

Gareth Evans
Industrial and Commercial Shippers and Suppliers
gareth@ICoSS.org
(by email)

17 July 2019

Dear Gareth

PAC Response to ICoSS regarding Performance Assurance

Thank you for your letter dated 26 June 2019, providing comments on the Performance Assurance Framework which your members wanted to raise to the Performance Assurance Committee (PAC).

PAC have reviewed the comments and want to assure you and the ICoSS members that they are working hard to move the performance assurance regime forward and welcome all forms of feedback, regularly requesting it in communications with industry to inform the further development of the regime.

The PAC was formed following the implementation of UNC Modification 0506V which established the Performance Assurance Framework into the UNC. The framework defines the goal of the Performance Assurance scheme as;

'A demonstrably effective settlement regime for the gas industry where no one party adversely impacts another party as a result of its failure to operate to the defined settlement regime'.

The PAC, supported by the Performance Assurance Framework Administrator (PAFA), monitors performance assurance against a suite of reports (the Performance Assurance Reports Register (PARR)) defined by the implementation of UNC Modification 0520A.

The PAC notes that your letter raises a number of areas of concern and the PAC would like to respond with the following:

- Imperative that PAC bases its assessments on timely and accurate data

The first full set of PARR data was received in September 2018 and since then the PAFA have worked to develop the monthly reporting, the anonymised version of which is currently available to industry on the Huddle platform. The PAC uses the PARR data alongside supporting data, and information provided by the Central Data Services Provider (CDSP) Customer Advocate team to monitor industry performance. The PARR data is provided by the CDSP using its timetable for data availability.

The PAFA has continuously reviewed the reporting, identifying, where required, the need for enhancements to the existing reporting. This included identification of a need to reduce the lag in reporting data to improve on timeliness and adding an increased level of granularity to the reporting thus providing greater accuracy in performance improvement targeting.

The PAFA and CDSP have been facilitating the provision of these changes which have been incorporated into two change proposals; 'XRN4795 - Amendments to the PARR (520a) reporting' and 'XRN4876 - Changes to PARR reporting – provide further data to PAFA to aid analysis of performance reporting'. Change proposal XRN4795 is being funded by the PAC and is expected to be delivered in the latter part of 2019. XRN4876 is currently being developed as part of the Data Services Contract (DSC) change control process. The CDSP has also grouped changes with 'XRN4789 - Updating Shipper Reporting Packs and glossary' into the data changes as there were overlapping requirements and a combined benefit for joint delivery.

PAC are aware that there are some data discrepancies between the data held within the PARR reports and that which is provided in the Shipper packs e.g. reporting periods and Product Class vs LSP/SSP; but have been assured by the CDSP that the data is correct in both. Although the reports have been scripted differently due to the reporting requirements which could lead to some varying interpretations of the data.

The CDSP are currently undertaking work to align the PARR reports with the Shipper packs to improve the data alignment in industry reporting and to support consistent interpretations in the reporting and supporting documentation. The CDSP presented their proposed developments in this at the DSC Change Management Committee and the PAC engagement day and can be provided to you and your members if required.

- The PAC must be even-handed when assessing performance in the market

The PAC takes an evidence-based approach to performance assurance, utilising data within the PARR and risks in the risks register, these are used to target areas of performance that pose the highest potential risk to settlement. This evidence-based approach, combined with the more regular data provision for larger sites has led to the focus of the PAC initially being on the larger end of the market. However, PAC takes an holistic view which has also resulted in performance improvement actions which have been taken across all product classes.

The PAC and the PAFA held an engagement day on 18th June 2019 where more detail on the performance assurance processes were presented. Should ICoSS wish to see the presentations from this event PAFA would be happy to provide a copy.

In addition to the work on the PARR, the PAC has, in recent months added additional risks to the risk register to broaden the focus to include impacts on all sectors, these include risks to smart meter installation, AMR read provision and an expansion of the risk around the use of an appropriate correction factor to include all market sectors.

As a result of its performance assurance work, the PAC has requested proposers for a number of UNC modifications which consider issues across the board;

- 0657 – (Adding AQ reporting to the PARR schedule reporting Suite) - Adding AQ reporting to the PARR for all product classes
- 0664 – (Transfer of Sites with Low Read Submission Performance from Classes 2 and 3 into Class 4) - Looking at both PC2 and PC3 which impacts both the domestic and I&C sectors
- 0672 – (Incentivise Product Class 4 Read Performance) - Introduces incentives for Product Class 4 and;
- 0674 – (Performance Assurance Techniques and Controls) - Designed to improve the performance assurance regime for all parties.

- PAC engagement with the industry must be proportionate and focused

PAC's industry engagement is limited to communications regarding poor performance against the PARR which is driven by the requirements laid out in the UNC and in the Performance Assurance Framework (except for training and engagement sessions). Most commonly these communications are either by a Performance Observation Letter, which is sent to all Shippers operating within a sector that is not performing as well as expected, or by a Performance Improvement Request which targets specific Shippers for performance improvement.

Given the nature of these letters they are sent to the party's DSC Contract Manager, using the contact details that are held by the CDSP and who would have been nominated by your members. Should Shipper performance be such that escalation is required, communication is made with the DSC Contract Manager and an escalation contact is requested which again would be nominated by your members.

The PAC is confident they have reviewed the concerns raised by your members and have provided sufficient information in this response. Should you have any further questions regarding the work of the Performance

Assurance Committee, PAFA would be happy to attend a future meeting of The ICoSS and discuss these with you in more detail.

Yours sincerely,

Rebecca Hailes

Chair, Performance Assurance Committee

Joint Office of Gas Transporters