

(Gas) Energy Settlement Performance Assurance Committee: Annual Work Plan and Budget 2018/19

1. Associated Documents

<http://www.gasgovernance.co.uk/PAC>

2. Background

In this document, the Performance Assurance Committee sets out the areas of focus for the gas year ahead. A wider project plan is maintained by the PAFA (Performance Assurance Framework Administrator) which can be found at the link above.

3. Scope

Performance Reports

The PARR (Performance Assurance Report Register) schedule 2 reports have now been delivered to the industry and to PAC (as of August 2018) and work continues to confirm and validate the accuracy of all reports, and begin to make contact with industry parties where relevant data obligations are highlighted. The approach to review and decision making will be informed by the PRIDe model (details of which can be found in the 'Associated documents' section of this work plan document).

Risk and Issue Register

The PAF Risk Register is currently being reviewed by the PAC, and is expected to be sent out for the latest industry consultation by the PAFA by end of Q4 2018.

Risk model

The risk model has yet to be updated with data following Nexus implementation. It is projected that this will be fully operational

PAC Modifications

PAC approved modifications are taken forward by a sponsored party from within the PAC membership (PAC as an entity is not a code party so cannot progress modifications without sponsorship). Three PAC approved UNC modifications have been raised to date in 2018.

- PAC recently had mod 0657S implemented (AQ reports for the PARR) and is in the process of amending the PARR reports to include AQ reporting.
- Mod 0660S (to allow PARR amendment via UNCC approval rather than individual modification) is expected to be decided upon by UNC panel in November 2018.
- Mod 0664 (transfer of class 2 and 3 sites with poor read submission performance) is currently at workgroup stage, currently with a date to report to panel of [March 2019].

PAF Development

PAC Committee Process Modification

A draft mod has been discussed at PAC and is likely to be raised in the near future. This modification will look to make the processes and escalation points of the PAC process clear and explicit in terms of how parties' performance is reviewed and acted upon. This should represent a step-change in the effectiveness of the PAC.

PAC Incentive Modification

A modification is also expected to be raised that considers a wider incentive regime for settlement data submission. Close attention is being paid to existing modifications in this area (0664 and 0672) and this area continues to be developed.

4. Horizon Scanning

Introduction

PAC will undertake periodic 'horizon scanning' to ensure settlement risks and issues linked to key industry changes and developments are captured and monitored.

Current headline horizon items with brief commentary

UIG Task Force

UIG remains a central area of focus. PAC receives regular reports from Xoserve on the progress of the task force and will ensure that any newly identified areas and any recommended modifications are reviewed and monitored.

Smart meter roll-out

PAC has raised a risk related to the smart meter roll-out, to ensure the large number of meter exchanges due to take place does not pose a risk to gas settlement.

Faster switching

PAC will continue to monitor developments in this area and ensure risks are raised if appropriate.

Retrospective adjustments

PAC awaits the decision on modification 0651 and continues to hold an existing risk in this area.

5. Implementation timeline

Area of focus	Specific item	Expected
PARR Reports	Review actions	Q4 2018 onwards
	Report content review	Q1 2019
	PARR report updates	Q3 2019
Risk Register	PAC Review and update	Q4 2018
	Industry consultation	Q1 2019
PAC Development	Mod 0660S	Q4 2019 (potential implementation)
	Mod 0664	Q1 2019 (potential implementation)
	PAC Committee mod	Q4 2019 (raised into mod process)
	PAC Incentive mod	Q1 2019 (raised into mod process)
Risk model	Risk model data update	Q1 2019
	Review of model	Q2 2019
	Update and finalisation of risk model	Q3 2019

6. Risk Register

The existing risk register will be updated and expanded and circulated for consultation in this period.

Link: <http://www.gasgovernance.co.uk/PAC>

Current risk register items

Risk reference	Description
PACR001	Theft of Gas
PACR002	Use of the AQ Correction Process
PACR003	Estimated reads used for daily metered sites (Product Class 1 and 2)
PACR004	Identified LDZ Offtake Measurement Errors
PACR005	Incorrect or missing asset data on the Supply Point Register
PACR006	Use of Winter Annual Ratio (WAR) for End User Category (EUC) 03-08
PACR007	Undetected LDZ Offtake Measurement Errors
PACR008	Unregistered Sites
PACR009	Shipperless Sites
PACR010	Meter readings fail validation (Product Class 3 and 4)
PACR011	Late check reads on meters that derive a read
PACR012	Meter read submission frequency for Product Class 4 meter points
PACR013	Estimated reads at Change of Shipper
PACR014	Failure to obtain a meter reading within the settlement window
PACR015	Consistent approach to retrospective updates
PACR016D	Use of Site specific Correction Factors for a sites consuming above 732,000kWh
PACR017D	Use of a standard Correction Factor (1.02264) for sites consuming below 732,000 kWh

7. Communication Plan

PAC will continue to distribute Key Messages from each meeting. In addition, this document is being circulated for views and comments by the industry, as is the Risk Register via a separate consultation process.

- Key messages – Distributed monthly
- Work plan distribution – Q1 2019
- Risk Register Consultation – Q1 2019

8. Code changes / Industry Developments likely to affect settlement

In addition to the horizon scanning items mentioned in section 4 of this document, PAC continues to monitor and consider progress on the following modifications:

Mod number	Title	Status	Reason for consideration
0654S	Mandating the provision of NDM sample data	Implemented	Submission of sample data
0657S (PAC mod)	Adding AQ reporting to the PARR Schedule reporting suite	Implemented (PAC Mod)	PARR to be updated
0658	CDSP to identify and develop improvements to LDZ settlement processes	Implemented	Areas of focus from UIG task force
0651	Changes to the Retrospective Data Update provisions	Awaiting Ofgem decision	Linked to existing PAF risk
0660S (PAC mod)	Amendment to PARR permissions to allow PAC to update with UNCC approval	Out for consultation	PARR schedule can be updated following review
0630R	Review of the consequential changes required in UNC as a result of the Ofgem Switching Programme	Request Workgroup	Horizon scanning
0646	Opening Class 1 reads to Competition	Workgroup stage	Consideration of performance and related incentives
0652	Introduction of winter read/consumption reports and associated obligations	Workgroup stage	Link to existing WAR band risk
0661R	Reconciliation and Imbalance Cash Out Prices	Request Workgroup	Awareness of potential outcomes
0664 (PAC mod)	Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4	Workgroup stage	PAC mod due to poor read performance
0665	Introduction of suitable classification of Ratchetable Supply Points & ensuring accurate Capacity Allocations (SOQ)	Workgroup stage	Impact on class 2 take-up
0672	Incentivise Product Class 4 Read Performance	Workgroup stage	Consideration of incentive development

While no specific action is necessarily planned, PAC would consider actions such as writing to UNCC if the need arose.

9. Indicative Budget

PAC currently holds a DSC budget pot of £50,000 for 2018/19.