

20th May 2020: PAFA Service Schedule Review

Attendees:

Meeting administered by the PAFA

Minutes circulated to attendees 22nd May 2020, no comments received

PAC members:

- Sally Hardman (SH)
- Carl Whitehouse (CW)
- Lisa Saycell (LS)
- Sean Cooper (SC)
- Louise Hellyer (LH)
- Leteria Beccano (LB)
- Mark Bellman (MB)
- Sally-Ann Blackett (SAB)
- Alex Travell (AT)

PAFA:

- Shelley Rouse (SR)
- Anne Jackson (AJ)
- Sara Usmani (SU)

Observers:

- Fiona Cottam (FC)
- Neil Cole (NC)

Summary of outcomes:

Service schedule element	Update for inclusion in Document 4, 'PAFA service schedule and PAFA tender for post 2021'	For inclusion in PAFA service contract for 2020 contract year
Managing monthly data provisions	PAFA to work with CDSP and other performance assurance bodies to consider the relevant data on behalf of the PAC	PAFA to publish to the wider Shipper community, league tables/rankings on Shipper performance
	PAFA to continue to work with CDSP on development of the DDP and quality assurance of the data	PAFA to continue to work with CDSP on development of the DDP and quality assurance of the data
	PAFA to interact with other industry groups to promote the role of the PAC and provide insight to the performance assurance process	PAFA to interact with other industry groups to promote the role of the PAC and provide insight to the performance assurance process
Maintenance of an existing gas settlement risk model	PAFA to create/operate or maintain an agile risk model that best reflects the risks to gas settlement	PAFA to define proposals for an agile risk model that best reflects the risks to gas settlement

Administration of the service	Facilitation and support of the performance assurance regime Provision of PAC advocate role	Facilitation and support of the performance assurance regime Provision of PAC advocate role
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SR gave a presentation that provided an overview of the current PAFA contract terms, services provided against those terms and suggestions for future improvements.

Summary of the discussions and decisions below:

Managing monthly data provisions

- **Current provision:**

- Initially received 13 reports through an FTP (in 2019) and now receive 21 reports (2020) through FTP and DDP.
- 3 supplementary files also provided
- Data validation applied along with anonymising the reporting.
- With an increase in the number of reports, the time taken to process these will naturally increase.

CW questioned how long the data anonymisation process takes and is this automatically done? SR advised that the anonymisation is not automated due to the complexity of the process and the validation checks that are undertaken.

- **Additional service proposals:**

- More detailed Shipper dashboards

SC commented that as we do not currently have a timeline for all of the PARR to be delivered in the DDP, who would responsibility for the delivery of this this lie with?

SR suggested that they would hope for the PARR to be reflected in DDP as soon as possible, but agile delivery is not scheduled very far in advance and no complete schedule for development is available. The PAFA releases are already behind that of the rest of the industry.

- Ability for PAFA to Meet with Shippers, at their request, to discuss performance and suggest areas for improvement

SR advised that PAFA have met with Shippers but this has been done at the request of the PAC. Allowing PAFA to have the autonomy to work directly with Shippers would help to facilitate the Performance Assurance process

- Anonymised ranking and league tables – publishing these to the industry.

SR advised that an example of this style of reporting was presented at the May PAC meeting and was very well received. SC welcomed this style of reporting as it encourages Shippers to improve performance by creating a competitive environment. FC suggested that a ranking of the results could be added to the PARR descriptions, so that it would be included in the monthly PARR delivery.

*On revisiting this section of the presentation later in the meeting SR suggested that the ranking reports should be published to a wider group than the Huddle community. It was agreed that this would be supported if the anonymisation method was approved by the PAC. FC commented that she would like to see this publication to the wider industry if anonymisation could be appropriately applied.

- PAFA to continue to support and provide input to the development of the DDP

AT suggested that there is a wider consideration. Interaction with other industry groups would need to be considered for example as we move towards the REC and there may be a need for PAC to consider data in conjunction with the REC PAB.

This view was supported by a number of PAC members. SC commented that this was an important point as PAFA will get the data and derive its picture of the truth, so PAFA should check the data and seek to verify it is accurate. SC also stressed that it is about quality assurance of the data and not about the delivery of it. PAC need to take responsibility for the quality of the data and not accepting the data as it is. MB supported this suggesting that PAC want to rely on PAFA for the quality of reporting and that they have a role to play in both the underlying logic in the data and assuring the quality of data.

This was supported by AT who suggested that his should definitely be considered in the new contract. LS agreed suggesting that PAFA needs to be involved because they are aware of what is needed to support the analysis.

- Quarterly newsletter – publishing the work being done, highlighting areas for industry improvement and enabling PAFA to raise the profile of the PAC at other industry fora.

Management of the risk register and existing risk model

- **Current provision:**
 - 21 risks on the register in 2019 and there are now 28 risks on the register. The link between the register and the inherited risk model has been broken because the risk model is deemed to not be applicable.
 - PAC members need to consider whether the PAFA should be creating a refreshed, simplified model to recreate the link and add value assumptions to the risks.

- **Additional service proposals:**

It was acknowledged that the existing model was created by a third party as there was no PAFA in place. SAB suggested that responsibility for the design and maintenance of a risk model should lie with the PAFA, this view was supported by a number of PAC members.

FC suggested that this should be included in the contract for 2021 due to the amount of work involved in building a working model. SR stressed that the PAC need to be happy to work for a further year without a functioning model and no link to the risk register.

SAB recommended that for the 2020 extension PAFA are given the ability to redevelop the model, she also advised that she believed there was no more risk in a new PAFA picking up a

model from a third party compared to the incumbent PAFA picking up a model that was theirs.

FC suggested that PAFA, for the coming year could be give more discretion to develop the model and not be forced to work with the existing one.

There was support for the re-establishment of the link between the Risk Model and the Risk register, to ensure that the work of the PAC was driven by the largest risks to settlement (a risk based approach)

Administration of the service

- **Current provision:**
 - Management of the performance assurance process (issuing letters).
 - Interaction with CAMs which is beneficial to the PAC as it provides additional data and intelligence.
 - Provision of expert advice, close interaction with Shippers (emails/phone calls)
 - Management of Huddle, requires a lot of management.

Additional requirements:

- Reflect the requirements of the Performance Assurance modification UNC 0674. Acknowledged that the facilitation of the Performance Assurance process is not currently captured in the service schedule and should be reflected for both the coming year and document 4.

- PAFA Autonomy in some areas of performance targeting. Performance observation can be done automatically.

This suggestion was welcomed, with AT suggesting that this would allow the PAC meetings to run more smoothly.

- PAC advocate role

It was agreed that there was potential for this role to be included within Document 4 and the 2021 tender. Members could see benefit in PAFA being able to assess mods and provide input on the performance measure and development of relevant reporting required by PAC. MB also suggested that assessing modifications would be beneficial so PAC have a heads up on changes to obligations being proposed and that this should also sit with the PAFA. PAC members have limited time so it restricts the ability to assess the mods. PAFA would be able to get on the front foot with this.

FC suggested that a lot of work had already been done in this area, and the process has already improved. Joint Office are more readily suggesting the inclusion of PARR reports in the proposals and the CDSP are providing views on reports. SR suggested that there is also a role for a PAFA to be able to assess all mods, not just those that require reports, to both ensure that there is no potential impact on settlement or the work of the PAC, and to keep the PAC up to date on all industry change and the insights to Shipper behaviour that these might offer.

MB concluded that as there are a number of views on this, PAC should consider what they want the CDSP to put in the new contract. He suggested that it should be included in document 4 and the new contract.

AJ suggested that it would be useful for CDSP to have a view of consensus here to aid drafting.

Annual review of PAFA scope, process and outputs

- **Current provision:**
 - Annual review process undertaken each year. Expanded in 2019 to industry but only two responses.
 - Industry engagement event in 2019 was quite positive, high level of industry engagement and welcomed by Ofgem.

Additional services:

- Consideration of value of annual review consultation

Push back from PAC on this, suggesting that an annual review process was still relevant but acceptance that the method of execution may need to be considered

FC advised that the PAC annual review process was modelled on the AUGE but it can be as big/small as industry wants. AT questioned the process for review - Is it defined in the contract how the process works? Do PAFA have to undertake a review under a structure? SR confirmed it was not, so could be changed by agreement of the PAC

AJ stressed that while PAC are undertaking a review of the services schedule they have the opportunity to decide whether to change the direction of the PAC. Previous reviews have not allowed the review of the Performance Assurance in the gas industry, but more the delivery of the current process. PAC can determine what is needed now to make a difference – no further comments were received.

AJ also stated that engagement days have engaged with industry more but there is no feedback on PAC's performance assurance approach. LH questioned whether PAFA seek feedback from Shippers that have been subject to the current performance assurance measures? SR confirmed that the PAFA currently do not but it was something that could be added to the process.

- Provision of expert advice on risks to Gas settlement

A more general discussion was had around the PAFAs role in providing expert advice on settlement. It was suggested that the absence of a functioning Risk model has led to the PAFA not being able to provide a proactive service in this area. AJ suggested advised that having 'provision of expert advice' in the contract was fine, but access to data made this more difficult especially with the limitations of the PARR reports – there is a lack of visibility.

FC advised that originally the PAFA role was seen as purely administration but during the tender process it was realised that an understanding of Gas Settlement would be a significant advantage.

It was reiterated that FC would need comments from the PAC by Friday, 22nd May to give her time to update Document 4 and ensure that it was available in good time for the next PAC meeting, with a view to getting it signed off in that meeting.

ACTION: PAC to provide views to FC re contract considerations for the year ahead and the tender process.