

Action Table (08 November 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAC 0806	31/08/16	5.	<i>Pre Nexus</i> - RH to produce a schedule of reports against the PAR (from Modification 0520A) setting out availability and delivery.	RH	Prior to 13 December 2016 Carried forward
PAC 0807	31/08/16	6.	<i>Issue PAC004 Annual Industry Workplan and Budget Statement</i> - PAC Members to consider what is required and return with a view to the next meeting (10 October 2016).	All PAC Members	Closed Referred to Action 1003
PAC 0808	31/08/16	6.	<i>Issue PAC005 User Representative Appointment Rules</i> - Shipper PAC Members to review the framework documentation and reach a view on an appropriate approach to assuring an acceptable level of competency.	Shipper PAC Members	Closed
PAC 0809	31/08/16 (reworded 10/10/16)	6.	<i>Issue PAC006 PAC Membership</i> - to consider whether Ofgem should be included explicitly (non-voting) - JD to consider Shippers' concerns in respect of unintended consequences of Ofgem's membership/access to information, i.e. the potential release of sensitive information should Ofgem need to respond to a Freedom of Information (FOI) enquiry and advise of Ofgem's preferred status.	Ofgem (JD)	Closed
PAC 1001	10/10/16	3.1	<i>PAC Stakeholder Sub-group</i> - FC to set up arrangements as quickly as possible, and include on and republish the Indicative Timeline.	Xoserve (FC)	Closed
PAC 1002	10/10/16	4.	<i>Framework Document - Risk Ratings Matrix</i> - Members to consider and provide views on whether financial impact or throughput is an appropriate measurement criterion.	All Members	Closed
PAC 1003	10/10/16	6.	<i>Issue PAC004 Annual Industry Workplan and Budget Statement</i> - MD to prepare and submit a draft insertion for inclusion in the Framework Document.	Ofgem (JD/TQ)	Prior to 13 December 2016 Carried forward

Action Table (08 November 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAC 1004	10/10/16 <i>(reworded 08/11/16)</i>	7.	<i>PARR Schedule 42</i> Reports - Xoserve to collate report development questions/recommendations for review by PAC at the November a future meeting.	Xoserve (RH)	Carried forward
PAC 1101	08/11/16	2.	Xoserve to provide an updated PAFA Evaluation Panel ToR to be published and proposed timetable/dates.		Prior to 13 December 2016 Pending
PAC 1102	08/11/16	3.	PAF Framework Document - AL to consider the risk rating scale based on financial values and provide a suggested amendment to the current section wording.	PAC Member (AL)	Prior to 13 December 2016 Pending
PAC 1103	08/11/16	3.	PAF Framework Document – AW/MJ to consider the risk rating scale based on throughput and provide a suggested amendment to the current section wording.	PAC Members (AW/MJ)	Prior to 13 December 2016 Pending
PAC 1104	08/11/16	3.	PAF Framework Document - Xoserve (RH) to establish if the EQR Templates are already part of the CDSP process and if the framework can simply refer to the relevant documents rather than replicating and maintaining parallel changes.	Xoserve (RH)	Prior to 13 December 2016 Pending
PAC 1105	08/11/16	11.1	WWU (RP) to provide a proposed timetable for the Meter Error Reporting.	PAC Member (RP)	Prior to 13 December 2016 Pending