

# 2024/2025 ANNUAL REVIEW



# MISSION STATEMENT

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

The 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.**

## PAC HEADLINE ACHIEVEMENTS IN 2024/2025



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### **Holistic Performance Matrix (HPM) Review**

PAC conducted workshops in April and June 2025 to review the HPM. Thresholds were amended to help differentiate between Shipper / Meter Type, to allow for Risk and also context within the market. Changes were also made to ensure clarity for Parties on the monitoring and any exit criteria to come off a Performance Improvement Plan (PIP).

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### **PARR Revisions**

PAC contextualised reporting by specifying meter equipment type, total number of reads and split reports for each User. Changes were also made to allow easier identification of those Shippers near the Line in the Sand (LIS) to ensure retrospective adjustments, reconciliations and invoicing are made before the cut-off date.

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### **Addressed data quality issues**

Applied audit PAT to CDSP to provide assurance around data quality so that PAC and Parties can proceed with confidence.

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### **Metering Project**

Conducted Metering Project to provide greater detail supporting the meter reading statistics thereby supporting contextualised decision making by PAC when looking at future approaches or risks to gas settlement. Conducting this audit also completed one of the four objectives PAC set itself in last years Annual Delivery Plan related to the AUGE Issues Register, highlighted on slide 6.

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### **Increased Engagement**

PAC set itself the goal of increasing engagement in the last Annual Delivery Plan. This has been achieved through an increased number of bilateral meetings and shipper webinars for which Parties have provided positive feedback.

# 2024/2025 AREAS OF FOCUS



During the last Annual Review four areas of focus were identified. Their progress is detailed below.

Area	Includes	Achieved?	Comment
Correction Factors	<ul style="list-style-type: none"><li>• Carry out agreed strategy</li><li>• Targeted engagement</li><li>• Clear expectations</li><li>• PAC meeting invitations</li></ul>	Ongoing	Unplanned issues arising have impeded the delivery of planned work. This work has been placed into next year's plan.
AUGE Issue Register	<ul style="list-style-type: none"><li>• Consider pertinent issues on register</li><li>• Identify biggest areas of concern</li><li>• Initiate mitigating actions</li></ul>	Yes	The Metering Project addressed all the items outlined in this action and therefore has been completed.

# 2024/2025 AREAS OF FOCUS



Area	Includes	Achieved?	Comment
Holistic Performance	<ul style="list-style-type: none"><li>• Identify areas of biggest concern</li><li>• Target based on holistic view</li><li>• Review thresholds and effectiveness</li><li>• Establish strategic intent</li></ul>	Yes	This item was completed – reviews were undertaken through extensive workshops and changes were made as highlighted earlier in the review.
Engagement	<ul style="list-style-type: none"><li>• Engagement sessions</li><li>• Senior Contacts requested per Shipper</li><li>• Industry Comms</li><li>• Transparency of processes</li></ul>	Yes	PAFA have undertaken an increasing number of meetings with individual Shipper Parties.

# HOLISTIC PERFORMANCE MATRIX REVIEW



**Read Performance** – Thresholds adjusted to better differentiate between Shippers.



**Check Reads** – Reduced or eliminated Check Reads in performance weighting for categories dominated by Smart Meters.



**Aged Reads** – New scoring model which combines Aged Reads over multiple years to reflect risk.



**PC4 Split** – PC4 Monthly (Smart Meters), PC4 Monthly (AMR), PC4 Monthly (Non-AMR), PC4 Annual – these allow tailored performance monitoring and scoring, noting the different behaviours and risks associated with each meter read type.



**Weighting of metrics** – Agreement to reduce weight of Check Reads while focusing more on AQ at Risk and read performance.



**Exit criteria** – for PIPs remained at 'exit after three months continued performance above threshold'



**Elimination of 'active' and 'passive' monitoring** – Clarity about whether on Parties are on a PIP or not with measurable targets and timelines.



## Read Performance

- To provide further context in reporting the total number of reads submitted, accepted, rejected and not submitted were recorded.

## C4 Read Submission Performance

- Report was split by meter type and AQ met/not met.

## Breakdown of AQ overdue for a meter reading

- Added total industry total AQ overdue by product by PC.
- Split report by metering equipment.

# PARR REPORT REVIEW – PAC AGREED MEDIUM PRIORITY CHANGES (NOT YET IMPLEMENTED)



## Estimated/Check Reads for Gas Allocation

- Split Report to allow Users to focus on estimated and check reads, added industry total value data for both to provide context about impact of estimated reads.

## Shipper Transfer Read Performance

- Shipper Transfer Read Performance – Included total number of supply point transfers and number of successful opening reads to CDSP.

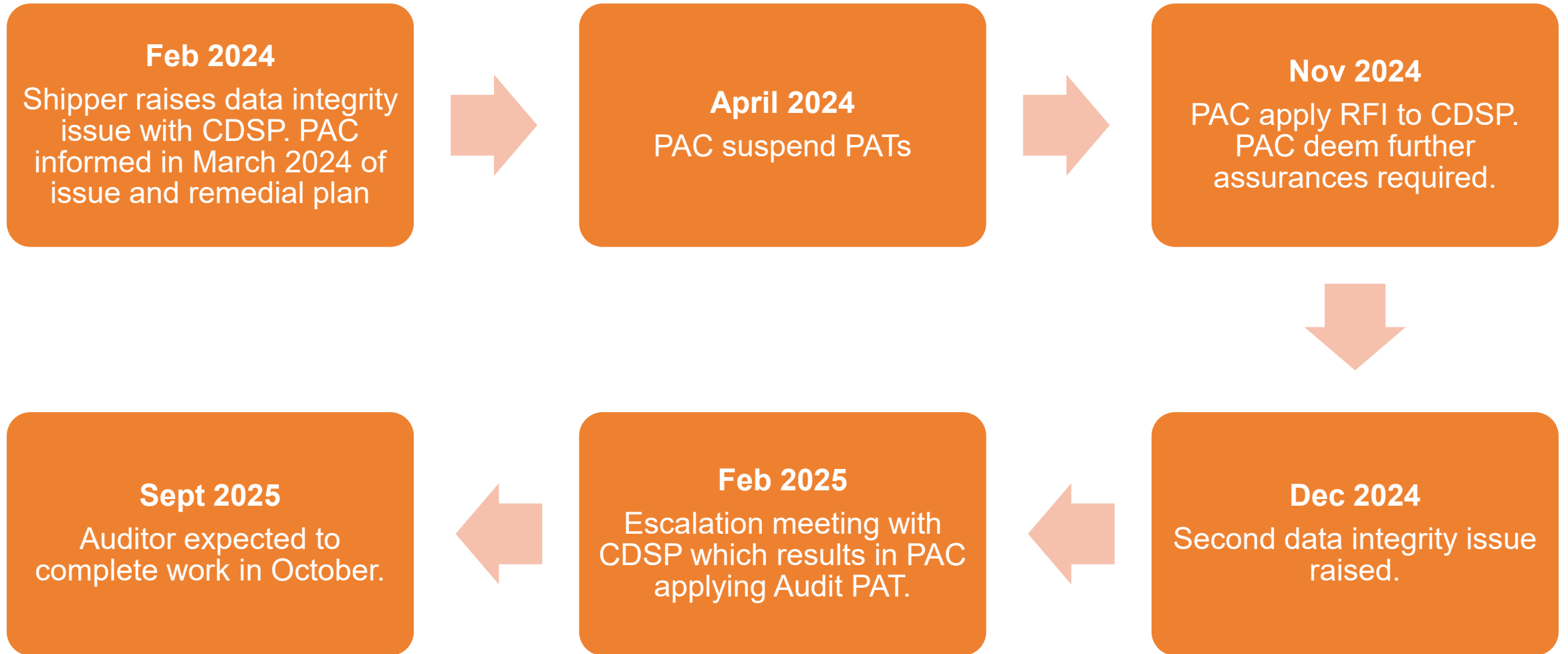
## No Reads up to four years

- Streamlined to highlight Shippers approaching the LIS. Inclusion of total industry data to indicate risk and rejected readings per month.

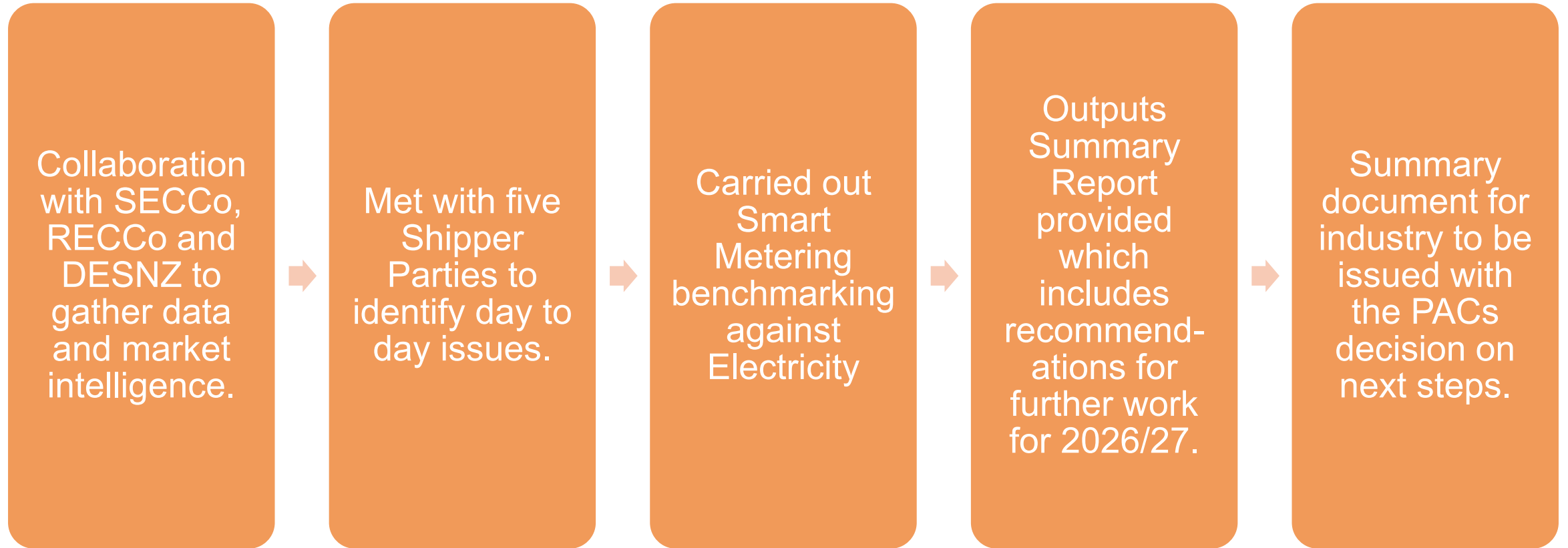
## AQ Corrections/Replaced Meter Reads

- Recording of original and revised AQ to identify risk. Introduction of AQ correction reason codes

# CDSP ASSURANCES TIMELINE



# METERING PROJECT CONDUCTED BY PAFA

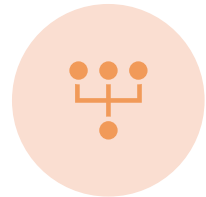




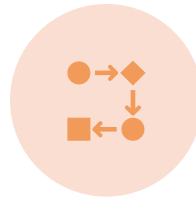
**LOOKING FORWARD**

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# CHANGING OBJECTIVE SETTING APPROACH



Adopting a longer-term approach to objective-setting, identifying topics to consider on an annual basis and over a period of three years.



Looking at items on a three-year basis allows for better insights and patterns to be identified, less reactive decision making and evidence-based decisions.



Some yearly objectives will remain in place, but many will be assessed on an ongoing basis so longer-term trends can be established.

# ONE-YEAR OBJECTIVES



**HPM Effectiveness** – Further insight will be gathered to look into whether the HPM is being delivered effectively and giving confidence to PAPs.



**Re-introduction of Performance Assurance Techniques (PATs)** – Once the data quality issues have been resolved and assurance provided, PAC is looking forward to re-introducing Performance Assurance Techniques, with a renewed focus on driving consistency, transparency, and continuous improvement.



**Metering Project** – The Metering Project examined issues Shippers are experiencing daily and what is occurring related to Smart Metering observed in other energy codes. PAC will examine the outputs of this project at the October meeting before deciding on next steps.



**Mods UNC 0886V and UNC 0896** – PAC will assess the impact of the implementation in April 2026 of these modifications to the Code Reconciliation 'Cut Off Date' and consider encouraging Shippers to manage their portfolios, in this respect, on an ongoing rather than annual basis.



**Market entry requirements** – PAC have been considering the need for market entry requirements and in doing so have been examining market entry requirements across other codes and assessing potential options for introduction to the UNC. PAC will assess this further in future meetings before deciding on next steps.

## THREE-YEAR OBJECTIVES



Increasing visibility of PAC – PAC should aim to increase visibility by allowing PAPs to see their performance within the HPM. This should be monitored by PAC to see the impact of making these visible and the consequential changes in performance.



Gas System Transition – PAC is focused on understanding the evolving regulatory landscape, technological innovations, and operational challenges associated with transitioning to low-carbon gases such as hydrogen and biomethane. This also involves continued engagement with Project Trident. By engaging early, PAC aims to contribute meaningfully to shaping a resilient and embedded performance assurance framework in the gas system.



Code Reform – PAC shall engage with Ofgem’s Code Reform programme to ensure assurance practices remain fit for purpose in a rapidly evolving energy landscape. PAC is working to understand the regulatory changes and their implications for assurance. This includes assessing how reforms to governance structures, code consolidation, and stakeholder engagement will impact the way assurance is delivered and monitored.



Collaboration with other Code Performance Assurance Regimes – PAC should begin to engage with other codes to identify and collaborate in appropriate areas. This includes working with SEC on Smart Metering issues and the new SEC PAB, as well as with the REC relating to the Parties involved with metering and meter reading, who impact the reads submitted to settlement.



# ANNUAL DELIVERY PLAN

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# ONGOING DELIVERY PLAN



## Carried over from 24/25

Re-starting PATs  
Quarterly Risk Review



To be completed by March 2026

## Short Term (One Year)

HPM Effectiveness  
Metering Project Follow Up  
Mods 0886V and 0896  
Market Entry Assessment



To be monitored every three months and assessed at the next Annual Review

## Longer Term (Three Year)

Gas System Transition  
Project Trident (in relation to PAC Reporting Requirements)  
Begin work on Code Reform / collaboration with other codes  
Increase visibility of the PAC



To be assessed throughout the year and at each Annual Review for the next three years.



# RISK REVIEW

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# ■ RISK REGISTER BACKGROUND



## **What is the Risk Register?**

Risks can be raised by any UNC Party through a risk reporting function in the GPAP. These submissions are then presented to the PAC to reach agreement for inclusion in the register. PAFA then work to provide evidence to support the risk and identify mitigating actions.

## **How many items are on the Risk Register?**

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

## **Which items were added in the last year?**

One risk was added since the last Annual Review – Risk 31 ‘Isolated Supply Points with progressive reads’. This risk has been raised to investigate whether gas is being consumed at Supply Points flagged as isolated in CDSP systems.

## **What is the PAFA view on the items in the Risk Register?**

PAFA note that the risks to gas settlement are long-term issues which are not dynamic. PAFA believe adopting a three-year focus over the changing and developing market will lead to identifying new risks.

# CURRENT RISK AREAS



## Meter Reads

- Risks that directly affect meter reading activities or areas that are directly affected by data going into central systems. These include WAR bands, no read 'line in the sand' and meter read classes.

## Meter Assets

- This includes those risks that are concerned with physical meter assets and includes missing or incorrect asset data.

## Data/Volume

- This includes both Data Corrections and Volume Corrections and includes areas such as Correction factors and use of the AQ correction process.

## Unattributed

- Risk areas that have a level of unquantifiable gas attributed to them. This includes Theft of Gas, LDZ offtake and Shipperless sites. These areas can have high fluctuations and therefore do not sit in another category.

**The areas on the Risk Register remain the same as the last Annual Review. However, with PAC adopting a longer-term focus PAFA believes new areas/risks will emerge.**



# CONSULTATION RESPONSES

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## ■ PAC COMMENT



PAC thanks the two respondents to the consultation and welcomes any further feedback in future for continued improvement for gas Settlement performance and risk management.



**Q1 - Comment on whether the PAF (a) meets the needs of your organisation, (b) meet the needs of the UNC, (c) please provide strengths and areas of improvement for PAC.**

### **Respondent 1**

Generally, yes. One improvement would be to have sharing of the Holistic Performance Matrix with parties as standard.

### **Respondent 2**

A. Fit for purpose B. Yes C. Strengths: We believe it provides a layer of pragmatic governance and tries to “take into account” Shippers challenges. Areas for improvement: We believe a review of the current UNC Performance targets should be undertaken and a realistic and achievable set of targets should be implemented so we don’t continue to have a disconnect with what is acceptable under PAC and what is a contractual requirement under UNC. We would like more MI provided in an easy to digest manner e.g. a one-page summary providing lesson learnt from the broader market engagement.

### **PAC Response**

PAC plan to start sharing the HPM in the coming months. Work is currently ongoing through UNC 0879R ‘Review of current Supply Meter Point Classes (Class 1, 2, 3 and 4)’ to review performance targets and may lead to subsequent modifications. PAC recommends Parties to be as involved as possible in these discussions.



**Q2 - Comment on (a) the PAC's management of the PAFD, (b) whether the PAC meets the needs of the UNC, (c) and the strengths and areas of improvement for the PAC.**

**Respondent 1**

No comment.

**Respondent 2**

A. Difficult to comment on from an external perspective maybe the PAC should be undertaking an annual review of its own performance as a committee e.g. levels of attendance etc. B. Yes C. Strengths: It is made up of industry experts supported by administrators.

**PAC Response**

PAC acknowledges these comments and will consider benchmarking against other Performance Assurance Regimes in other codes.



**Q3 - Noting no new Performance Assurance Techniques (PATs) have been applied to Shippers since the last Annual Review, please provide your view on the performance of the PAC in the previous year.**

**Respondent 1**

The PAC has contributed to good industry governance by applying performance assurance techniques to the CDSP which will ultimately improve the quality of industry data and make the performance assurance process more robust. The PAC has also been effective in highlighting issues of concern to overall industry settlement performance arising from UNC modifications.

**Respondent 2**

Noting the amount of time that has passed any comments would be out of date and irrelevant. This also picks up a broader comment on the timeliness of PAC's actions and the need for them to be relevant and current.

**PAC Response**

PAC acknowledge that if UNC Mod 0884 'Extending the PC4 Read Submission Window' is implemented there will need to be a PAC review regarding the data latency issue and determine how to mitigate for this.



## **Q4 - Please comment on the work of the PAFA in relation to the PAFD, your organisation, the UNC and the wider industry. Please share identified positives and negatives**

### **Respondent 1**

PAFA has provided good support to the PAC through analysis on Smart and AMR meters, and in reviewing the Performance Assurance Framework.

### **Respondent 2**

Positives: PAFA coming out and engaging with stakeholders bilaterally as well as attending workgroups to provide an independent PAC centric view on issues. RFI's have been useful in validating assumptions before acting. Negatives: PAFA are having to rely on inaccurate and out of date information. Not having the latest view to hand causes issues when talking to stakeholders who are focused on the current levels of performance. Lag risks engagement being out of date

### **PAC Response**

PAC will work to increase engagement through PAFA to help understanding of decision making.



**Q5 - If you have engaged with PAFA, please note the method of engagement and how you found your experience.**

**Respondent 1**

As a PAC member, I have found PAFA a constructive partner which is easy to engage with.

**Respondent 2**

We have found engagement to be very positive with open engaging conversations with PAFA taking on board comments and providing feedback. We have communicated via emails, F2F (team's meetings etc.) and calls.

**PAC Response**

PAC acknowledges these comments.



**Q6 - (a) If you've engaged with PAFA following receipt of a performance communication, how would you rate your experience? (b) If your organisation has been involved in an improvement plan, would you say it helped you focus on improvement action within your organisation?**

**Respondent 1**

Not applicable.

**Respondent 2**

A. Positive B. Yes – it helps with getting business focus on issues.

**PAC Response**

PAC acknowledges these comments.



**Q7 - The Central Data Service Provider (CDSP) is responsible for the Data Discovery Platform (DDP) and Performance Assurance Reports Register (PARR). Please comment on the work of the CDSP in relation to (a) Your organisation (b) PAFD; and (c) The UNC.**

### **Respondent 1**

There have been problems with the accuracy of data used in PARR reporting this year. It is important that Xoserve takes full accountability for the performance of the CDSP service provider and it has been good to see this happening in response to the application of performance assurance techniques.

### **Respondent 2**

A, B & C. In terms of Xoserve in its role supporting the Performance assurance regime the big issue is the timeliness/quality/accuracy of the data being provided. It still feels like Xoserve are not fully engaged with supporting the arrangements.

### **PAC Response**

PAC acknowledges these comments and will continue to update industry on the progress of increasing data reliability.



**Q8 - Please indicate any issues that are impacting performance for the industry or your organisation.**

**Respondent 1**

Reliability of CDSP data, quality and availability of AMR asset data, hard to access non-domestic sites, lack of understanding of CDSP rejections, lack of understanding of the check reads process.

**Respondent 2**

Recognition of the role of third parties, who we have varying degrees of influence over, and a pragmatic/proportionate approach were relatively small volumes of customers are involved and therefore a small impact can have a material effect but is de-minimis in the wider context.

**PAC Response**

PAC will engage with other Performance Assurance Regimes across other codes in order to identify broader trends and issues. PAC will also investigate what can be done in terms of providing more training and signposting relating to the check reads process.