

UNC Performance Assurance Committee Minutes
Tuesday 12 June 2018
at Radcliffe House, Blenheim Court, Warwick Road,
Solihull, B91 2AA

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Carl Whitehouse	(CW)	Shipper Member
Fiona Cottam	(FC)	Observer, Xoserve
Graham Wood*	(GW)	Shipper Member, Alternate
John Welch	(JW)	Shipper Member
Kirsty Dudley*	(KD)	Shipper Member, Alternate
Lisa Saycell*	(LS)	Shipper Member
Mark Bellman*(Risks Only)	(MB)	Shipper Member
Mark Jones	(MJ)	Shipper Member
Neil Cole	(NC)	Observer, Xoserve
Nirav Vyas	(NV)	PAFA
Rachel Hinsley	(RHi)	Observer, Xoserve
Rob Johnstone*	(RJ)	Transporter Member
Sally Hardman	(SH)	Transporter Member
Shanna Key*	(SK)	Transporter Member Alternate

Apologies

Richard Pomroy	(RP)	Transporter Member
Mitch Donnelly	(MD)	Shipper Member
Sallyann Blackett	(SBa)	Shipper Member

* *via teleconference*

Copies of non-confidential papers are available at: <http://www.gasgovernance.co.uk/PAC/120618>

1. Introduction and Status Review**1.1 Confirm Quorate Status**

BF welcomed everyone to the meeting and declared the meeting as being quorate.

BF explained that the Uniform Network Code Committee (UNCC) had now approved the Performance Assurance Committee (PAC) Terms of Reference (ToR) which now confirmed the following; 9 Shipper members, 3 Transporters members, 2 DN's and 1 iGT member.

BF also confirmed that Sallyann Blackett Shipper member, was new to PAC and that Kirsty Dudley was her alternate and that Mark Bellman, would soon be a confirmed member, (confirmation documents were to still to be signed).

BF confirmed that Hilary Chapman was now no longer a member and that her replacement was Sally Hardman, Transporter member.

1.2 Apologies for absence

Apologies were noted as above.

1.3 Note of Alternates

Kirsty Dudley for Sallyann Blackett
Graham Wood for Mitch Donnelly

1.4 Review of Minutes (08 May 2018)

The minutes of the previous meetings were approved.

2. Monthly Review Items

2.1 Risk Register Review

NV explained that Mark Bellman (MB) had raised two new Risks, which were:

Site Specific Correction Factor

Use of Standard Correction Factor for Domestic Sites.

NV then provided a brief overview of the two new risks and explained in relation to the risk regarding standard correction factors, that this risk could lead to an inaccuracy of settlement in the Industry.

MB overviewed the two risks as below, and added that he felt the Site Specific Correction Factor risk was a performance related risk and was possibly most appropriate to be discussed in the UIG Workgroup and the second risk, Use of Standard Correction Factor for Domestic Sites was best to be addressed by PAC in terms of potentially influencing changes to regulations.

New Risk - Site Specific Correction Factor

There is a risk that the calculation of thermal energy (kWh) per metered cubic foot/metre of gas is incorrect for a site where site-specific correction factor (>732,000kWh) is mandatory under Thermal Regulations

Because of ... correction factor being defaulted to standard correction factor (site-specific correction factors are intended to account for site specific conditions of temperature and pressure)

Leading to ... i) incorrect settlement allocation for that shipper and ii) increased/reduced Unidentified Gas smeared across all other shippers.

New Risk - Use of Standard Correction Factor for Domestic Sites.

There is a risk that... There is a risk that across the scale, the use of standard correction factors for domestic meters leads to incorrect attribution of energy.

Because of... Standard correction factors don't necessarily account for all variations of temperature and pressure differences.

Leading to... Incorrect settlement energy being recorded across the scale.

A lengthy and protracted general discussion took place regarding the risk 'Use of Standard Correction Factor for Domestic Sites' and the impact a colder or warmer environment would have on the overall actual consumptions and if LDZ values should be applied rather than the standard national value. It was noted that the static conversion factor had been discussed in the past and as this is mandated by regulations, it is unlikely that PAC or the industry could apply other factors.

It was suggested that the sites should have a check process regarding the site specific factor and a process to correct this error, particularly for sites which move between standard and site specific correction factors. CW proposed that the Meter Asset Managers (MAMs) should know this information and should be able to supply accurate and timely data to the Supplier for inclusion in central records. MB said that this aspect was worth further investigation with the MAM and that the resolution would

also be dependent on the consumption of the site itself. KD was concerned that the MAM process was by and large a desk top exercise that might introduce errors.

A further general discussion took place in relation to the consumers located at different altitudes possibly being over or under charged per unit of energy consumed, when compared to the national average. FC said that the higher altitude had lower energy value but that the same quantity of gas got charged, it was more in relation to the amount of gas that actually went through the meter. She added that the gas would expand in warmer weather and compress in colder weather and the same would be the case as to where the meter was located in relation to temperature fluctuations. MB agreed and said that a starting point might be to see the variations in the temperature and the associated impacts which were related to Boyles Law. GW said that it should not be assumed that the temperature and higher altitudes would be balanced out. MB reiterated it would depend whether the meter was located inside the property or outside. He added that he was disappointed that the AUGGE had not investigated this area in connection with the UIG issue. KD said that this had been raised with the AUGGE from both ends of the spectrum and that this was presently being discussed. MB said that a solution needed to be in place prior to the 2019/2020 gas year.

FC said that the Task Force proposed by Modification 0658 (Urgent) could investigate this issue, as she was not sure what actual impact or gravitas PAC could have on this matter. She said that perhaps all Meter Bands 4 and above should be site specific.

BF then reiterated the question of what decisions PAC were going to make in relation to these 2 risks. A lengthy general discussion took place and NV said that both of these risks needed validating, as to whether they should be included in the PAC Risk Register, and it was agreed that the '*Use of Standard Correction Factor for Domestic Sites.*' should be addressed by PAC and that the '*Site Specific Correction Factor*' risk should be qualified and FC proposed that this risk was already encompassed in the 005 existing risk in the Risk Register. It was then suggested could the sites with standard correction factors be quantified and whether this was a matter for MAMCoP with the obligation on the MAMs to produce this data. RH said that David Addison had already been investigating this matter previously with MAMCoP and that she would ascertain what progress had been made so far.

New Action PAC 0601: Xoserve (RH) to investigate the status of the sites with a standard correction factor and MAMCoP.

A general discussion took place as to what direct action PAC could take regarding the worst performers and JW proposed that a letter could be sent to those who were not meeting their obligations. LS said that the validation would only take place on the throughput and FC said this was being investigated and she would provide more information at the next meeting and JW agreed that clarification was needed on the throughput numbers. FC said she would also ask the Customer Account Managers for their feedback on this topic also.

New Action PAC 0602: Xoserve (FC) to provide feedback via the Customer Account Managers on the Shippers performance with a RAG status, including the current level of engagement with each Shipper.

BF then proposed that the risks in question should be clarified at the next PAC meeting in July, once the new actions had been completed, as this would provide further information and clarity.

Risk Model

JW asked NV what the latest status was regarding the Risk Model as he was keen to see it and to fully understand how this was going to be used. NV explained that this was presently being updated and that he would be presenting it at the PAC July meeting.

Measurement Error Reports

BF explained that two Measurement Error process updates had been supplied and that these had been published, but no Transporter representatives were present to provide an overview of either document at this meeting as they were no longer Members of PAC, but they were available to view by remaining PAC Members.

2.2 Issues Register

BF overviewed the existing issues as detailed below:

2.2.1. PAC09 – Data quality and issues with the submission of readings result in higher levels and fluctuations in unidentified gas.

BF said that the new Modification 0652 - Obligation to submit reads and data for winter consumption calculation (meters in EUC bands 3 – 8) would be addressing this issue in due course.

2.2.2. PAC10 – Product Class 2 and 3 Meter Read Submission Performance

BF said the proposed new Draft Modification - Transfer Class 2 and 3 sites to Class 4, would also be addressing this issue.

JW said that in both cases these Modifications had been presented to the Distribution Workgroup, and that the Draft Modification required more detail to be included within the solution which he was addressing.

BF added that this was not a straight forward Modification and that there had been some resistance concerning the meter points; by meter point or by portfolio and this was the reason the Modification would now be presented to the July Panel and not the June Panel, as had originally been proposed.

A lengthy general discussion then took place regarding the timeline and GW said that these Modifications needed to be submitted to Panel to avoid further lengthy delays and BF reiterated that the Modifications themselves needed to be robust enough to provide sufficient information to enable Panel members to make a confirmed choice in terms of what the Workgroup is being requested to do.

FC said in relation to the systems, that Gemini did the daily allocations and this was proposing breaking the defined audit trail with an intervention. FC and JW agreed to discuss this in further depth off line.

BF proposed a separate meeting to agree to the Draft Modification amendments and it was agreed this would take place on 25 June 2018 via a Teleconference at 09.30am. JW agreed to amend the solution within the Modification and circulate this to PAC members before Friday 22 June 2018.

New Action PAC 0603: Shipper Member (JW) to circulate the amended Draft Modification - Transfer Class 2 and 3 sites to Class 4, to all PAC members prior to 25 June 2018 meeting for feedback in readiness for the July Panel.

When considering “UNC 0657S Adding AQ reporting to the PARR Schedule reporting suite”, A protracted general discussion took place regarding this Modification in relation to PARR reporting data and if it should be un-anonymised or anonymised. FC said it should still be anonymised as otherwise specific organisations data could possibly be known via a process of relatively simple data manipulation and investigation. NV said that the PAFA needed to still view the un-anonymised data in order to perform the required data analysis.

BF asked if all PAC members were in favour of anonymised data in relation to this Modification, all members agreed that the data should be in an anonymised format and that un-anonymised data from a reporting aspect, would require specific evidence and reasoning.

2.2.3. New Issues

None raised.

2.3 Project Plan

NV provided an overview of the 'Indicative PRID(e) Project Plan' presentation, and he explained that the PRID(e) in Gas PAF model was based on simple, but robust, principles, which encompassed the following Preventive, Detective, Incentive and Remedial assurance techniques, which could be used flexibly to address Settlement risks. He explained these principles would provide:

- A clear and transparent set of performance assurance framework techniques
- Clarity on how Market Participant performance will be managed
- Define the processes and techniques to be used on Market Participants based on the risk that they pose to the market

He then explained that the use of any techniques under this model was at the decision and discretion of the PAC, based on the information it received through the PARR and the PAFA with the PAF.

NV then moved through the specific areas and timelines of the Project Plan which were divided into the following sections: steering and control, engagement, education, and evolution, prevent, detect, incentive and remedy. He said he was keen for a workshop day for all PAC members to work through the detail and timelines/milestones of the Project Plan.

BF said that more information was required in order for a complete and comprehensive view and that a detailed structure and framework was required, to be either added to the Project Plan itself, or itemised within a framework document, including the timelines that needed to mirror the current Modification timeline. He again reiterated that he felt PAC needed a defined process similar to the Energy Balancing Credit Committee (EBCC). RH said she would speak with Mark Cockayne on this matter and would provide feedback at the next meeting.

New Action PAC 0604: PAFA (NV) to combine the Project Plan into a detailed framework document to clearly show how the process is defined – *which must be published at least 5 business days prior to the next PAC meeting in July.*

NV asked all PAC members to provide any feedback direct to him in relation to the Project Plan and JW requested that real life examples were added to provide clarity.

MJ added that an overview of the pre Nexus process would also be very helpful to show the concept in a strawman and FC said she would produce the previous Nexus incentive process.

New Action PAC 0605: Xoserve (FC) to provide information regarding the pre Nexus USRV process.

New Action PAC 0606: Xoserve (RH) to investigate the current EBCC defined process EBCR framework structure and provide feedback.

BF suggested the One day Workshop to evaluate the PRID(e) Project Plan should be 25 July 2018 starting at 10.30am in Solihull.

2.4 Assumptions Register

Consideration deferred until the 10 July 2018 meeting.

2.5 Ofgem Update

There was no formal update submitted by Ofgem as there was no representative present.

2.6 Review of Monthly PARR Schedule 2 Reporting Update

NV talked through the PARR Dashboard presentation and drew attention to specific schematics as required and detailed below.

2A-2 No Meter Recorded

The PAFA described the report as measuring the percentage of each Shippers portfolio of confirmed meter points with no meter recorded on the Supply Point Register as at the report snapshot date. Also described is the UNC requirement to fit a meter at every supply point (M2.1.1) and obligation to provide timely updates to central systems.

Highlighted as red in the report shows the top 10 worst contributing Shippers which decrease industry performance.

The PAFA explained that the top 10 contributors remained consistent across the previous 12 months. The industry as a whole has seen a 50% improvement in performance in the past 12 months by reducing the percentage of no meter recorded on the Supply Point Register from 0.06% to 0.03%.

The worst performers for the month were highlighted.

2A-7.1 No Read 2 - 3 Years <732,000 kWh

The PAFA described the report as measuring the percentage of a Shipper's portfolio in the below 732,00 kWh AQ band without a meter reading for a 2-3 year period as at the report snapshot date. Also described is the Shipper obligation to submit a read for either Monthly Read Meters at least every 4 months (M3.4.1) and Annual Read Meters at least every 24 months (M3.5.1).

The PAFA explained that the top 10 worst contributors remained consistent across the previous 12 months.

The industry as a whole has seen a drop in performance in the past 12 months from 0.61% in April 2017 to 0.89% in April 2018 of all Shipper portfolios submitting reads within obligated timescales.

The worst performers for the month were highlighted **2A-7.2 No Read 2 - 3 Years >732,000 kWh**

The PAFA described the report as measuring the percentage of a Shipper's portfolio in the above 732,00 kWh AQ band without a meter reading for a 2-3 year period as at the report snapshot date. Also described is the Shipper obligation to submit a read for either Monthly Read Meters at least every 4 months (M3.4.1) and Annual Read Meters at least every 24 months (M3.5.1).

The PAFA explained that the top 10 worst contributors remained consistent across the previous 12 months.

The industry as a whole has seen a drop in performance in the past 12 months from 0.00% in April 2017 to 0.01% in April 2018 of all Shipper portfolios submitting reads within obligated timescales

The worst performers for the month were highlighted **2A-9 Standard CF AQ > 732,000 kWh**

The PAFA described the report as measuring the count of sites with an AQ >732,000 kWh, but having the standard conversion factor (i.e 1.02264) as at the report snapshot date. Also described was the Thermal Energy Regulations requirement to have a site specific conversion factor at all sites with an AQ > 732,000 kWh.

Highlighted as red in the report shows the top 10 worst contributing Shippers which decrease industry performance. The PAFA explained that the top 10 contributors remained consistent across the previous 12 months.

The industry as a whole has seen a 65% decrease in performance in the past 12 months as the number of sites with an AQ> 732,000 kWh has increased from 2629 in April 2017 to 4058 in April 2018.

2.7 The worst performers for the month were highlighted Review of PAC Terms of Reference

BF provided the update as detailed in section 1.1 above. This item will be now be removed from the agenda.

3. Annual Work Plan and Budget

3.1 Draft Work Plan and Budget Actions Update

Members agreed this item had been covered under the discussions for 2.3 Project Plan.

4. Communications Plan

NV said the main key messages from each meeting continued to be produced by the PAFA and were distributed via the usual channels.

5. Any Other Business

5.1 Review of the Performance Assurance Framework - All

BF advised that this matter had been raised by the UNCC, as to what the PAC was doing to address the issues identified by the industry. FC said that PAC did not have a lot of 'clout' and that was it was utilising the correct areas of the Uniform Network Code (UNC) and that remedial measures were in place, which in turn would be linked to the overall framework document. SH asked what other tools were in the PAC Tool Box to enable PAC to be more proactive and assertive in its interactions.

NV suggested that these options could be discussed further once the incentives in the Project Plan were discussed.

5.2 Meters (exchanges and read submissions statistics) – All

JW advised that this matter would be investigated in more detail once the proposals within "UNC Modification 0660 - Amendment to PARR permissions to allow PAC to update with UNCC approval" were approved.

5.3 PAC related Modifications

BF explained that some of the issues related to AQ reporting might be addressed within UNC Modification 0655 - Requiring a Meter Reading following a change of Local Distribution Zone or Exit Zone.

5.4 Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation

SK wanted to know what PAC's opinion was in relation to this Modification's latest reconciliation exercise? JW said he would need to see something in writing and the data before passing any comment. RH said she would investigate this matter in more depth and provide feedback.

5.5 DM Sites - Consumption Adjustments

FC explained that although this appeared to be a straight forward issue to resolve, some sites did circulate in and out of the pot and these are sent back to the Shippers in question to resolve the issues so that the consumption adjustment can be agreed. She said there were 23 sites outstanding and 21 new sites that would have been included in this figure, with some Pot 1 sites that were still awaiting consumption adjustments. She added that this aspect was out of the remit of Xoserve and that it was not mandatory to do a consumption adjustment. FC said with the PAC's backing she would send the list to Ofgem detailing the Shippers that were still outstanding. LS said that theirs were still with their Networks and FC said she would re-escalate this via the DN's. All were in agreement that Ofgem should be made aware of these outstanding Shippers.

New Action PAC 0607: Xoserve (FC) to write to Ofgem and summarise what actions have been taken so far and request the assistance of Ofgem with the resolution to the consumption adjustment issue.

6. Review of Actions Outstanding

PAC0501: Xoserve (FC) to investigate Schedule 33 data with Electralink/TRAS and see if this data could be shared with Xoserve.

Update: FC requested that this action be carried forward, as this was being addressed and it needed to go to the SPAA Executive to agree to Xoserve having sight of this data.

Carried forward

PAC0502: PAFA (NV) to produce a milestone plan of which live risks should be tracked by use of the process flow chart.

Update: NV confirmed this action could now be closed and the information had been produced and presented. **Closed**

PAC0503: PAFA (NV) to add the Appeals process into the process flow chart.

Update: NV agreed that this Appeals process will now be added into the process flow chart and so this action could now be closed. **Closed**

PAC0504: Shipper Member (JW) to amend the new Modification in readiness for submission to the June Panel, for further development within the Distribution Workgroup.

Update: Shipper Member (JW) agreed to amend the Modification following the meeting discussions and agreed that this Modification would now be submitted to the July Panel, and the action could now be closed. **Closed**

PAC 0505: PAFA (NV) to provide a Dashboard format of the Reports versa the Risks for the June Meeting.

Update: NV confirmed the PARR Dashboard had been produced and presented and so this action could now be closed. **Closed**

PAC0506: PAFA (NV) to track and record all actions that have been resolved and actioned by date to produce an audit trail.

Update: NV requested that this action be carried forward and an update would be provided at the next meeting. **Carried forward**

7. Next Steps

BF proposed that due to the amount of tasks that the PAC were presently in the process of addressing, that two extra meetings were scheduled; one on 25 June 2018 to complete the content of the Draft Modification via a Teleconference and another one on 25 July 2018 for the PRID(e)Project Plan Workshop day.

7.1 Key Messages - PAFA

It was agreed the PAFA would provide the Key Messages communications for this and future meetings, as per the summary below:

- Performance Assurance Committee (PAC) Terms of Reference have been approved by the Uniform Network Code Committee (UNCC) at its meeting in 17 May 2018
- The CDSP (Central Data Service Provider) provided an update on the letter sent to all Daily Metered (DM) Shippers still with outstanding actions relating to Pot 1 consumption adjustments
- There has been some progress following sending of the letter, though Shippers are yet to provide a specific resolution plan and the CDSP are continuing to chase
- The PAC discussed the draft modification wording for transfer of sites with low read submission performance from Classes 2 and 3 into Class 4 with a view of raising the modification in the near future
- A Modification Panel update was provided for Modification 657S - Adding AQ reporting to the PARR Schedule reporting suite, stating that this will be *considered by the Distribution Workgroup*
- Modification 660 - Amendment to PARR permissions to allow PAC to update with UNCC approval, will be presented to the Modification Panel at its 21 June 2018 meeting
- The PAFA presented two new proposed risks for the Performance Assurance Framework (PAF) Risk Register associated with Correction Factor for sites >732,000kWh and domestic sites respectively
- The PAFA provided a project plan for implementation of the PRIDe in Gas Model and agreed a workshop to be arranged in July 2018 to progress the plan
- The PAFA presented the three finalised PARR reports with analysis on trends
- The CDSP stated that 9 of 10 PARR reports will be ready to be published for the August 2018 PAC meeting
- The next PAC meeting will take place on 10 July 2018

8. Diary Planning

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

Time/Date	Venue	Programme
09.30, Monday 25 June 2018	Teleconference	<ul style="list-style-type: none"> • Review of Draft Modification Amendments
10.30, Tuesday 10	Elexon, 350 Euston Road	<ul style="list-style-type: none"> • Monthly Review Items

July 2018	London Lon NW1 3AW UK	<ul style="list-style-type: none"> • Annual Work Plan & Budget • Communications Plan • Smart Meter Exchanges & Read Submission Statistics • PAC Related Modifications
10.30, Wednesday 25 July 2018	Workshop (<i>Venue to be confirmed</i>)	<ul style="list-style-type: none"> • PRID(e) Project Plan/Framework Workshop
10.30, Monday 06 August 2018	Solihull – Venue TBC	<ul style="list-style-type: none"> • <i>To be confirmed</i>
10.30, Tuesday 11 September 2018	Elexon, 350 Euston Road London Lon NW1 3AW UK	<ul style="list-style-type: none"> • <i>To be confirmed</i>
10.30, Tuesday 09 October 2018	Solihull – Venue TBC	<ul style="list-style-type: none"> • <i>To be confirmed</i>
10.30, Monday 05 November 2018	Elexon, 350 Euston Road London Lon NW1 3AW UK	<ul style="list-style-type: none"> • <i>To be confirmed</i>
10.30, Tuesday 11 December 2018	Solihull – Venue TBC	<ul style="list-style-type: none"> • <i>To be confirmed</i>

Action Table (as at 12 June 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAC 0501	08/05/18	2.1	Xoserve (FC) to investigate Schedule 33 data with Electralink/TRAS and see if this data could be shared with Xoserve.	Xoserve (FC)	Carried forward
PAC 0502	08/05/18	2.1	PAFA (NV) to produce a milestone plan of which live risks should be tracked by use of the process flow chart.	PAFA (NV)	Closed
PAC 0503	08/05/18	2.1	PAFA (NV) to add the Appeals process into the process flow chart.	PAFA (NV)	Closed
PAC 0504	08/05/18	2.2.2	Shipper Member (JW) to amend the new Modification in readiness for submission to the June Panel, for further development within the Distribution Workgroup.	Shipper Member (JW)	Closed
PAC 0505	08/05/18	2.6	PAFA (NV) to provide a Dashboard format of the Reports versa the Risks for the June Meeting.	PAFA (NV)	Closed
PAC 0506	08/05/18	7.0	PAFA (NV) to track and record all actions that have been resolved and actioned by date to produce an audit trail.	PAFA (NV)	Carried forward
PAC 0601	12/06/18	2.1	Xoserve (RH) to investigate the status of the sites with a standard correction factor and MAMCoP.	Xoserve (RH)	Pending
PAC 0602	12/06/18	2..1	Xoserve (FC) to provide feedback via the Customer Account Managers on the Shippers performance with a RAG status, including the current level of engagement with each Shipper.	Xoserve (FC)	Pending
PAC 0603	12/06/18	2.2.2	Shipper Member (JW) to circulate the amended Draft Modification - Transfer Class 2 and 3 sites to Class 4, to all PAC members prior to 25 June 2018 meeting for feedback in readiness for the July Panel.	Shipper Member (JW)	Pending
PAC 0604	12/06/18	2.3	PAFA (NV) to combine the Project Plan into a detailed framework document to clearly show how the process is defined – <i>which must</i>	PAFA (NV)	Pending

Action Table (as at 12 June 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			<i>be published at least 5 business days prior to the next PAC meeting in July.</i>		
PAC 0605	12/06/18	2.3	Xoserve (FC) to provide information regarding the pre Nexus USRV process.	Xoserve (FC)	Pending
PAC 0606	12/06/18	2.3	Xoserve (RH) to investigate the current EBCC defined process EBCR framework structure and provide feedback.	Xoserve (RH)	Pending
PAC 0607	12/06/18	5.5	Xoserve (FC) to write to Ofgem and summarise what actions have been taken so far and request the assistance of Ofgem with the resolution to the consumption adjustment issue.	Xoserve (FC)	Pending