

Incentives

To discuss how PAC use incentives to advance targeting.

INCENTIVES

For Discussion

To discuss how PAC use incentives to advance targeting.

What are the pros/cons of incentive measures?

PROs	CONs
Used appropriately can drive change.	Can add to the issues a party is facing.
Works in electricity regimes.	One size does not fit all.
Active method to focus parties to address issues and implement mitigations.	Needs to be equitable to the risk.
PAC INPUT	PAC INPUT

Electricity currently employ these incentives;

- Breach and Default;
- Error and Failure Resolution (plans);
- Removal of Qualification;
- Peer Comparison; and
- Supplier Charges.

INCENTIVES

For Discussion

To discuss how PAC use incentives to advance targeting.

How do incentives play a role in gas Performance Assurance today?

- Not being written to, not being put on a plan and not being asked to attend PAC meeting.
- Avoid scrutiny by meeting UNC targets for read performance.

How could the PAC maximise incentives to bring engagement up?

- Asking more parties on PIPs to attend PAC for a verbal update on their current road to resolution.
- Using observation writing and plans in a more structured and targeted way.
- Closer scrutiny on parties on a plan more Shipper input in the process.
- Training.

Dynamic Meeting Agenda

To discuss whether the current monthly PAC meeting agenda meets the needs of the strategy.

DYNAMIC MEETING AGENDA

For Discussion

To discuss whether the current monthly PAC meeting agenda meets the needs of the strategy.

Agenda is fixed with often recurring items.

- Utilisation of 'Information only' papers to be read by PAC members within their meeting preparation time to condense the agenda.
- Are the order of the agendas right?
- Should items be cycled on a two monthly basis e.g. industry updates
- Notable absence of what is covered?
- Can time be scoped out for workshops within monthly meetings?
- Getting best value out of the day.



Market entry Requirements

To discuss the advantages and drawbacks of Controlled Market Entry in the Gas sector. Discuss areas of risk and mitigations in implementing such a measure.

MARKET ENTRY REQUIREMENTS

For Discussion

To discuss the advantages and drawbacks of Controlled Market Entry in the Gas sector. Discuss areas of risk and mitigations in implementing such a measure.

- Currently no Market Entry requirements on Gas sector.
- Licence granted via Ofgem, meeting business suitability thresholds e.g. auditors, companies house information, fee paid ranging from £350 - £1,050.
- Electricity currently employ controlled market entry where parties are taken through the onboarding process, given controlled maximum customer thresholds to ensure they are able to meet all the demands of customer functions e.g. submit readings, transfers, meter management, embed systems and check interoperability with industry systems etc.
- Could market entry requirements of lessened the blow of SOLRs in late 2021?
- What would we want to get assurances about? e.g. creditor arrangements, audits, system specifications, knowledge of central systems etc.

MARKET ENTRY REQUIREMENTS

For Discussion

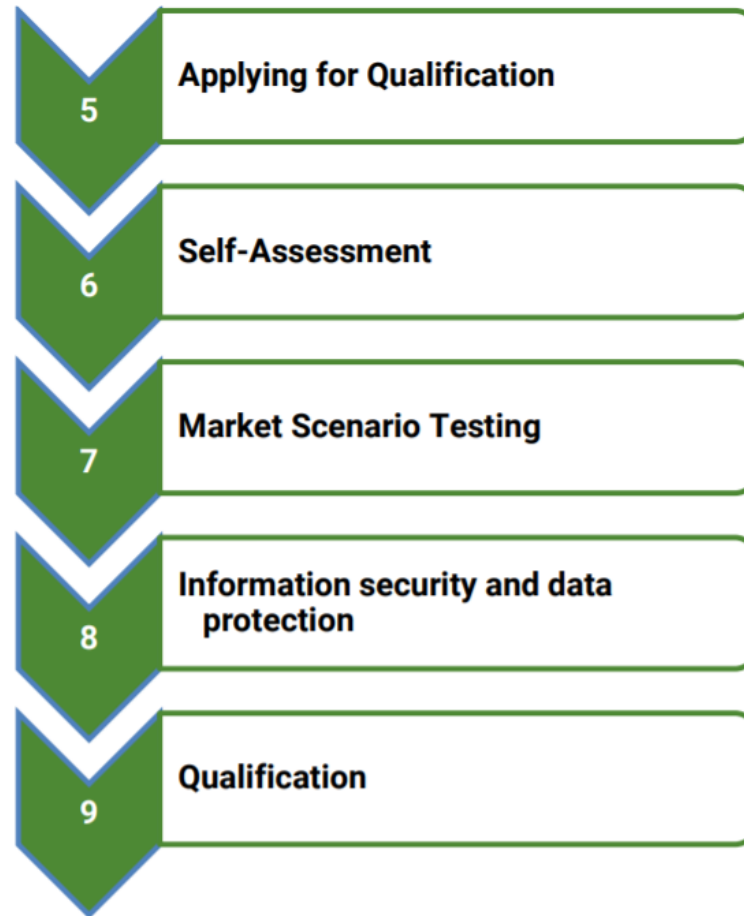
To discuss the advantages and drawbacks of Controlled Market Entry in the Gas sector. Discuss areas of risk and mitigations in implementing such a measure.

- What are the advantages and drawbacks of market entry?
- Should this be a function of the PAC?

Examples of what could be implemented;

- Similar regime to electricity/REC;
- 'Probation' periods which could be extended if parties do not meet criteria/thresholds;
- 1-2-1 mentor;
- Mandatory industry training to be undertaken before commencing work;

REC PROCESS



- Market Scenario Testing includes data flow testing to central systems, Controlled Market entry with a small number of customers to minimise impacts to the wider settlement regime and various audits.
- Have 1-2-1 access to an assessor throughout the processes and various checkpoints at which to assess progress.
- This is reported back to the PAB at various stages.

Source: REC Entry Assessment Information Pack 2021

Next Steps

NEXT STEPS

- Any decisions carried over from this session to be added for further consideration at the February PAC meeting (Targeting strategy and Performance Assurance Techniques).
- Potential second strategic workshop to be scheduled if there are still items on the agenda to discuss.
- Potential development of materials following PAC decisions on targeting and Performance Assurance Techniques.
- Any further research requirements will be brought to subsequent PAC meetings for consideration and where necessary decision making.

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