

DECEMBER 23 - GEMSERV

# 2022 / 2023 ANNUAL REVIEW & ENGAGEMENT EVENT REPORT

RACHEL CLARKE



MAKING THINGS THAT MATTER WORK BETTER



# OVERVIEW



The 2022/2023 Performance Assurance Regime Annual Review was issued for consultation on in September 2022 for a period of 6 weeks.

As part of our continued review of the approach to the Annual Review, and in addition to the consultation, this year the content of the Annual Review was shared and talked to as part of a Performance Assurance Engagement event, which was held on 3<sup>rd</sup> October 2023. This approach was taken in an effort to obtain more views on Performance Assurance than had been received in previous years.

This report provides an update on responses to the Annual Review consultation as well as feedback and key observations from the engagement event. PAC have considered and provided responses to the consultation comments (slides 4 – 19).



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# 2022/23 ANNUAL REVIEW REPORT

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CONSULTATION RESPONSES

# ANNUAL REVIEW CONSULTATION RESPONSES



## We received 4 response to the Annual Review consultation

**Q1) Please comment on whether the Framework meets the needs of the UNC, your organisation, and the wider gas industry. Please indicate its strengths and weaknesses.**

Yes, to the wider gas industry, it highlights risk and issues and makes it visible to see how a shipper is performing in comparison to the rest of the industry. The reports contain a lot of useful information and data. However, these reports also take considerable effort and time to get into a format that is easy to understand and share with senior stakeholders. What would be very beneficial to us as an organisation, is if the individual Holistic score card could be sent to individual shippers.

The framework has all the necessary elements. Its strengths include a good reporting base well supported with data from the DDP, a good sharing platform in GPAP, the HPM and a good general approach to customer engagement. Weaknesses include the split responsibility between CDSP and PAFA, where PAFA monitors the performance of the body which procures the PAFA services, a proliferation of too many reports and an over-emphasis on meter point level performance rather than volumetric. It's also not helpful that the performance assurance targets are codified, as this means that small breaches with very little overall risk to settlement are sometimes given undue attention. There also needs to be a method for moving performance standards upwards towards the targets incrementally - this again could be achieved by foregrounding volumetric settlement risk.

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q1) Please comment on whether the Framework meets the needs of the UNC, your organisation, and the wider gas industry. Please indicate its strengths and weaknesses.**

We believe the framework satisfies the requirement to monitor and improve settlement performance, endeavours to align shippers to UNC obligations and assessing areas that contribute to industry risk. The increase in performance assurance techniques post UNC674V and the use of the holistic matrix should see improvements across wider areas of risk or settlement performance. The weakness of the framework is that it monitors performance for settlement or risk, however it does not always seek to investigate and resolve underlying industry issues.

Respondent skipped this question.

## **PAC / PAFA Response:**

The PAC are encouraged by the positive views shared by Industry on the Framework. The PAC have sent out Requests for information (RFI) in recent months in order to understand further the difficulties Shippers are facing with meeting UNC requirements. These have thrown up underlying industry issues and possible systematic issues which the PAFA are currently investigating. The outputs from these RFIs will be shared with the industry through updates when actionable next steps are identified.

The PAC welcome feedback on its approach to engaging better performance and have taken on board the comments. The PAC note that Parties to the UNC are able to raise a Modification to address UNC requirements should they wish to explore them with the wider industry.

The PAC also encourage Parties to volunteer where issues are identified as these may affect multiple parties and Settlement risks.

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q2) PAC (in its role as manager of the PAFD); Are you aware of the work the PAC do? If so, how have you become aware of the work?**

Yes, but only by attending the awareness sessions that Pete Ratledge led in September 2023. These were extremely insightful and increased my understanding and awareness.

Yes, I have been aware of their work for several years as a settlement performance manager and am now a PAC member.

Yes, via engagement days, letters, performance plans and requests for information.

Yes aware, have always been aware and monitor.

## **PAC / PAFA Response:**

The PAC are encouraged to see that industry parties have been engaged through events, communications and the recent requests for information and are appreciative of the positive feedback.

The PAC are also encouraged that the respondents monitor the work of the PAC and have done for an extended period. The PAFA produce Key Messages monthly which are available on the Joint Office website, and lots of information is available on the dedicated GPAP website for Parties.

The PAC also welcome the new PAC member to their two-year tenure.

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q3) Please comment on the PACs management of the framework in terms of the PAFD, the UNC, your organisation, and the wider gas industry. Please share identified positives and negatives.**

Unable to comment.

PAC is essential as it creates the link between Gas Shippers and the code bodies and ensures that Shippers are able to contribute to the performance assurance framework. The separation between PAFA and CDSP does present some issues, as for example PAFA is reliant on CDSP for data when monitoring settlement performance. It's also not clear who a Shipper's single point of contact for performance assurance is - Shippers can ask questions of the PAFA, but be referred to CDSP as the data is not available to answer a query.

Management of the framework is as expected from PAC, we believe the holistic matrix will provide continuous improvement and bring all shippers on the same journey to UNC targets, it will assist shippers in a supportive capacity to achieve the industry goals. The negatives which may not sit here in this question are: The data used to identify shippers for an improvement plan is out of date and there should be an opportunity for shippers to prove they are meeting targets to prevent a plan from being issued.

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q3) Please comment on the PACs management of the framework in terms of the PAFD, the UNC, your organisation, and the wider gas industry. Please share identified positives and negatives.**

Respondent skipped this question.

## **PAC / PAFA Response:**

The PAC agree that the introduction of the Holistic Performance Matrix should create a new and nuanced approach to performance improvement. The aims of the new approach is to elevate the industry towards UNC requirements incrementally and ensure a balanced approach.

The PAC are cognisant that the regime must become more proactive in the area of pre-engagement to a Performance Assurance Technique (PATs) being applied. Where the PAFA see a dip in Shipper performance and a concern around downward trends, the PAFA will approach a Shipper informally to seek information and offer assistance. The PAC are currently considering the introduction of a monthly individual 'score card' which would show the Shippers position month on month across the Holistic Matrix rankings. It is hoped that this will set a new expectation around transparency of performance and PAC activity in applying PATs. PAFA are always happy to speak to Parties and the PAC recognises this needs to be promoted in order to gain more proactive context on Shipper performance.

The PAC acknowledges that under the current regime the PAFA is dependent on the CDSP for the provision of data. The PAC accepts that more needs to be done to promote the role of the PAFA and the distinction in pathways of engagement and roles as well as more clearly defining the single points of contact.



# ANNUAL REVIEW CONSULTATION RESPONSES



**Q4) PAFA (in its role as administrators of the PAFD); Please comment on the work of the PAFA in relation to the PAFD, your organisation, the UNC and the wider industry. Please share identified positives and negatives.**

We have had little interaction, and therefore difficult to comment. The sessions in September and October have been informative.

See response to Question 3.

*PAC is essential as it creates the link between Gas Shippers and the code bodies and ensures that Shippers are able to contribute to the performance assurance framework. The separation between PAFA and CDSP does present some issues, as for example PAFA is reliant on CDSP for data when monitoring settlement performance. It's also not clear who a Shipper's single point of contact for performance assurance is - Shippers can ask questions of the PAFA, but be referred to CDSP as the data is not available to answer a query.*

PAFA are professional in their communications with the industry. The engagement days show and share great understanding of the industry. They are approachable and we would take the opportunity to share concerns upfront with PAFA if we identified an area of improvement.

# ANNUAL REVIEW CONSULTATION RESPONSES



Q4) PAFA (in its role as administrators of the PAFD); Please comment on the work of the PAFA in relation to the PAFD, your organisation, the UNC and the wider industry. Please share identified positives and negatives.

Respondent skipped this question.

## PAC / PAFA Response:

The PAFA are appreciative for the comments received on the industry engagement events and will continue to provide high level sessions for industry parties.

The PAC are encouraged by the respondents comment on openly sharing concerns with the PAFA on areas of improvement and would encourage other Shipper parties to do the same.

The PAFA are open to discussing process improvements and new ideas on how to engage with the industry. Parties can contact the PAFA on [PAFA@Gemserv.com](mailto:PAFA@Gemserv.com).

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q5) If you've been engaged with PAFA following receipt of a performance communication, how would you rate your experience, E.g. Professionalism, Knowledge, Helpfulness.**

n/a.

We found engagement good at the start of the performance plan, but follow-up was inconsistent and although we tracked our own performance against the milestones, there were no regular checkpoints or feedback from PAFA. This was admittedly under the pre Mod 0674 regime. PAFA also seemed to lack sufficient access to data to be able to comment on the plan. The recent engagement with multiple Shippers on PC3/4 read performance has been well managed.

Please see response to question 4.

*PAFA are professional in their communications with the industry. The engagement days show and share great understanding of the industry. They are approachable and we would take the opportunity to share concerns upfront with PAFA if we identified an area of improvement.*

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q5) If you've been engaged with PAFA following receipt of a performance communication, how would you rate your experience, E.g. Professionalism, Knowledge, Helpfulness.**

on knowledge it depends on the person, some are very knowledgeable some are not so. It is a shame there have been a few data issues. It is complex to understand and the expectation when evaluating others performance those doing it get held to a very high standard. Expectations are not always totally clear when working with the team on plans or work, or held to account in time.

## **PAC / PAFA Response:**

The PAFA welcome the feedback provided on pre-674 plan management and the recent RFIs on PC3/4, as well as the constructive feedback received. The PAFA note that the Performance Improvement Plan function was an evolving process pre-674V, and in its infancy and without the support of formal governance. The PAFA have developed strategies to bolster the plan management process going into the new regime. This will again take time to bed in as the PAC solidify their approach to applying PATs.

The PAFD dictates *'It will be assumed by the PAC that any Resolution Plan submitted is achievable, and Parties will be expected to deliver to the plan they have provided'*. Parties need to determine what is best for their Organisation and the PAC cannot dictate what that should be for any Parties. This particular PAT demonstrates that the party has a strategy and plans in place to improve its performance. PAC and PAFA are interested in the success of the plan which will be monitored and measured through performance improvements.

The PAFA seeks to continuously improve, and any feedback about PAFA goes to reviewing processes and prompting conversations with PAC re their expectations on performance standards.

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q6) CDSP (for the provision of performance insights and information); Please comment on the work of the CDSP in the context of Performance Assurance and in relation to performance insights and information for your organisation, the PAFD, the UNC, the DDP and PA reports. Please share identified positives and negatives.**

Positives. Immediate retrieval of specific reports and ability to filter down to industrial criteria e.g., AQ, Class, Third Party Agents. Helps with prioritisation. Ease of use. Negatives - Improvements – include AMR/Smart marker on more reports e.g., must read notifications. (Previously raised with xoserve) Timing issues – report lag between update and showing on report.

Again, there is a disconnect between CDSP and PAFA, with CDSP often being the main point of contact (through the Customer Experience team) but not the party necessarily driving performance. There is a friction between their customer service and "enforcer" roles and it can be hard to judge through engagement with CDSP what the severity of performance issues are.

DDP is a good platform, but some data is aged based on rules, could show an indicative view. The PARR Reports often have errors and reporting downloaded from GPAP is not always easy to understand and is not consistent with the use of versions of red. These reports should be simplified so they are easier to read or have an option to download individual shipper PARR report from DDP. CDSP training documents are good but should be reviewed frequently to ensure they are fit for purpose or updated after ever change event. They also only take you so far within the process, so there should be clear contacts to take through more specific issues that might affect large volumes of MPRs.

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q6) CDSP (for the provision of performance insights and information); Please comment on the work of the CDSP in the context of Performance Assurance and in relation to performance insights and information for your organisation, the PAFD, the UNC, the DDP and PA reports. Please share identified positives and negatives.**

It is frustrating that it is hard to get PAC reports and DDP to match. The development work in DDP is helping.

## **PAC / PAFA / CDSP Response:**

The PAC were not aware that the monthly PARR data has often had errors and urge Parties where instances are identified to inform the PAFA.

The PAC have commissioned a review of the PARR reporting suite that the PAFA are currently underway with. The hope is that the review will highlight areas of change needed to bring the suite up to date with current industry needs. PAFA held an information session on the PARR suite and Holistic Performance Matrix, and feedback received there, as well as in this Review will flow into the commissioned project.

The CDSP are pleased to hear that their customers continue to find DDP a useful platform and welcome their ongoing engagement to help prioritise future developments to the functionality. The CDSP continue to work with their technical teams to ensure that the data in DDP is complete and accurate. The PAC performance reports are retrospective views. The preparation schedule needs to allow for the various read windows to close out, and also provide time for PAFA to analyse and summarise the data. This means that the earliest that PAC can consider performance data is in the second month following the performance month.

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q6) CDSP (for the provision of performance insights and information); Please comment on the work of the CDSP in the context of Performance Assurance and in relation to performance insights and information for your organisation, the PAFD, the UNC, the DDP and PA reports. Please share identified positives and negatives.**

## **PAC / PAFA / CDSP Response (continued):**

The only exception to that is Class 4 meter read submission performance, where the 25-business day read submission window means that performance is reviewed in the third month following the performance month, to give the complete picture for all Shippers. DDP can be used to identify sites which still currently fail the criteria, e.g. which are still without a meter reading now.

PAC encourage customers to use GPAP and DDP to monitor their own monthly performance against their UNC obligations. The CDSP Customer Experience team will continue to focus on addressing customers' issues and pain points. CDSP operational teams may contact customers proactively where they see unusual patterns or trends (e.g. high levels of rejections) to offer support to help resolve any underlying causes. However, it will always be for PAC to determine the severity of a performance issue and to instruct the PAFA to take appropriate action. In some cases, the first step may be industry-wide engagement or education via the CDSP.

Feedback on the training material has been passed to the CDSP training team. The CDSP recommend that customers use the Help and Support route to raise questions about processes, if they need specific support. These tickets are allocated straight to the process teams, and queues are regularly monitored. CDSP shared mailboxes are not recommended for that reason.

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q7) Performance Impacting Operational and Industry issues; Please indicate any issues that are impacting performance reports for the industry or your organisation.**

Link to above improvement of AMR Marker and Timing issues. DDP availability issues / performance go slow. (Time of the month updates reporting) Reporting lacks ability to highlight fault flags.

It would be good to simplify the PARR reports, and more importantly to provide each Shipper with their HPM and supporting data on a monthly basis so that Shippers have a fully transparent view of their performance and what they need to do to improve it.

There are lingering issues from estimated FICC readings on a class change of correcting readings and reconciling afterwards. Also the NExA capacity mod has created some issues where customers whose SOQ and SHQ are higher than NExA have either not picked this up with the network to increase their capacity or have been unsuccessful in achieving an increase. Site then breaches the new forced lower capacity and this causes ratchets. At which point we as the supplier / shipper are being invoice on something we cannot control or resolve and then have two options to invoices the ratchets to customer or take the financial hit of this modification.



# ANNUAL REVIEW CONSULTATION RESPONSES



**Q7) Performance Impacting Operational and Industry issues; Please indicate any issues that are impacting performance reports for the industry or your organisation.**

Respondent skipped this question.

## **PAC / PAFA / CDSP Response:**

As mentioned previously the PAFA have been commissioned to carry out a review of the PARR suite and all comments will be fed into that project.

Whilst the PAC is sympathetic to the issues being experienced by Respondents and will always want to hear about issues that impact on settlement accuracy, their responsibility is to maintain the Performance Assurance Objective. For operational difficulties such as those highlighted, PAC encourages parties to contact the PAFA and the CDSP (via the Help and Support route or via the Customer Experience team) so that the impacts can be fully explored and understood.

As mentioned previously the CDSP are pleased to hear that their customers continue to find DDP a useful platform and welcome their ongoing engagement to help prioritise future developments to the functionality. They continue to work with their technical teams to ensure that the data in DDP is complete and accurate.

The PAC recently reviewed the reporting timelines for PARR data which included a diagram of how the data is processed and reported into PAC. Parties can view this presentation on the Joint Office website [here](#).

# ANNUAL REVIEW CONSULTATION RESPONSES



**Q8 If your organisation has been involved in an improvement plan, would you say it helped you focus on improvement action within your organisation?**

n/a.

Yes. We had improvement plans for Class 4 monthly settlement which has seen our performance improve from 37% to over 80% over the past 2-3 years.

Yes, it forces focus. But creates additional administration in plan creation, plan monitoring, monthly targets updates etc. The industry of the last few years has been affected by the pandemic, market price volatility and cost of living crisis which impacts shippers and third parties for example, meter read agents, change of tenancy, closed businesses etc. So as much as plans force focus, there are often extenuating circumstances that might mean the targets are impossible to meet.

Yes.

## **PAC / PAFA Response:**

The PAC appreciate that the landscape of the energy industry has shifted, with a rise in obstacles to overcome since COVID-19. The PAC, where appropriate and proportional, have made concessions to Shippers throughout the events of the last 3 years with industry communications on COVID-19, lockdowns and more recently Supplier of Last Resort activity. The PAC continue to monitor socio-economic events which may have an effect on a Shippers ability to meet their UNC requirements and encourage any Shipper who are engaged with the PAC on performance to come forward with any concerns they may have.

The PAC is encouraged with the positive engagement with plans and the improvement in performance seen by those who have participated with a plan.

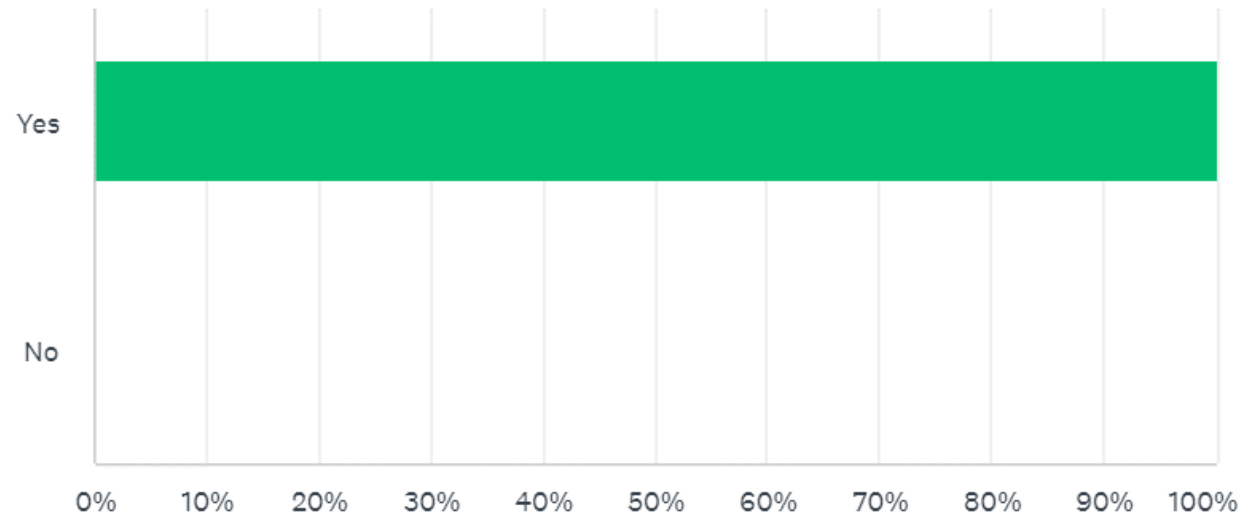
For the avoidance of doubt the Performance Assurance Committee wish to remind Shippers that they are contractually required to meet the relevant performance requirements set out in the Uniform Network Code. 18

# ANNUAL REVIEW CONSULTATION RESPONSES



Q9) Does your organisation obtain the monthly Performance Assurance Reports via the Gas Performance Assurance Portal (GPAP) platform?

Answered: 4 Skipped: 0



## PAC / PAFA Response:

The PAC are pleased to see that the respondents are engaging with the monthly Performance Assurance Reports. Any Parties wishing to view these reports can view them via the [GPAP](#).



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# ENGAGEMENT DAY REPORT

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PARTY ENGAGEMENT, FEEDBACK  
AND KEY OBSERVATIONS



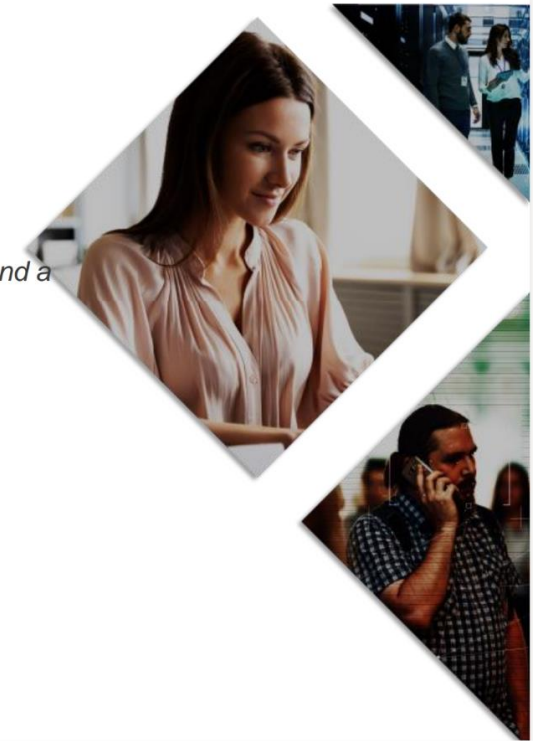
# ENGAGEMENT EVENT: OVERVIEW

The Performance Assurance engagement event was held on 3<sup>rd</sup> October 2023 and was well received, however, had low attendance. This may have been largely due to the PAFA holding an Industry Engagement event in September on the PARR Suite and Holistic Performance Matrix, which was very well attended.

The Agenda for the event was in five parts and focussed on the annual activities of the PAC regime as well as some feedback to industry on the request for information on PC3 and PC4 Shippers in 2023.

## AGENDA

- 0 1 **Overview of the Performance Assurance Regime**  
*Who is the PAC, what does the regime want to achieve*
- 0 2 **PACs focus for the next 12 months**  
*A look at the four areas of focus over the next 12 months and a brief update on the new regime post UNC674V.*
- 0 3 **Request for Information feedback**  
*How the PAC received industry comments and next steps.*
- 0 4 **2022/23 Annual Review**  
*A round up of the last 12 months of the regime, including performance stats and achievements.*
- 0 5 **Opportunity for feedback (Slido)**  
*Your opportunity to ask questions/provide feedback*



# ENGAGEMENT EVENT: OVERVIEW CONT.



As part of the event, we also had a number of pause points where we engaged with attendees using Slido, an interactive platform which allows delegates to participate in real time. The session made use of polls, Q&As and word maps.

The event was widely publicised by the Joint Office using their distribution list. A total of 13 industry participants attended the event (5 Shippers, 1 Ofgem representative and 6 CDSP representatives) and the majority engaged with Slido (the least being 5 votes). We had 4 questions focused on the Annual Review data presented.

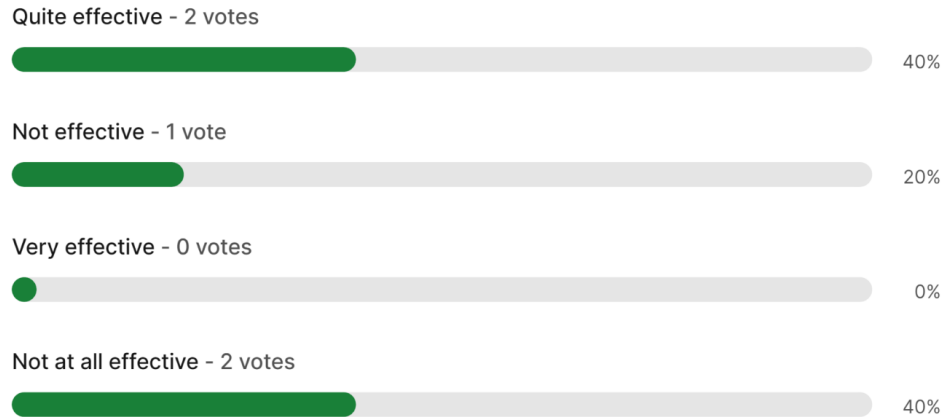
As this was the second event of its kind, with the first Annual Review event taking place in 2022 the PAFA has included comparison charts on the questions asked to show the changes in industry sentiment.

# ENGAGEMENT EVENT: PARTY ENGAGEMENT



## How effective do you think the Performance Assurance regime is under the UNC?

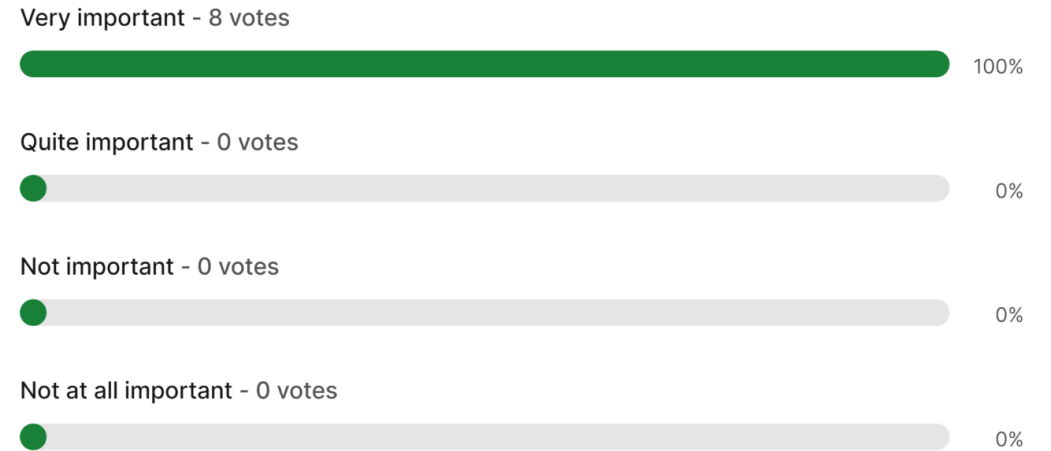
Multiple Choice Poll 5 votes 5 participants



slido

## How important is it that industry performance levels improve?

Multiple Choice Poll 8 votes 8 participants



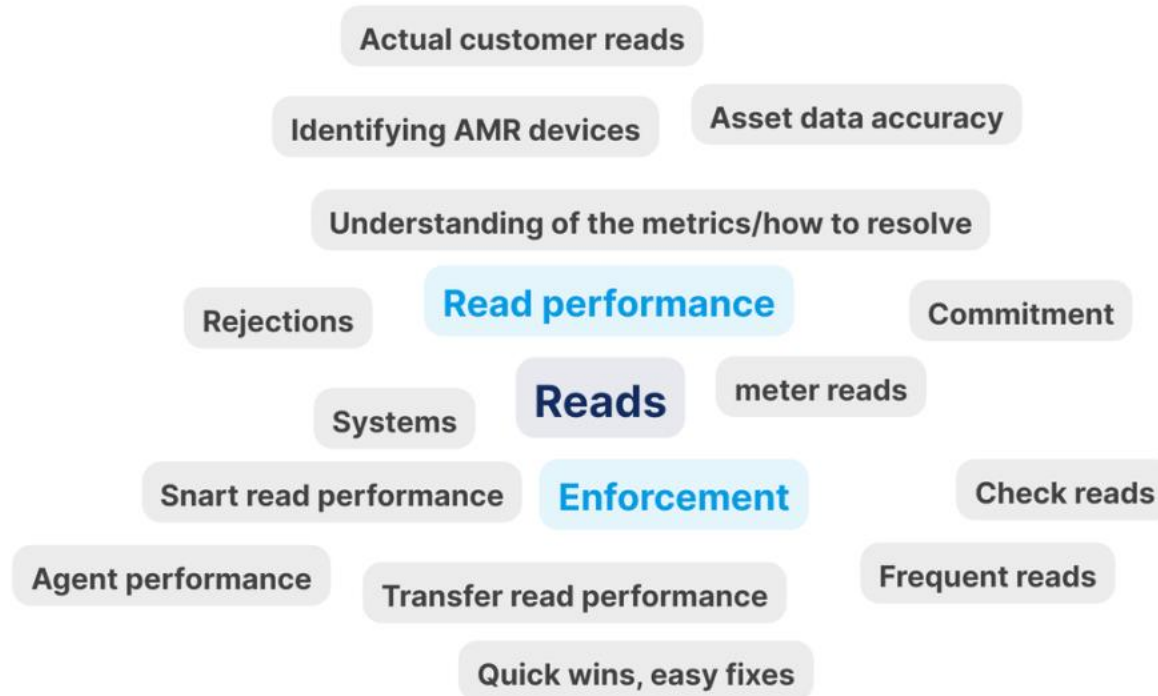
slido

# ENGAGEMENT EVENT: PARTY ENGAGEMENT



What areas do you think need to be addressed to see the greatest improvement to settlement accuracy?

Wordcloud Poll  22 responses  10 participants





# ENGAGEMENT EVENT: PARTY ENGAGEMENT



Parties were encouraged to ask questions throughout the session that were addressed at specific junctures throughout the agenda.

The following questions were asked in the final section ‘2022/23 Annual Review’;

- In the Performance Slides, when there is a reference to “below the UNC requirement”, what does this mean, is it the same as missing the target (97.5%, 90%)?
  - *The PAFA explained that the UNC and the IGT UNC code requirements should not be seen as a target and noted that the terminology around this should shift to reflect that they are contractual requirements on parties to perform to the standards set out in the codes.*
- With regards to Check Reads, how much ‘drift’ do we see in Smart meters? Seems more of an AMR issue.
  - *The PAFA explained that there should be no drift seen on Smart Meters as this information should be live readings. Drift is however seen in AMR due to the technology used and the risk of this being out of sync with the reading on the meter and/or converter equipment.*

# ENGAGEMENT EVENT: FEEDBACK

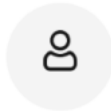


At the end of the event delegates could leave feedback via Slido. One comment was received and captured below;



## Feedback

Open text poll  1 response  1 participant



Anonymous

Really useful session, thanks all.



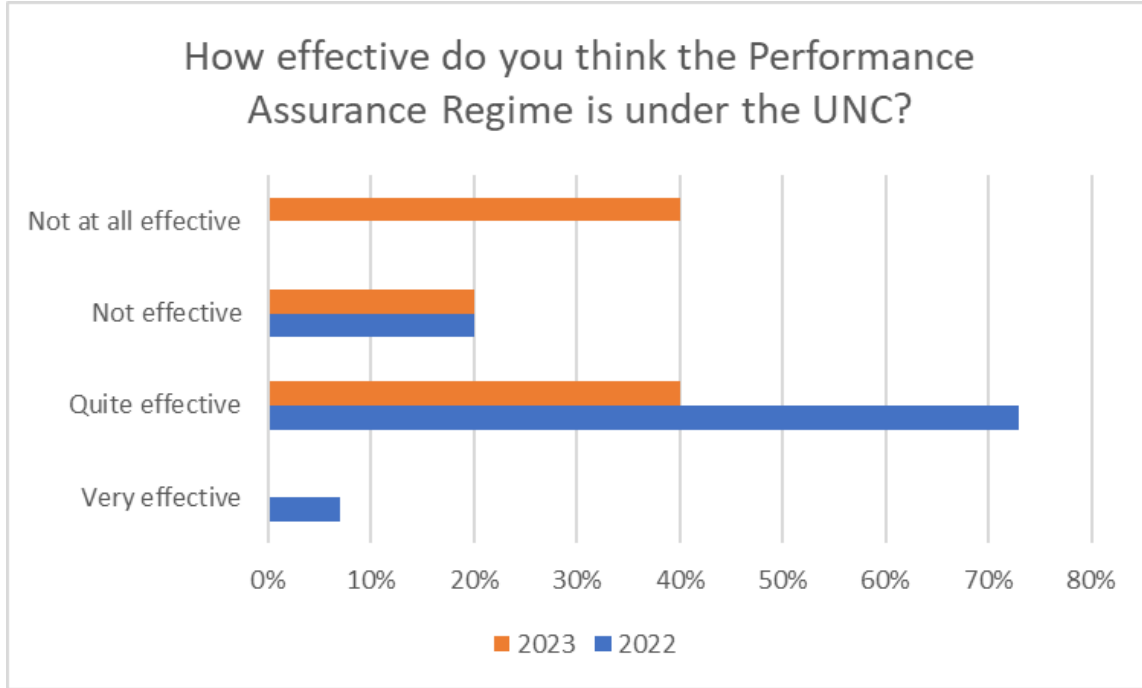
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# YEAR ON YEAR ANALYSIS

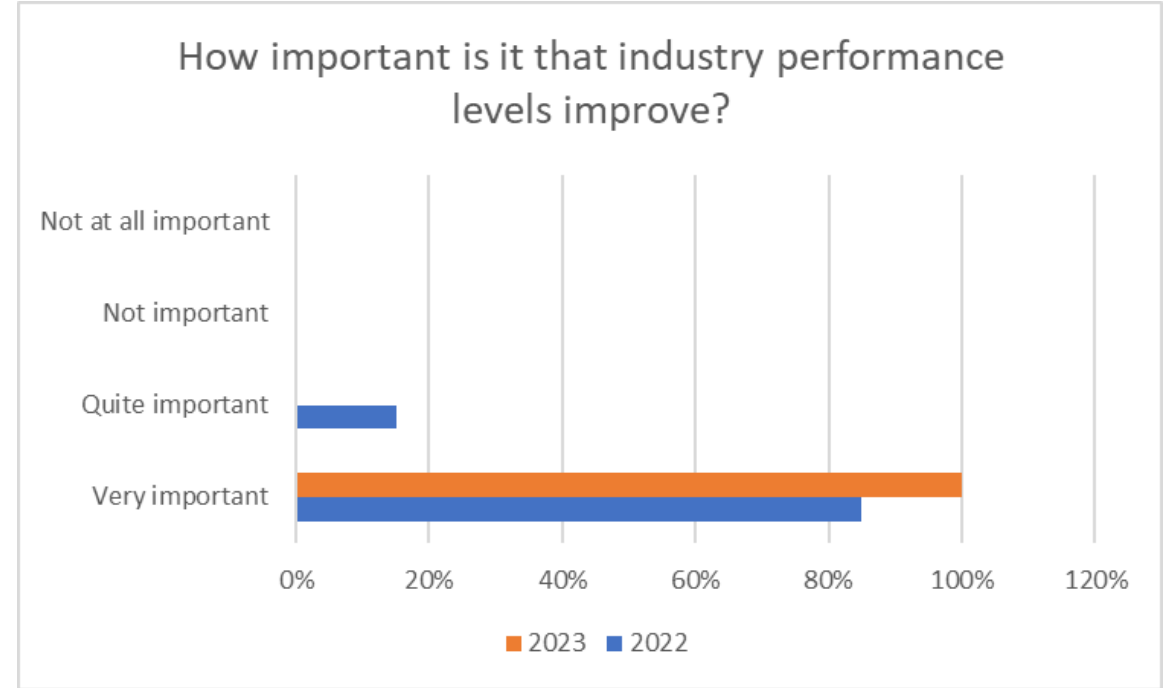
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SLIDO POLLS AND WORD CLOUD  
COMPARISONS 2022 V 2023

# ENGAGEMENT EVENT: YEAR ON YEAR ANALYSIS



2022; 46 delegates attended - 30 participants  
2023; 13 delegates attended - 5 participants

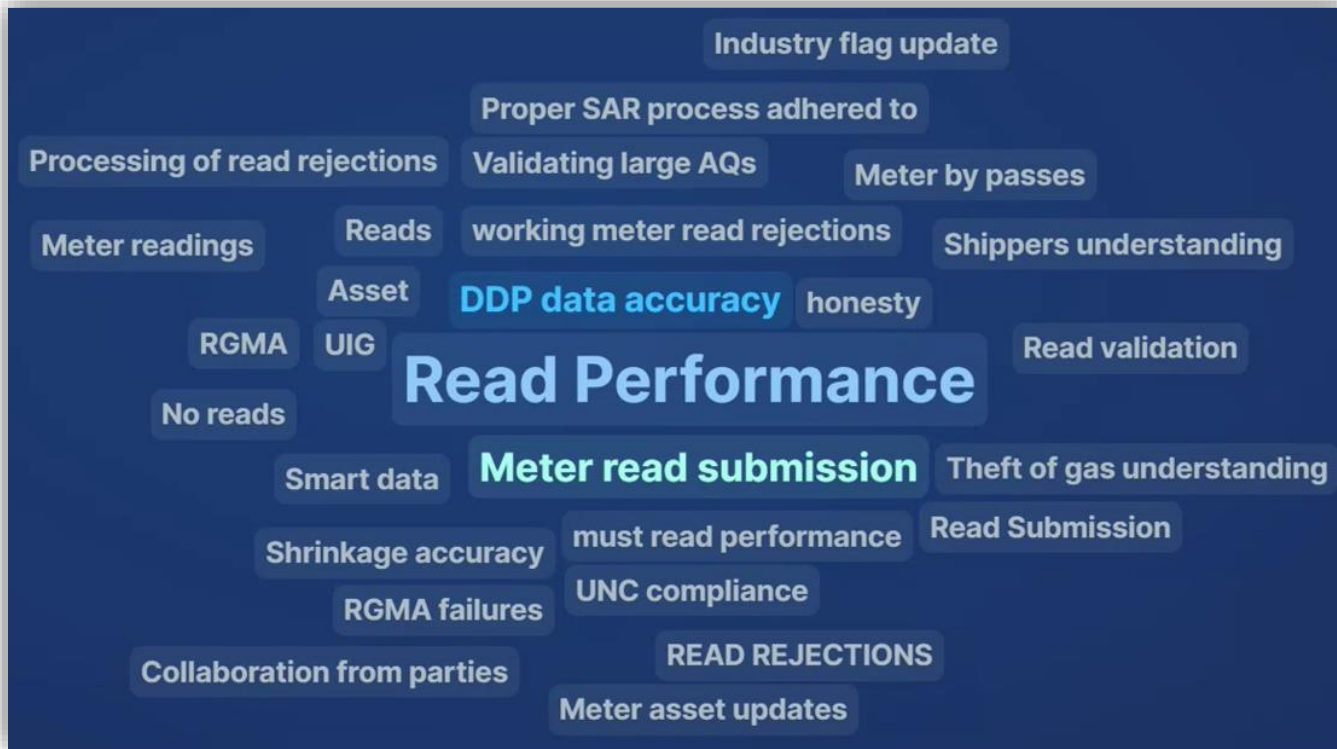


2022; 46 delegates attended - 26 participants  
2023; 13 delegates attended - 8 participants

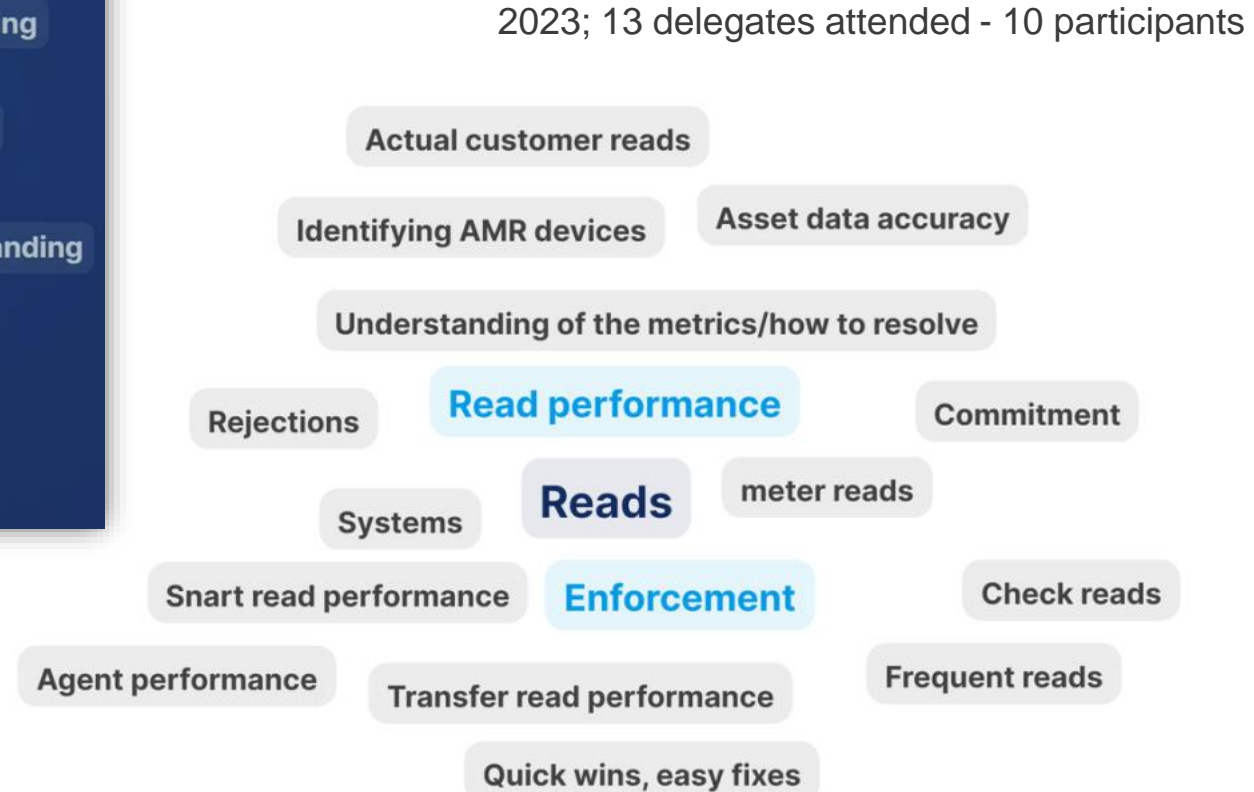
# ENGAGEMENT EVENT: YEAR ON YEAR ANALYSIS



What areas do you think need to be addressed to see the greatest improvement to settlement accuracy?



2022; 46 delegates attended - 22 participants





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# OBSERVATIONS, KEY TAKEAWAYS & RECOMMENDATIONS

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# KEY OBSERVATIONS & TAKEAWAYS

- There may have been a drop in confidence in the effectiveness of the regime over the past 12 months, although the 2023 event was attended by less parties, and therefore the vote should be considered with caution. However, the importance of the regime being needed has grown as per the industry sentiment recorded at both annual review events.
- Read Performance remains the key area Parties agree, needs to be addressed to see the greatest improvement in settlement accuracy. Enforcement appeared as an important factor in 2023.
- There is a desire for the PAC to look at underlying issues rather than purely volumetric data when it comes to Settlement accuracy and applying Performance Assurance Techniques.
- On a number of occasions, clarity around interactions between parties, the PAFA and the CDSP have been called out across multiple areas e.g. Contractual aspects, support, enforcement, data provision etc. The PAC should send out clarification on making these roles more distinct for the industry to clear up confusion.
- The reporting and the transparency of the reporting needs to be addressed in order to allow Parties to better understand their position, both within the industry and within the remit of the PACs scrutiny. Steps are being taken to address this with a PARR review and the creation of a Holistic Scorecard, but more work may need to be carried out to take the industry on the same journey to meeting UNC requirements.



# ANY QUESTIONS?

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PLEASE CONTACT THE  
PAFA TEAM VIA EMAIL:  
[PAFA@GEMSERV.COM](mailto:PAFA@GEMSERV.COM)

**INVESTORS IN PEOPLE®**  
We invest in people Gold

