

UNCC -

PAC Proposal for the Election Process to the PAC

*Revision of Guidelines for the User
Representatives Appointment Process*



Shelley Rouse, PAFA
on behalf of Performance Assurance Committee (PAC)

Background



- PAC constituency is currently:
 - 9 Shipper User Members
 - 3 Transport members (2 large distribution and 1 AIGT nominee)
- PAC meet 12 times per year and as part of their work review monthly reports that observe industry performance
- The processes require that Shipper performance is monitored for a number of months before performance improvement actions is taken
- Due to the reporting lag it can take between 3-4 months to observe performance improvements that might be in response to the application of a performance assurance technique.
- Remedial plans provided by shippers can exceed 6 months in elapse time.
- PAC are required to understand & recall performance history to judge the success of any performance assurance measures and ensure that techniques are applied consistently and are fair and equitable for all parties.
- In the life of the Performance Assurance work, 1 year is felt to be a short period of time.

Issue and proposed risk mitigation



- The current election process for the PAC is conducted on an annual basis and for a single year term, which has the potential to result in a totally new committee being elected each year.
- This has been identified as a risk to the work of the PAC in terms of:
 - Application consistency
 - Effectiveness of the PAC and PAFA
 - Continuity in thinking and planning
 - Members understanding of performance difficulties and remedial plans
 - Maintenance of momentum
- To mitigate the risk, the PAC are recommending that the PAC election process is amended to **extend the PAC Appointment Period to 3 years and ensuring that only 3 of the PAC positions come up for re-election on an annual basis.**
- By seeking to reduce the risk of degradation of expertise or there being 'no experience' on the PAC at anytime, there will be a positive impact for performance assurance techniques, efficiency and the delivery of agreed plans.

Suggested resolution

- As a one off and in order to move the PAC election process to a staggered re-election, it is proposed that at the PAC election to be held in October 2019 is run as follows:
 - Move 3 members of the PAC onto a 1 year Appointment Period
 - Move 3 members of the PAC onto a 2 year appointment period
 - Move 3 members of the PAC onto a 3 year appointment period.

All elections held after October 2019, will be for a 3 year term on the Performance Assurance committee.

- 3 members will be elected each year, aiming to provide continued PAC membership of 6 members over every annual election.

	Oct - 19	Oct - 20	Oct – 21	Oct – 22	Oct – 23	Oct - 24
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Addressing concerns:

- For 2019 election only how will the 3/2 and 1 year positions be determined?
 - *The 3/2 and 1 year period positions will be allocated to the candidates with the highest number of votes. Where the allocation can still not be determined due to a 'tie', a further election will be held following the 'tie process'.*
- Could the process be open to misuse?
 - *The Designated Person election rules permit no more than one Shipper User PAC Member per company **at any one time** and it will be for the nominating Party to consider the suitability of their nominee, in respect of experience and understanding of the issues that the PAC will deal with*
 - ***'All PAC Members and their alternates will be required to sign a Confidentiality Assurance Document and their employer (or Nominating Party in the event of persons not employed by a User) shall also be required to sign an Employer Assurance Document (Nominating Party Assurance Document) to assure that the Member will be attending and voting at the PAC in the interests of the GB gas industry and not representing any commercial interest or commercial body'***

Suggested resolution



- Amend the *Guidelines for the User Representatives Appointment Process* in respect of the PAC only
 - *For the PAC election to be held in October 2019, PAC appointments for 3 positions are for a 3-year period, 3 positions are for a 2 year period and 3 positions are for a 1-year period. The 3/2 and 1 year period positions will be allocated to the candidates with the highest number of votes. Where the allocation can still not be determined due to a 'tie', a further election will be held following the 'tie process'. Where mid-term processes are conducted, appointments will be for the remainder of the Appointment Period allocated to the role.*
 - *Commencing on the 01 October 2020, all PAC appointments are for a 3-year period. Where mid-term processes are conducted, appointments will be for the remainder of the Appointment Period.*
- Amend the PAC Terms of Reference.

The UNCC are asked to:

- (i) acknowledge the risk,
- (ii) agree the proposed solution and
- (iii) accept the suggested drafting

Anne Jackson, PAFA

on behalf of the Performance Assurance Committee

