

Uniform Network Code Committee Performance Assurance Committee Terms of Reference

1. Introduction¹

The Performance Assurance Committee (PAC) is a Network Code Sub-Committee and is made up of industry representatives who are appointed to act on behalf of the UK gas industry.

PAC is autonomous, and the UNC Committee has no power to overrule a decision of the Performance Assurance Committee or reduce or qualify the scope of its functions and powers.

The functions of the committee are outlined in section V16 of the UNC. The actions of the committee are guided by the delivery of the Performance Assurance Objective and the PAC Mission Statement.

Performance Assurance Objective:

The objective of achieving accurate and timely Settlement² for each Day in accordance with the provisions of the Code, and the “Performance Assurance Framework” is the framework described in TPD V16 for the purposes of facilitating achievement of the Performance Assurance Objective.

PAC Mission Statement:

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

2. Scope of the PAC

2.1 General

As a sub-committee of the Uniform Network Code Committee, with certain rights and responsibilities relating to the management of the community's Performance Assurance Framework (PAF).

¹ The Uniform Network Code Committee (UNCC) originally agreed these terms of reference for the Performance Assurance Committee (PAC) in 2018. Following the implementation of 0674V - Performance Assurance Techniques and Controls on 01 November 2022, PAC can now make amendments without the consent of the UNCC.

² The PAC and any Performance Assurance Framework are limited to energy and supply points within local distribution zones, it does not extend to energy transported through the National Transmission System (NTS) and supply meter points connected to it.

The PAC is chaired by the Joint Office and is attended by PAC Members, CDSP and PAFA Representatives. Ofgem shall be entitled to send a nominated representative to the meeting, who will attend in a non-voting capacity and shall not be excluded from any part of the meeting. 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 from all or part of the meeting of the PAC. It should be noted that PAC is a closed meeting, not all items discussed are included within publicly available minutes and members-only confidential minutes may be recorded and circulated as deemed appropriate.

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2.2 Performance Assurance Committee structure

The PAC comprises of a Shipper and Transporter constituency. The Shipper constituency comprises of up to 9 Shipper User Members, all of whom have voting rights (as determined by the annual User Representative process) and the Transporter constituency comprises of 3 Transporter-appointed Members (comprising 2 large distribution Transporters and 1 IGT nominee), all of whom have voting rights. NTS does not have membership rights.

Ofgem have the right to provide a PAC representative, at their own discretion, who will be in an advisory capacity only. Ofgem shall advise the Joint Office of their nominated representative on an annual basis or less frequently in the event of no change to the representative. For the avoidance of doubt, the Ofgem representative is not a PAC Member.

Shipper PAC Members are appointed for a period of two Gas Years commencing on the 1st October and at other times when vacancies occur. These appointments will be conducted by the Designated Person as determined in accordance with MR2.1.

Each Shipper PAC Member shall serve for a term which lasts for a period of two Gas Years. In order to avoid loss of continuity, each year the Designated Person will conduct elections for the required number of Shipper PAC Member positions set out in these Terms of Reference, such that each appointment lasts for 2 Gas Years.

Transition to staggered Shipper PAC Membership

To maintain a level of continuity, members are appointed on a rotational basis, with 50% of members being re-elected on an annual basis for a term of two years. For the avoidance of doubt, appointments are aligned with the Gas Year.

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 will be for the nominating Party to consider the suitability of their nominee, in respect of experience and understanding of the issues that the PAC will deal with.

In the event a Shipper User PAC Member who, when nominated, was employed or engaged by a Shipper User ceases to be so employed or engaged by the Shipper User, the Shipper User PAC Member shall be deemed to retire, and it shall be the responsibility of the relevant Shipper User and PAC Member to notify the Committee Secretary of the Shipper User PAC Member's effective date of retirement.

All PAC Members and their alternates will be required to sign a Confidentiality Assurance Document and their employer (or Nominating Party in the event of persons not employed by a User) shall also be required to sign a Statement of Release Document to assure that the Member will be attending and voting at the PAC in the interests of the UK gas industry.

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

A PAC Member shall appoint an alternate either on a standing basis or a meeting-by-meeting basis. Such appointments shall be made in writing or by email to enquiries@gasgovernance.co.uk. Alternates need not necessarily come from the same company as the PAC Member. It will be for the PAC Member to consider the suitability of their alternate, in respect of experience and understanding of the issues that the PAC will deal with. A single alternate may represent more than one (1) PAC Member.

The CDSP and the Performance Assurance Framework Administrator (PAFA) will send appropriate representatives to the meeting.

2.3 Meetings

The PAC endeavours to meet monthly. The meeting will be quorate where there are at least four Shipper User PAC Members and two Transporters (DNO and/or IGT) PAC Members, with a minimum of six PAC Members in attendance.

The PAC may decide to meet more or less frequently as required. Meetings will be convened with a minimum of 5 working days' notice.

Information to be used within meetings will be provided to PAC Members, the Joint Office and the Ofgem representative via a secure web portal. All PAC Members, the Joint Office and Ofgem shall treat all information as confidential unless it is clearly marked otherwise.

With agreement, and for the purposes of developing the PAC arrangements, PAC Members can invite 3rd parties and non-members to the meeting.

To facilitate training, Alternate PAC Members who have signed all required confidentiality documents, may attend meetings to observe in a non-voting capacity, including the closed part of the meeting. To facilitate this, the PAC Member shall inform the Chair in advance in writing or by email to enquiries@gasgovernance.co.uk.

2.4 Decision making

Where the meeting is quorate, all decisions shall be made by a simple majority of PAC Members or their nominated alternate in both Shipper and Transporter constituencies. PAC Members may vote for or against a proposal, any abstentions shall not count towards the simple majority count. In the event a simple majority is not obtained amongst the Shipper User Representatives or the Transporter Representatives, the Performance Assurance Committee shall be treated as having decided against the relevant matter, and no person shall have a casting vote.

2.5 Roles and Responsibilities of the Performance Assurance Committee

The PAC is responsible for:

- overseeing the work of the Performance Assurance Framework Administrator;
- overseeing the PAF Risk Register;

- determining reporting and analysis to inform a reliable assessment of the performance of gas settlement;
- reviewing relevant settlement performance data; and,
- where settlement performance deficiencies are identified, proposing (and, where within the PAC’s control, implementing) methods of resolution to improve settlement performance.

For the avoidance of doubt, PAC has voted that matters relating to the determination of Shrinkage are outside of its vires.

The PAC shall perform the duties ascribed to it in the prevailing “Performance Assurance Framework Document”.

Revision History

| Version Number | Status | Date | Reason for Change |
|----------------|--------|-----------------------------------|-------------------------------------------------------------------------------------|
| 7.0 | Final | 17 October 2023 | Approved by PAC 17 October 2023 to include the avoidance of doubt statement. |
| 6.1 | Draft | 26 September 2023 | Inclusion of avoidance of doubt statement for PAC Members Roles & Responsibilities. |
| 6.0 | Final | 18 April 2023 | Review |
| 5.3 | Draft | 12 April 2023 | Include clarity around membership for Shipper User PAC Members |
| 5.2 | Draft | 13 March 2023 | Reflect changes following implementation of 0674V on 01 November 2022 |
| 5.1 | Draft | 10 August 2022 | Possible introduction of 2 year appointment term |
| 5.0 | Final | 14 December 2020 | Annual Review |
| 7.1 & 7.2 | Draft | 14 February 2025 08 April 2025 | Annual Review |
| 8.0 | Draft | 15 April 2025 | For Approval |
| 8.2 | Draft | 09 June 2025 | Further amendments |

| 9.0 | Final | 13 June 2025 | Approved and published |
|---------------------------------|-------|--------------------------|------------------------|
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| Mark Cockayne | | Internal Approval | 08 April 2025 |
| Performance Assurance Committee | | Reviewed | 11 March 2025 |
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