

Performance Assurance Committee Minutes

Monday 10 October 2016

Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andy Clasper	(AC)	Transporter Member
Angela Love	(AL)	Shipper Member
Colette Baldwin	(CB)	Shipper Member
Fiona Cottam	(FC)	Observer, Xoserve
Fraser Mathieson	(FM)	Transporter Member
John Welch	(JW)	Shipper Member Alternate (non voting)
Jon Dixon	(JD)	Ofgem
Lisa Saycell	(LS)	Shipper Member
Mark Jones	(MJ)	Shipper Member
Mitch Donnelly	(MD)	Shipper Member
Nicola Garland	(NG)	Ofgem
Rachel Hinsley	(RH)	Observer, Xoserve
Richard Pomroy	(RP)	Transporter Member
Shanna Key	(SK)	Transporter Member
Tricia Quinn	(TQ)	Ofgem

Copies of non-confidential papers are available at: www.gasgovernance.co.uk/PAC/101016

1. Introduction and Status Review

LJ welcomed everyone to the meeting. The meeting was declared quorate. Requirements for quoracy were confirmed, as 6 Members at least 2 of who must be Shipper Members and 2 must be Transporter Members. It was recommended that Members make themselves familiar with the Terms of Reference and the Framework Document. LJ also confirmed that as some documentation may be commercially sensitive and confidential it would be circulated by email rather than published on the website.

1.1 Confirm PAC Members 2016/17 and formal Alternates

LJ confirmed the appointments of Members and Alternates (voting and non voting).

Voting Members (Shippers)

Angela Love
Colette Baldwin
Lisa Saycell
Mark Jones (Alternate - Clare Cattle-Jones)
Mitch Donnelly (Alternate - Greg Mackenzie)

Non-voting Members (Shippers)

Edd Hunter (Alternate - John Welch)

LJ reported that Jonathan Kiddle, elected as a Shipper Member (non-voting), had advised that due to a change in role he was no longer able to take up his appointment. Members

agreed that a replacement would not be sought since the voting membership was complete.

Voting Members (Transporters)

Andy Clasper (Alternate - Shiv Singh)
Fraser Mathieson (Alternate - Hilary Chapman)
Richard Pomroy
Shanna Key (Alternate - Joanna Ferguson)

1.2 Apologies for absence and note of Alternates

J Welch for E Hunter (Shipper Member, non-voting).

1.3 Review progress to date (for new Members)

LJ gave a brief overview of progress made to date. Procurement for the PAFA has been commenced; the DNOs had chosen to do this via Xoserve.

The Framework Document is currently under review and is anticipated to be sent to UNCC for its approval. The Joint Office will facilitate the review and any changes required but will not input into the content - the PAC is responsible for this.

2. Review of Minutes (31 August 2016)

The minutes of the previous meeting were approved.

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

LJ reminded the meeting that certain documents relating to the procurement were commercially confidential and would not be published on the Joint Office website.

3.1 PAFA Procurement and Appointment - Indicative Timeline

Responding to Action 0803, FC had provided a revised timeline/process flow diagram (version 0.2) and drew attention to the key milestones. A common sense approach was being taken to ensure access to the widest possible pool of candidates. There will be a period of two weeks at the end of the process when successful/unsuccessful candidates are notified of the outcome, following which PAC will be apprised of the party appointed (June 2017).

AL evinced concern regarding the apparent lack of opportunity for stakeholders to contribute to the process. FC noted that it had not been a requirement to set up an additional input group; to do this now might add to the timeline and slow the process. A discussion ensued; the best opportunities for additional external input might be at the Pre Qualification (December) and Shortlisting (February/March) stages. FC observed that it was not yet known how many candidates would need to be assessed - there would be 'auto qualification'.

FC agreed to set up a Stakeholder Panel, with the committee nominating AL, CB, MD and a transporter representative (to be agreed outside of this meeting). FC noted that there would be a great deal of documentation to read, commitment to attend and confidentiality arrangements would be required, and caveated that Xoserve will need to manage commercial sensitivities appropriately. Members stressed that, as far as is possible, the current timeline should be adhered to.

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

Progress updates (whether on track, or if not, how it can be recovered) will be provided to the PAC as and when appropriate.

LJ pointed out that the PAC needed to consider how progress/information should be communicated to the wider audience. It was suggested that PAC might adopt a 'Key Messages' approach, i.e. at the end of a meeting agree topics for wider dissemination via an email sent out by the Joint Office. LJ agreed to this.

3.2 PAFA Interactions Diagram (draft)

Responding to Action 0802, FC had provided a revised process flow diagram (version 0.3) illustrating the PAFA information/service interactions, monetary/financial interactions, and change control process. This was reviewed and discussed and suggested additions and changes were noted by FC.

Information/Services Interactions (slide 1)

It was suggested that an additional line (potential risks identified/validated) between PAFA and UNC Parties be included. FC will adjust the diagram appropriately.

Monetary/Financial Interactions (slide 2)

This was discussed and questions were raised in respect of budget; the model might be similar to that for the AUGE. It was really a topic for the FGO Workgroup. The key principle was that a party would receive an invoice from Xoserve (CDSP) at the appropriate time; it was no different to any other User Pays service.

Change Control Process (slide 3)

FC outlined the changes made. The primary change route is for the PAFA to initially investigate any proposed change and bring back to the PAC for its views.

Summary

It was agreed the approach/mechanism looked to be sound and provided a good starting point. It will be expected to evolve over time as new scenarios and questions are encountered.

It was agreed that the document should not be published yet. It was suggested that it might be included in a 'launch pack' in the future. FC will revise the document and provide to the Joint Office for retention until further notice.

4. "Performance Assurance Framework (PAF) Document for the (Gas) Energy Settlement Performance Assurance Regime" (Framework document)

The draft document was reviewed, and LJ made onscreen changes as discussion progressed.

Page 6 - The procurement/availability of specialist expertise was considered, and a new Section 5 (page 6) was inserted to provide PAC with three options:

- a) PAFA to directly supply the requested expertise;
- b) PAFA to procure an independent expert (subject to PAC approval); or
- c) CDSP to procure an independent expert (subject to PAC approval).

Page 16 - The Risk Ratings Matrix was reviewed and discussed in some detail. It was agreed to remove the third column, and that Members should give serious thought to

whether financial impact or throughput is an appropriate measurement criterion.

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

Page 26, Document 4 - Removal or retention was discussed. It was noted that FC had drawn upon this information when developing the scope for the PAFA, and any subsequent changes may adversely affect the procurement timeline. It was agreed to be retained for the present.

A revised Framework Document including the changes agreed to date will be published ready for a further review at the next meeting.

5. Overall Implementation Approach/Plan

The 'straw man' provided was reviewed and discussed. A number of suggestions were made for additional inclusions. AL noted these (e.g. restructure for interim and enduring periods; Sub-group dates; evaluation of PAFA, etc) and will revise and provide a further draft, including dates as appropriate for scheduling activities.

It was observed the PAC should have and publish an 'annual operating plan' which should show to the industry what it is going to do, how and when, and what it thinks it might cost. It could be similar to the electricity model.

JD welcomed this emerging industry plan, which Ofgem could contribute to and could be used as a deliverable. Everything needs to be in place by the end of June 2017 (or preferably by Nexus go-live for 'neatness'). From 01 October 2017 the industry needs to be in a free functioning performance regime. JD pointed out that performance assurance should ultimately be seen as being wider than gas settlements; going forward there was no reason why this regime could not accommodate other areas, e.g. switching. With this in mind it needs to retain flexibility and be capable of evolution over time to adapt to new requirements as the landscape changes. It might be that UNC modifications will be required to eventually expand and extend the governance to encompass new aspects.

6. Issues Register

Current

LJ explained the focus of each Issue and updated onscreen as reviews progressed.

PAC001 - RP explained he was looking at the Energy Balancing Credit Committee (EBCC) example (UNC TPD X), and considering its application to the PAC. LJ believed that the UNC indemnified all committee members, as far as he was aware. MD explained the arrangements made on the electricity side (specific indemnity deed) and this was discussed. RP will continue his research into potential requirements.

PAC003 - This was agreed closed.

PAC004 - It was discussed whether this should be added to the Plan or included in the Framework Document. MD explained the arrangements made on the electricity side.

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

PAC005 - LJ briefed Members on the UNCC's views and the outcome of agreement regarding membership.

PAC006 - Confirming that Ofgem would not be a voting party, pointing out that if it was also to be used as an escalation route then its position would require more thought. JD would consider what contributory role Ofgem might take and clarify its position in relation to the PAC (see Action PAC0809, at 7, below).

Any new issues

None raised.

7. 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: FM had made further attempts to engage with and secure iGT representation, but had yet to meet with success. In order to maintain balance, (drawing on CB's suggestion made in a different arena) LJ suggested that, as an interim measure only to ensure equality of voting, the DNOs consider investing one of their existing Members with an additional vote, and then advise the Joint Office of the details of the second vote holder prior to the next meeting. RP suggested that this could be achieved by appointing a further (major) transporter member and then delegating this vote to an existing member. **Carried forward**

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: Four Members had yet to provided 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: Deferred to the next meeting. **Carried forward**

PAC 0801: *PAFA funding model/charging arrangements gap* - LJ to raise with the FGO Workgroup (Charging/Cost Allocation) and ask them to consider the perceived PAFA funding model/charging arrangements gap and how it should work post FGO.

Update: Being cognisant of the workload of the FGO Workgroup it had been decided not to pursue this. It was anticipated that, since PAFA was defined as a User Pays (UP) service, its provision would flow through into the CDSP arrangements as would any other UP matter. **Closed**

PAC 0802: *PAFA Interactions Diagram* - FC to provide a revised draft for review at the next meeting (10 October 2016).

Update: See 3.2, above. **Closed**

PAC 0803: *PAFA Tender and Procurement Timeline* - FC to provide for review at the next meeting (10 October 2016).

Update: See 3.1, above. **Closed**

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

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

PAC 0804b: *Framework document* - FM to produce a draft section on the Requirements for Changes to Services, and provide to the Joint Office by 30 September 2016.

Update: See 4, above. **Closed**

PAC 0804c: *Framework document* - AC and SK to produce a draft section on Independent Expertise (position of and procurement of) and provide to the Joint Office by 30 September 2016.

Update: See 4, above. **Closed**

PAC 0804d: *Framework document* - AL to produce a draft section on the Membership (Shippers and Ofgem) and adaptations to statements in the associated documentation (e.g. endorsements) and provide to the Joint Office by 30 September 2016.

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

PAC 0805: *Overall Implementation Approach/Plan* - AL to produce a draft for review.

Update: See 5, above. **Closed**

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

Update: RH gave a short presentation, noting that the 4 Schedule 1 reports were offered (on a best endeavours basis) as the data requested aligns to that already provided within the monthly Shipper Performance Packs. RH explained how the reports would be produced and what they contained (as in the existing Shipper Report pack). The data would be made into one report but on AQ and not EUC Bands. She reiterated that the modification implementation date was Project Nexus Implementation Date, and these reports were offered on 'best endeavours' basis in the interim. Re-coded reports will be produced in December.

Storage of the information for PAC was discussed. Xoserve had a 'secure area' on its website and it was believed this would be the most appropriate location going forward, if this could be set up. In the meantime it would be possible to share information via password-protected documentation.

When looking at the report requirements the developers had posed many questions to RH and there appeared to be a number of areas/points that required further clarification. The best approach to address this was discussed. It was agreed that Xoserve should collate the questions and bring to PAC with its recommendations for resolution. PAC would address these by exception, and anything deemed incapable of resolution by PAC would be passed to UNCC. It was agreed to add this to the next agenda. **Carried forward**

NEW Action PAC 1004: PARR Schedule 1 Reports - Xoserve to collate report development questions/recommendations for review by PAC at the November meeting.

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

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: After discussion, where it was recognised that a broad range of skills and experience would be advantageous to the effective operation of the committee, it was confirmed by Members that, providing a valid nomination was made by a Shipper User, no further competency ‘test’ was necessary for PAC membership. The remaining matter, of whether an ‘Employer’s statement’ or simply a ‘Nominating Party statement’ was required to ensure there would be no organisational pressure placed on Members (to act in a certain manner), was outstanding and AL agreed to propose suitable wording. **Carried forward**

PAC 0809: *Issue PAC006 PAC Membership - to consider whether Ofgem should be included explicitly (non-voting) - ~~AL to discuss~~ 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: See 6 (Issue PAC006) above. Responsibility for this action was passed to JD. Deferred to the next meeting. **Carried forward**

8. Next Steps

The following items will be scheduled for the next meeting:

- Review any draft documentation circulated/comments received
- Review the next iteration of “Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme” (Framework Document)
- Review the draft Implementation Approach/Plan
- PARR Schedule 1 Reports - Development questions and recommendations (Action PAC1004)
- Potential UNC modification relating to PAC Members’ indemnity
- Review the output from any actions outstanding.
- Agree Key Messages and next steps.

9. Any Other Business

None raised.

10. Diary Planning

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

It was agreed to change the start time of the PAC meetings to 10:30.

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

2016

Time/Date	Venue	Programme
10:30, Tuesday 08 November 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	See items agreed at 8, above.

10:30, Tuesday 13 December 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	<i>To be confirmed</i>
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Meetings 2017

Time/Date	Venue	Programme
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 and 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 (10 October 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	<i>Prior to 08 November 2016</i> Carried forward
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	<i>Prior to 08 November 2016</i> 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	<i>By 31 October 2016</i> Carried forward
PAC 0801	31/08/16	3.1	<i>PAFA funding model/charging arrangements gap</i> - LJ to raise with the FGO Workgroup (Charging/Cost Allocation) and ask them to consider the perceived PAFA funding model/charging arrangements gap and how it should work post FGO.	Chair (LJ)	Closed
PAC 0802	31/08/16	3.2	<i>PAFA Interactions Diagram</i> - FC to provide a revised draft for review at the next meeting (10 October 2016).	Xoserve (FC)	Closed
PAC 0803	31/08/16	3.3	<i>PAFA Tender and Procurement Timeline</i> - FC to provide for review at the next meeting (10 October 2016).	Xoserve (FC)	Closed
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 2016.	CB	<i>By 31 October 2016</i> Carried forward
PAC 0804b	31/08/16	4.	<i>Framework Document</i> - FM to produce a draft section on the Requirements for Changes to Services, and provide to the Joint Office by 30 September 2016.	FM	Closed

Action Table (10 October 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAC 0804c	31/08/16	4.	<i>Framework Document</i> - AC and SK to produce a draft section on Independent Expertise (position of and procurement of) and provide to the Joint Office by 30 September 2016.	AC and SK	Closed
PAC 0804d	31/08/16	4.	<i>Framework Document</i> - AL to produce a draft section on the Membership (Shippers and Ofgem) and adaptations to statements in the associated documentation (e.g. endorsements) and provide to the Joint Office by 30 September 2016.	AL	By 31 October 2016 Carried forward
PAC 0805	31/08/16	5.	<i>Overall Implementation Approach/Plan</i> - AL to produce a draft for review.	AL	Closed
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	Closed
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	By 08 November 2016 Carried forward
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 <i>(reworded 10/10/16)</i>	6.	<i>Issue PAC006 PAC Membership - to consider whether Ofgem should be included explicitly (non-voting) - AL to discuss 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.</i>	Ofgem (JD)	By 08 November 2016 Carried forward

Action Table (10 October 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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)	<i>As soon as possible</i> Pending
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	<i>By 08 November 2016</i> Pending
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.	MD	<i>By 31 October 2016</i> Pending
PAC 1004	10/10/16	7.	<i>PARR Schedule 1 Reports</i> - Xoserve to collate report development questions/recommendations for review by PAC at the November meeting.	Xoserve (RH)	<i>By 08 November 2016</i> Pending