

Uniform Network Code Committee Performance Assurance Committee Terms of Reference

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1. Introduction

The Uniform Network Code Committee (UNCC) agreed these terms of reference for the Performance Assurance Committee (PAC) on [date] and amendments shall only be made with the consent of the UNCC.

The PAC has been formed to support the expected implementation of a number of modifications and /or processes that between them create a performance assurance framework for the gas industry. The PAC has been formed in advance of the modifications to enable members of the PAC to be appointed, and any PAC processes to be developed, prior to the implementation of any relevant modifications. In the event that no modifications are forthcoming the UNCC may decide that the PAC shall cease to be established.

Note: as any modifications are implemented these Terms of Reference are expected to be updated with any relevant Defined Terms.

2. Scope of the PAC

2.1 General

The PAC is defined as a Uniform Network Code Committee, with certain rights and responsibilities relating to the management of the community's Performance Assurance Framework.

The PAC is chaired by the Joint Office and is attended by PAC Members. From time to time, the PAC may invite other individuals to attend, in a non-voting capacity. In respect of any such individual, the PAC may, from time to time, determine that such individual be excluded for all or part of the meeting of the PAC.

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Comment [1]: MOD506 still has NTS included.

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Comment [2]: Do we need to add "under the Gas Forum's election rules"?

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2.2 Performance Assurance Committee structure

The PAC comprises 5 Shipper User representatives and 5 Gas Transporter representatives. Each representative is a PAC Member. Each PAC Member is a voting member.

Gas Transporter representatives PAC Members are from any of the Distribution Networks and independent Gas Transporters.

Shipper User representatives PAC Members are elected annually for appointment on the 1st October and at other times when vacancies occur. These elections will be conducted by the Designated Person.

PAC Members are representatives in their own right and do not represent the company by which they are employed. The Designated Person election rules permit no more than one Shipper User PAC Member per company, and it is recommended that all PAC Members should have at least 3 years relevant gas industry knowledge and experience.

All PAC Members and their alternates will be required to sign a Confidentiality Agreement and their employer shall also be required to sign an Employer Assurance Document to assure that the Member will be attending and voting at the PAC in the interests of the GB gas industry and not representing any commercial interest or commercial body.

A list of all PAC Members and standing alternates is published on the Joint Office website.

A PAC Member may appoint an alternate either on a standing basis or on a meeting by meeting basis. Such appointments shall be made in writing or by email to enquiries@gasgovernance.co.uk. Alternates need not necessary come from the same company as the PAC member, but it is recommended that any alternate will have at least 3 years relevant gas industry knowledge and experience. A single alternate may represent more than one (1) PAC Member.

2.3 Meetings

The PAC endeavours to meet on a monthly basis. The meeting will be quorate where there are at least two Shipper User PAC Members and two Gas Transporters PAC Members with a minimum of six PAC Members in attendance.

An agenda for each meeting is published on the Joint Office website at least five Business Days prior to the meeting and minutes published no more than five days after the meeting.

The PAC may decide to meet more or less frequently as required.

2.4 Decision making

Option One

Where the meeting is quorate, all decisions shall be made by simple majority of PAC Members or their nominated alternate. Where such agreement is not obtained, the Chairman shall submit the matter to the Uniform Network Code Committee for consideration.

Option Two

Where the meeting is quorate, all decisions shall be made by simple majority of PAC Members or their nominated alternate. PAC members may vote

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Comment [3]: Do we need to note in here about the warrant by the company?

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Comment [4]: This is usually by company, as on the Shipper side there can be more than one Licence under the same company. This may be the same for some iGTs.

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Comment [5]: Why do we need 6 attendees?

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Comment [6]: Would this not just be under an appeal? Otherwise the decision was not to go ahead with the proposal

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for or against a proposal, any abstention shall not count towards the simple majority count. Where such agreement is not obtained, the Chairman shall submit the matter to the Uniform Network Code Committee for consideration.

2.5 Roles and responsibilities of Performance Assurance Committee

The roles and responsibilities of the PAC include:

- The development of the PAC roles and governance rules
- The determination of the Performance Assurance Scheme Parties
- Overseeing the PAFA and the services provided, which is expected to include:
 - o Maintenance, and publication, of the Performance Report Register
 - o Delivery of Performance Reports in accordance with the Performance Report Register
 - o Review of Performance Reports and consideration of effectiveness, providing recommendations to the PAC as required
 - o Creation, management, maintenance and reporting (including publication) on the PAF Risk Register
 - o Submission of Framework Risk Register reports to the PAC
 - o Support to the PAC in the PAC's review of proposed risks
 - o Annually, conduct a consultation on the effectiveness of the Framework and the submission of a report of findings to the PAC
 - o The maintenance of Report Specifications as required
 - o The documentation and maintenance of the processes undertaken by the PAFA to deliver services to and on behalf of the PAC, to a recognised quality standard
 - o Calculation of any incentive payments and provision to the Transporter' Agent for billing purposes [following a relevant grace period from scheme commencement and any relevant grace period for new entrants]
- Set, and agree with the PAFA, the Performance Assurance Administrator Scope for the forthcoming PAF Year and provide this to the PAFA 4 months before the start of the PAF Year.
- Review the PAFA PAF Year cost estimate range within 1 month of receipt and revise, and agree with the PAFA, any change in scope to the performance assurance framework administrator role, in line with the PAFA contract provisions.
- Work with the Transporters to agree the appointment of the PAFA and advise any decision to terminate the PAFA contract
- Receipt of Performance Reports from the PAFA
- Interpretation and review of Performance Report results
- To enlist external expertise to aid in their consideration of issues which are deemed material under the risk register
- Receipt of issues from any Party recognised as having a role under the UNC and consider, with the help of the PAFA, whether they are material enough for inclusion in the Risk Register and determine whether further information needs to be obtained to be able to determine materiality. And where

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determined as not material provide a response to the proposer setting out the reasons for the PAC's determination

- Review and determine, within the first year whether there is a need for improvement plans and preventative measures and set out a proposed approach and justification for such a right, before consulting on it with UNC Parties. Should the PAC seek such a right it shall consult formally on the proposed approach with all UNC parties and consider raising a UNC modification if there is support for improvement plans/preventative measures
- With support, as required, from the PAFA, the determination of industry performance targets, for any forthcoming period
- Submit requests to the PAFA for any changes to services.
- Review the PAFA response to a change request and instruct the PAFA as the PAC see fit

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Comment [7]: Don't think there would be this scenario if the PAFA went out to competitive tender??

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