



2021/22 YEAR IN REVIEW

EXECUTIVE SUMMARY: KEY STATISTICS AND PAC WORK



PERFORMANCE PLAN OVERVIEW



Table 1.1 illustrates the improvements made over the year by Shippers on active Performance Improvement Plans (PIPs) from active monitoring by PAC. A number of Shippers have been making improvements to their performance against the requirements of the UNC, particularly in PC2.

This year has seen many smaller Shippers/Suppliers falling into the SoLR process and this has resulted in a drop in active PIPs. Only 1 Shipper has made significant improvements and achieved UNC target for three months or more, resulting in the completion of their plan. There is still much to be done with the remaining plans.

	PC1	PC2	PC3	PC4 Monthly
May 2021	94%	60%	66%	54%
May 2022	96%	92%	67%	55%
Variation	2%	31%	1%	1%

Table 1.1: Average read performance (%) of Parties under active monitoring

	2021	2022
Open Plans at start of year	48	42
Closure due to UNC target	1	1
Closure due to exit market	4	0
Closure due to other factors	1	3
Open Plans at end of year	42	38

Table 1.2: Difference in overall plan movement e.g. plan completion vs exiting market

NOTABLE PAC ACHIEVEMENTS IN 2021/22





Initiated 'Line in the sand' strategy to address rising risk on no meter reads >4 years.



Risk Register updated and risks brought to PAC on monthly basis. Mitigating actions taken as necessary.



Over 100 Performance Assurance Techniques employed (Letter writing).



PAC escalation process evoked for two Shippers in 2021/22. Both met with good levels of cooperation.



Overall Increase in Read Performance stats (PC1, 2 and 3)



Two Strategic Workshops held in 2022 and a new Holistic Performance matrix in development.



Delivery of 4 further Data Discovery Platform user stories with 7 in the backlog awaiting designation.



Launch of Gas Performance Assurance Portal (GPAP) in 2022, with GPAP becoming the focus for PA information.

OVERALL SHIPPER READ PERFORMANCE 2021/22



Although there have been many successes over the past twelve months, there is still a long way to go to ensure industry are moving towards and maintaining UNC target for meter reading and helping parties meet their UNC obligations. Table 1.2 below shows the current levels of parties meeting UNC requirements for meter reading across the industry by product class 1.

	PC1 (97.5%)	PC2 (97.5%)	PC3 (90%)	PC4 Monthly (90%)	PC4 Annual (90%)
2021	50%	33%	34%	7.5%	40%
2022	60%	25%	36%	12%	28%
Variation	+10%	-8%	+2%	+4.5%	-12%

Table 1.3: The percentage (%) of Parties meeting UNC requirements for each meter reading class

There is evidence to show that meter reading performance is still being hampered by residual Covid measures, there is still a need for the PAC to maintain the levels of pressure on the industry to ensure performance reaches a stage at which maintenance of target performance is achieved.

As well as using the PAF to improve gas settlement, there is work to be done in educating the industry on Settlement, meter read performance and UNC obligations. An engagement session will be held in September and the launch of phase 2 of the GPAP will aid in this education and transparency of the regime.

FOCUS FOR 2023



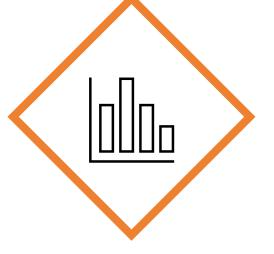


- Carry out agreed strategy
- Targeted engagement
- Clear expectations
- PAC meeting invitations



AUGEISSUE REGISTER

- Consider important issues on register
- Identify biggest areas of concern
- Initiate mitigating actions



HOLISTIC PERFORMANCE

- Development of the matrix
- Identify areas of biggest concern
- Target based on holistic view



- Engagement session
- GPAP utilisation
- Industry Comms
- Transparency of processes

OCTOBER 22 - GEMSERV

UNC0674V & IGT138V

PERFORMANCE ASSURANCE TECHNIQUES

& CONTROLS

HOW WILL THE REGIME CHANGE?
WHAT CAN PARTIES EXPECT?
HOW CAN PARTIES PREPARE?





UNC0674V & IGT138V





IMPLEMENTATION

Approved by Ofgem for Implementation on 1st November 2022

Readying the regime for the fundamental change of UNC674V Including:

- Project work to assess level of change;
- Updating Performance Assurance Techniques to include those being introduced;
- Workshops to decide on approach;
- Project work to implement change;
- Change to fundamental documents e.g. PAFD; and
- Communication of changes with industry.

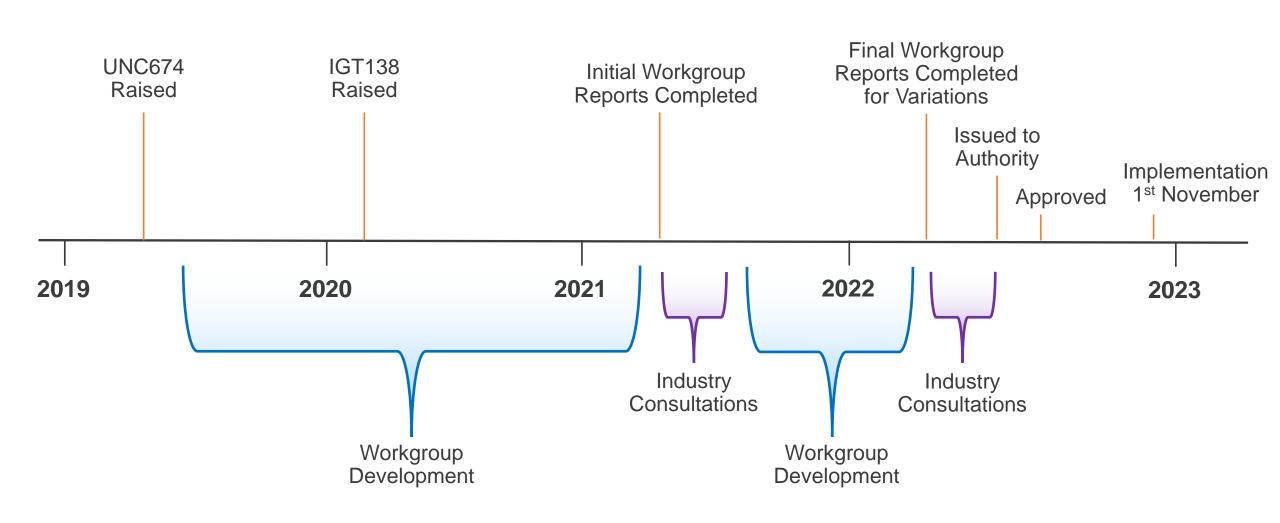
BACKGROUND

- UNC0674 was raised in April 2019 in response to PAC identified weaknesses in the current regime.
- IGT138 was raised in February 2020 and replicates the UNC Performance Assurance Regime in the IGT UNC, giving the UNC PAC powers over the performance requirements of the IGT UNC.
- Both Modifications were varied during their development resulting in UNC0674V and IGT138V.
- The UNC Modification was in development for over three years and Ofgem directed that the two Modifications be made to their respective Codes on 29 July 2022.
- Implementation of both Modifications will be on Tuesday 1 November 2022.



UNC674V/IGT138V DEVELOPMENTTIMELINE







2021/22 YEAR IN REVIEW

PERFORMANCE ASSURANCE COMMITTEE



PERFORMANCE ASSURANCE COMMITTEE



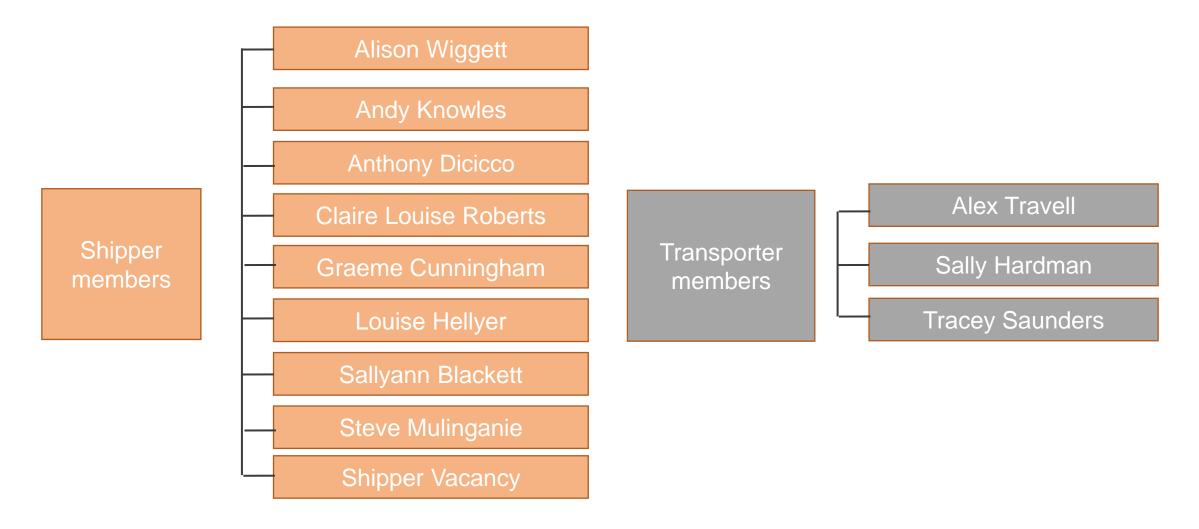


Figure 1.1: Performance Assurance Committee Member structure as at 1st October 2022.

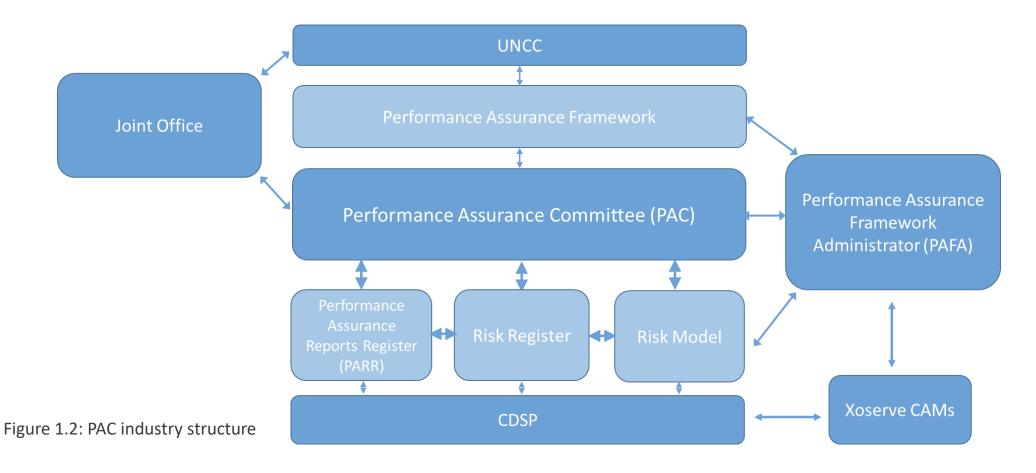
PERFORMANCE ASSURANCE COMMITTEE



- Due to the sensitive nature of the information discussed at the PAC, the meetings are closed. However, industry participants are able to request attendance to some sections of the meetings by emailing a request to the Joint Office of Gas Transporters.
- Ofgem also has an optional non-voting seat on the committee and are able to attend PAC meetings. During 2021 –
 2022 there has been a full compliment of PAC members.
- PAC elections take place every year and new PAC members are appointed on 1st October following an election process which is carried out by the Joint Office as the PAC Secretariat.
- The PAC meetings are held on the second Tuesday of each month and are supported by the Joint Office of Gas Transporters in its role as UNCC Sub-Committee chair and secretariat, and PAFA as administrator of the Performance Assurance Framework (PAF).
- Xoserve in its role as the Central Data Service Supplier (CDSP) also attend as an observer only.

INDUSTRY STRUCTURE





The PAC terms of reference and the Performance Assurance Framework document can be found on the PAC section of the Joint Office website: https://www.gasgovernance.co.uk/PAC

MISSION STATEMENT

*"To be instrumental in driving, supporting and encouraging industry's continued improvement for gas settlement performance and risk management."

The current PAF contains the following objectives:

- To determine the appropriate reporting and analysis to measure energy settlement performance and risks to it;
- To create a risk register and supporting analysis to assess risks and determine mitigation activities for energy settlement performance;
- To report as necessary; and
- To create a regime incentivising the required performance, if necessary, by proposing modifications to the UNC.

The primary goal of the monthly PAC meetings is to work towards the achievement of these objectives.



2021/22 YEAR IN REVIEW

PERFORMANCE ASSURANCE REPORTS AND THE DATA DELIVERY PLATFORM



PARR REPORTS



The PARR reports are separated into two report versions:

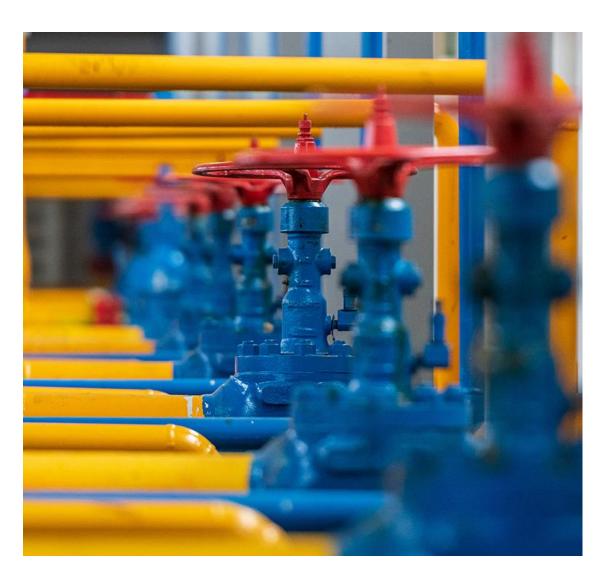
- Anonymised (marked as "A" reports); and
- ❖ Non-anonymised (marked as "B" reports).

The anonymised reports are reported to the industry whilst the non-anonymised reports are only available to PAC members.

Non-anonymised reports are used by the PAFA to monitor Shipper performance and in turn, provide performance assurance to the PAC.

It should be noted that the PARR reports consider data relating to

- All energy; and
- Supply points within local distribution zones, including those in Independent Gas Transport Networks (IGT) – but excluding those directly connected to the National Transmission System.



PARR SUITE



Both A and B reports are published via the GPAP, with a separate location for the non-anonymised reporting which is closely monitored by the PAFA in order to ensure the GPAP is being used appropriately

Report number	Report Title
2A.1	Estimated read performance
2A.2	No meter recorded in the Supply Point Register
2A.3	No meter recorded and data flows received
2A.4	Shipper Transfer read performance
2A.5	Meter read performance
2A.6	Meter read validity failure
2A.7	No read received for 1, 2, 3 or 4 years
2A.8	AQ corrections by reason code
2A.9	Standard Correction Factors
2A.10	Replaced Meter reads
2A.11	Sites above the Class 1 threshold which are not in Class 1
2A.12	Class 4 read submission performance as a percentage of portfolio AQ
2A.13	Breakdown of AQ overdue for a Meter Reading

Figure 2: PARR report structure – anonymised reports

The PAFA also receive Winter Annual Ratio (WAR) band updates and NDM sample data updates throughout the year and ensure this data is fed into PAC discussions.

DATA DISCOVERY PLATFORM (DDP)



The development of the Data Delivery Platform (DDP) by the CDSP is set to enable the PAFA (and Shippers), when fully rolled out, to 'self-serve' their monthly reports. To facilitate this, PAFA were added to the Data Permissions Matrix (DPM), through the implementation of modification UNC0707S: Introducing 'Performance Assurance Framework Administrator' as a User Type to the Data Permissions Matrix.

Currently 17 PARR reports are available on the DDP, with the remaining seven reports to be delivered as soon as possible. The additional reporting that is available to the PAC, as well as additional reports due to implementation of modifications, are also expected to be available imminently.

The PAFA, alongside Xoserve, carried out sub-groups to scope and spec out the user stories which would be later added into the DDP for both PAFA and Shipper views. PAFA have also carried out testing for all stages of implementation of the platform, ensuring that all user stories implemented met the specifications and identified any anomalies.



2021/22 YEAR IN REVIEW

PERFORMANCE ASSURANCE TECHNIQUES



PERFORMANCE ASSURANCE TECHNIQUES





The PAC, with the support of PAFA, monitors Shipper performance against the PARR.

The data within these reports alongside market intelligence and input from the CDSP is used by the PAFA to identify areas for industry performance improvement and target specific Shippers exhibiting poor performance for performance improvement action.

Where areas for performance improvement are identified the PAC have deployed several performance assurance techniques to encourage Shippers to work towards meeting the requirements of the UNC. Over the course of the year, the PAC have worked to deploy these techniques across the PARR, focusing on areas of concern as seen through the PARR data.

PERFORMANCE ASSURANCE TECHNIQUES OVERVIEW





20/21 – 48 PC4 Monthly plans were established with ongoing monitoring of these plans with Shippers.



Individual communications sent out to all 48 plan holders requesting a plan update for the PAFA with milestones.



9 letters sent to Supplier of Last Resort (SoLR) portfolio receivers to advise on PAC position.



84 Shipper meetings across the year with Shippers on active plans.



55 letters sent to parties who had meters rolling over the reconciliation deadline date known as 'Line in the Sand'.



Bi-Monthly meetings held with Xoserve 'Life Cycle' team to share intelligence.



More targeted comms to come on as part of the 'Line in the Sand' strategy in the coming months.

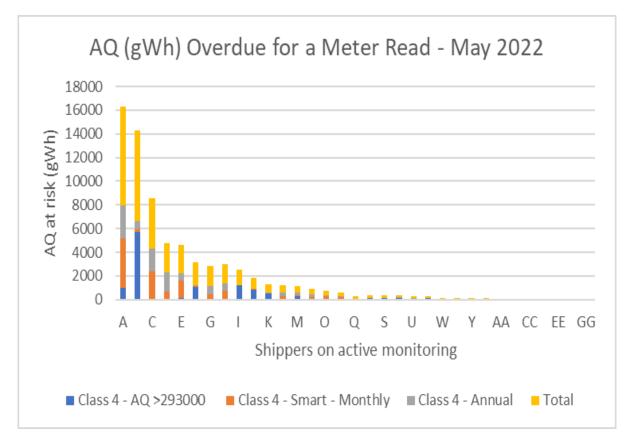


Targeted communications with 4 Shippers on Non Daily Metered (NDM) sampling initiatives.

PERFORMANCE IMPROVEMENT PLAN STATISTICS



This year has seen many smaller Shippers/Suppliers exiting the market and this has resulted in a drop in active PIPs. Only 1 Shipper has made significant improvements and achieved UNC target for three months or more, resulting in the completion of their plan and table 1.3 shows these figures.



	2021	2022
Open Plans at start of year	48	42
Closure due to UNC target	1	1
Closure due to exit market	4	0
Closure due to other factors	1	3
Open Plans at end of year	42	38

Table 1.3: Difference in overall plan movement e.g. plan completion vs exiting market

	PC1	PC2	PC3	PC4 Monthly
May 2021	94%	60%	66%	54%
May 2022	96%	92%	67%	55%
Variation	2%	31%	1%	1%

Figure 4: Graph showing AQ at risk across all open PIPs

Table 1.4: Average read performance (%) of Parties under active monitoring

HOLISTIC PERFORMANCE MATRIX



In 2022 the PAC attended two Strategic Workshops which covered various areas of discussion. One area of discussion was adopting a new approach to applying Performance Assurance Techniques, and determining who should be considered by the PAC.

The Holistic Performance Matrix was created and is currently under development by the PAFA, in consultation with the PAC. This new approach will look at ranking Shippers across a broad range of areas including meter read performance, transfer reads, check reads, AQ at risk and more. The new approach will look to consider Shippers on all obligations across the UNC rather than individual product class meter read performance targets only.

It is hoped that the Holistic Performance Matrix will be rolled out in the autumn and will add a new dimension to the PAC strategy.



2021/22 YEAR IN REVIEW

INDUSTRY PERFORMANCE



PC1 READ PERFORMANCE



2A.5 - Read performance 12-month comparison (PC1)

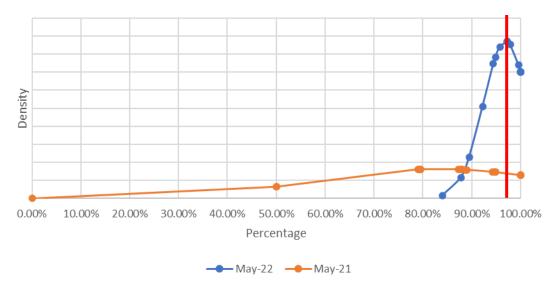


Figure 5.1: Read Performance for PC1 Market - May 2021 vs May 2022

	May 2021	May 2022	Variance
Industry Average	83.15%	96.98%	+13.83%
Average performance for Shippers on improvement plans	94.74%	96.81%	+2.07%

- Industry average has increased over the past 12 months, coming in at just below UNC requirements of 97.5%.
- There is now only one shipper on an active Performance Improvement Plan in PC1 and their progress has improved across the 12 months by circa 2%.
- PAC are aware of the challenges from Shippers in the PC1 market with regards to small portfolio sizes and how performance statistics are affected when a meter has an issue to be resolved.
- PAFA will continue to monitor this Product Class to establish whether the remaining percentage points can be achieved to ensure this area is performing to UNC targets.

PC2 READ PERFORMANCE



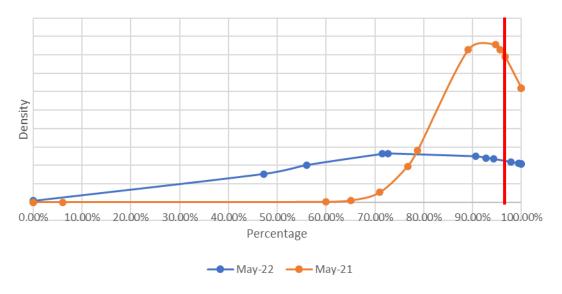


Figure 5.2: Read Performance for PC2 Market – May 2021 vs May 2022

	May 2021	May 2022	Variance
Industry Average	68.90%	78.63%	+9.73%
Average performance for			
Shippers on improvement	60.56%	92.51%	+31.95%
plans			



- Industry average has increased over the past 12 months by almost 10%. This is still a way off the UNC requirement of 97.5% and the PAFA are maintaining continuous monitoring for this product class.
- For those Shippers on performance improvement plans, there has been significant improvement in this area with read performance improving by 32% on average. One of the three Shippers on performance improvement plans (in May 2022) has now been closed with the Shipper no longer having a presence in the PC2 market.
- PAFA will continue to work with the low performing Shippers.

PC3 READ PERFORMANCE



2A.5 - Read performance 12-month comparison (PC3)

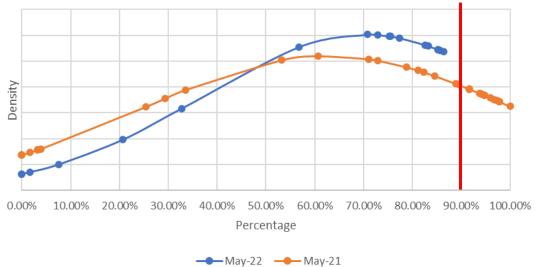


Figure 5.3: Read Performance for PC3 Market – May 2021 vs May 2022

	May 2021	May 2022	Variance
Industry Average	62.80%	70.32%	+7.52%
Average performance for			
Shippers on improvement	66.02%	67.58%	+1.56%
plans			

- Industry average has increased in this product class over the past 12 months by 7.52%. This has seen gains in performance within this product class despite a large scale code change introduced through UNC692S (Automatic Updates to Meter Read Frequency) in early 2022, which saw large changes between PC3 and PC4.
- For those Shippers on performance improvement plans, there has been a slight improvement to performance by circa 2%. We have received renewed plans (which include projected milestones) to achieve UNC target from those on performance improvement plans. Over the past 12 months three Shippers on performance improvements plans were closed due to exiting the market through the latest SoLR activity.

PC4 MONTHLY READ PERFORMANCE



2A.5 - Read performance 12-month comparison (PC4 Monthly)

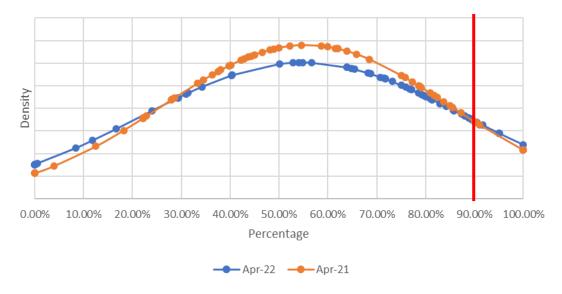


Figure 5.4: Read Performance for PC4M Market – Apr 2021 vs Apr 2022

	Apr 2021	Apr 2022	Variance
Industry Average	55.56%	54.96%	-0.6%
Average performance for Shippers on improvement plans	54.76%	55.37%	+0.16%

- Industry average has declined over the course of the year. There has been major movement in the first quarter of 2022 with the introduction of UNC692S (Automatic Updates to Meter Read Frequency). This has had varying impacts across the industry.
- There are a large number of Shippers on performance improvement plans for PC4 Monthly and a call for refreshed plans (with milestones) to get to UNC target have been requested by the PAC.
- For those Shippers on performance improvement plans, there has been slight improvement of 0.16% across the year, although the average performance, both for those on plans and industry average is well below 90% UNC target.
- PAFA will continue to work with the low performing Shippers.

PC4 ANNUAL READ PERFORMANCE



2A.5 - Read performance 12-month comparison (PC4 Annual)

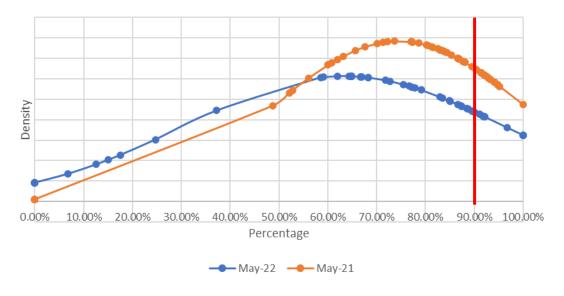


Figure 5.5: Read Performance for PC4A Market - May 2021 vs May 2022

	May 2021	May 2022	Variance
Industry Average	74.53%	63.31%	-11.22%

- Performance has been declining over the year, with the average percentage of meter readings loaded within the market declining.
- PAFA will continue to work with the low performing Shippers.
- The overall market share in PC4 Annual has decreased substantially due to the implementation of UNC692S (Automatic Updates to Meter Read Frequency).
- This is not an area that PAC have actively targeted but have been monitoring closely.



2021/22 YEAR IN REVIEW

RISK REGISTER



RISK REGISTER UPDATE



The redesigned risk register has now in situ for 12 months (since June 2021). The redesign simplified the way risks were measured and grouped risks into topics to enable the PAC to focus on specific areas of industry performance rather than individual risks in isolation.

The redesign of the risk register was carried out alongside the PAC with PAFA hosting subgroups in 2020/21 to ensure the redesign was dynamic and informed the PAC sufficiently.

Risks can be raised by any UNC Party and then presented to the rest of the PAC to reach agreement for inclusion in the register. PAFA then work to provide evidence to support the risk, evaluate it and define possible target measures.

There are currently 23 live risks on the register, with three live issues and five closed items.

CURRENT RISK AREAS





METER READS

Includes risks that directly affect meter reading activities or areas that are directly affected by meter reading data going into central systems.

These include WAR bands, no reads, 'line in the sand' and meter read product classes.



METER ASSETS

Includes those risks that are concerned with physical meter assets and the data that defines them. Includes missing or incorrect asset data.



DATA/VOLUME

Includes risks that impact Data Corrections and Volume Corrections and includes areas such as Correction Factors and use of the AQ correction process.



UNATTRIBUTED

Includes risk areas that have a level of unidentified gas attributed to them. This includes Theft of Gas, LDZ Offtake Errors and Shipperless sites. These areas can have high fluctuation in impact and therefore do not sit in another category.

Category	Description	Risk Names
Unattributed	Risks can be considered as 'unattributed' - that is, they are essentially missing from settlements as they are not being calculated. Each risk covers a slightly different area, but essentially each is trying to assess the missing amount of energy in settlements, whether it is a whole value or a partial amount of energy.	Undetected theft Theft into settlements Theft AQ Corrections Unregistered Supply Points Shipperless Supply Points LDZ Offtake Meter bypass
Meter reads	Risks can be considered as meter read related risks - that is, there is a risk to settlement error either from meter reads not being submitted, or reads being rejected, or certain types of reads not being submitted as expected.	Drift / Check Reads Line in the Sand Transfer Reads Replaced Reads PC1 Reads PC2 Reads PC3 Reads PC4 Monthly Reads PC4 Annual Reads Rejected PC 4 Monthly Reads Rejected PC 4 Annual Reads AMR Monthly Reads AMR Annual Reads WAR Bands
Volume and data corrections	Risks can be considered as 'volume & data correction' risks - that is, there is a risk to settlement error either from the correction factors used to correct settlement volume to energy, or a data correction process has an inherent risk in the process.	Correction Factors >732,000 Correction Factors <732,000 Standard Correction AQ Corrections
Meter asset	Risks can be considered as meter asset risks - that is, there is a risk to settlement error from the data being held on central systems not reflecting the correct meter attributes.	Incorrect Meter Asset NDM Sites at DM Threshold Smart Meter Exchanges



RISK MITIGATION WORK 2021/22





12 month strategy Including:

- Targeted comms
- Industry engagement
- PAC meeting invitations for poor performance



METER BYPASS

Addressing open bypasses in the system Including:

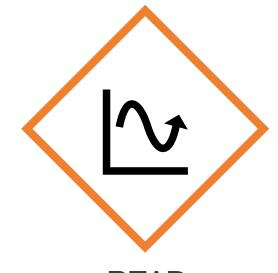
- Targeted comms
- CDSP assistance
- Monthly reporting to PAC



HOLISTIC PERFORMANCE

Redesign of PAC approach Including:

- Development of a new weighted score matrix
- Pivot in PAC attention to cross area examination



READ PERFORMANCE

Continuation of PAT application Including:

- PAFA management of plans
- Continued support
- PAC meeting for poor performance



2021/22 YEAR IN REVIEW

GAS PERFORMANCE ASSURANCE PORTAL (GPAP)



GAS PERFORMANCE ASSURANCE PORTAL



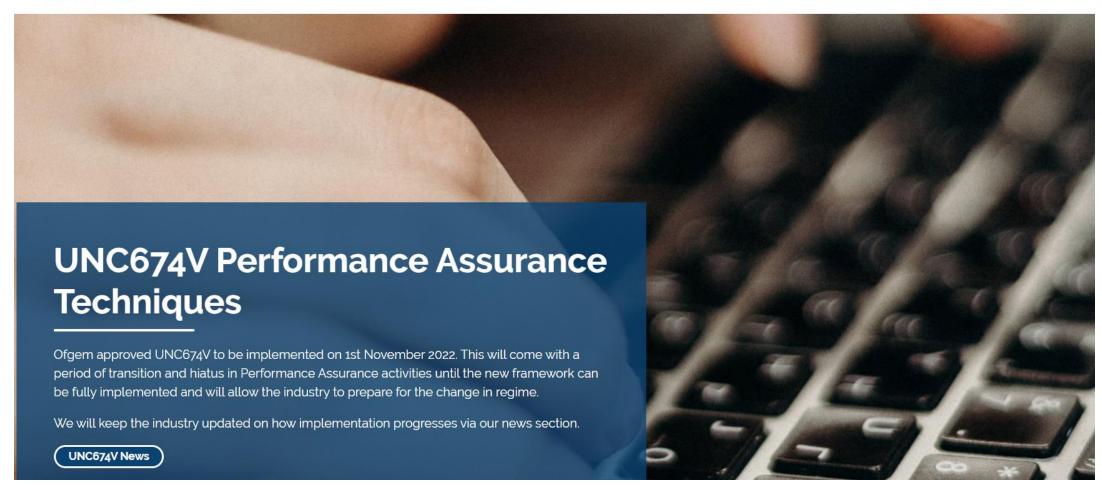
In 2022 the PAFA launched the GPAP, which is a dedicated website and portal for gas performance assurance information.



Meetings ∨ Resources ∨ News FAQs Contact Us







GAS PERFORMANCE ASSURANCE PORTAL



The aim of the portal is to be a transparent education tool to ensure that industry has a dedicated space to tap into performance assurance information.

The PAC are working towards greater industry engagement and are aware that taking industry on the journey is a valuable tool to improving settlement accuracy.

Should you require information that is not available on the GPAP, please reach out to PAFA (PAFA@Gemserv.com) and we can point you in the right direction (for example towards useful Xoserve resources).

GAS PERFORMANCE ASSURANCE PORTAL



The GPAP includes:

- FAQs;
- Submission of risks for Risk Register;
- Performance Assurance Techniques;
- Information pages, training and guidance materials;
- Information for parties on Performance Improvement Plans;
- Signposts to Xoserve training;
- Contact facilities;
- Performance Assurance calendar;
- Meeting information/key messages;

More information is to be added in time and we would welcome feedback on the content and our next priorities.



2021/22 YEAR IN REVIEW

INDUSTRY CHANGE - MODIFICATIONS



INDUSTRY MODIFICATIONS IMPACTING PERFORMANCE ASSURANCE



Discussions during PAC meetings often identify the need for potential changes to the UNC arrangements.

The PAFA and PAC are unable to raise UNC modifications in their own right and although it was envisioned that UNC674 (Performance Assurance Techniques and Controls) would address this, it was not included in the final Modification.



MODIFICATIONS WITH PAC IMPLICATIONS



- UNC0674V / IGT138V: Performance Assurance Techniques and Controls
 - To provide an effective framework for the governance of industry performance that gives industry participants mutual assurance in the accuracy of settlement volume allocation
 - Currently with the Authority for decision will unanimous Panel recommendation across both Modifications
- **❤ UNC0664VV / IGT145: Transfer of sites with Low Read Submission Performance from Class 2 and 3 into Class 4**
 - To create an obligation for Shippers to move sites with low meter read submission performance from Product Class 2 and 3 into Product Class 4, in the first three months of entry to the settlement class.
 - Both Modifications have been passed and implementation is scheduled for November 2022.
- **W** UNC0677R: Shipper and Supplier Theft of Gas Reporting Arrangements
 - Request to review and identify any discrepancies in Shippers and Suppliers theft of gas reporting arrangements.
- > UNC0734S: Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers
 - The intent of this Modification is to introduce a new process to help ensure that valid confirmed theft data (claims), received from Suppliers via the Retail Energy Code (REC), is appropriately reported into central systems.
 - Modification has been passed for implementation, although a date not yet designated. There is currently no IGT change.
- **♥ UNC0763R: Review of Gas Meter By-Pass Arrangements**
 - To request a review of the current Uniform Network Code (UNC) Meter By-Pass arrangements.

MODIFICATIONS WITH PAC IMPLICATIONS CONT.



- 0778R Gas Vacant Sites Process review
 - Review the process and treatment of Long Term Vacant Sites in Settlement
- **♥ 0781R Review of the Unidentified Gas process**
 - Review the process for allocating Unidentified Gas.
- **♥ 0783R Review of AQ Correction Processes**
 - A review of the Annual Quantity (AQ) correction processes which are set out within the Uniform Network Code (UNC). This review should assess whether the current arrangements meet the objectives for the setting of the AQ and identify and consider possible amendments that are required to UNC.
- **♥ 0812R Review of Alternatives to "Must Read" Arrangements**
 - To review the options should a Shipper breach its meter reading obligations and alternatives to the current must read service provided by transporters.
- **♥ IGT159 Changes to Must Read Arrangements**
 - To introduce changes to the Must Read process for Independent Gas Transporters (ITGs). Also includes IGT UNC provisions to allow the PAC to monitor Must Reads and to introduce a new PARR Report for IGT Must Reads.



WE LOOK FORWARD TO YOUR FEEDBACK!

THIS REVIEW IS SUBJECT TO A CONSULTATION RESPONSES DUE BY 5PM ON 2ND NOVEMBER 2022 RESPONSES CAN BE SUBMITTED VIA SURVEY <u>HERE</u>









