

-Amended for Mod 674. To be incorporated in the new 'Performance Assurance Document for the (Gas) Energy Settlement Performance Assurance Scheme' document under Framework.

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Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme

Prepared and maintained by the Uniform Network Code Committee or any relevant Sub-committee

Version History

Version	Date	Reason for update
1.0	May 2016	From UNC 0506V – as approved
2.0	March 2017	Updated to reflect committee views of how the framework will work in practice. Approved at March UNCC meeting

Acronyms used in this document

PAC Performance Assurance Committee

PAFA Performance Assurance Framework Administrator

PAF Performance Assurance Framework (known formally as the Performance Assurance Scheme)

CDSP Central Data Services Provider

GT Gas Transporter

IGT Independent Gas Transporter

NTS National Transmission System

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Document 1 Performance Assurance Framework – Performance Report Register

Document 2 Report Specification Template

Document 3 Risk Register

Document 4 Performance Assurance Framework Administrator - Scope definition

Document 5 Performance Assurance Committee Member - Confidentiality Agreement

Document 6 Employer Assurance Document

Document 7 Nominating Party Assurance Document (where this is not the direct employer of the Member)

This document has been produced on the assumption that the Central Data Services Provider (CDSP) arrangements will be implemented in early 2017 and all previous references to Gas Transporters have been replaced with CDSP.

1. Definitions

The following terms shall have the following meanings:

'Change'	means a proposal for the addition to, variation of, or removal of any of the services within the Performance Assurance Framework Administrator Scope
'Confidential Information'	means all information provided to PAC unless otherwise stated
'Employer Assurance Document'	means a document signed by an Office Bearer of the employer of the Performance Assurance Committee (PAC) Member assuring that the PAC Member can attend PAC meetings and that they are attending and voting at PAC meetings in the interest of the GB gas market and that they will not be representing any commercial interest or commercial body
'Energy Settlement'	means the allocation and reconciliation of energy at supply point level
'Performance Assurance Committee Member - Confidentiality Agreement'	means a document signed by the Performance Assurance Committee Member assuring that they are attending and voting at Performance Assurance Committee meetings in the interest of the GB gas market and that they will not be representing the commercial interest of any commercial body and that they will not divulge confidential matters nor confidential information.
'Performance Assurance Committee Document'	means the series of documents detailed in Section 8 of this Framework Document, prepared and maintained to support the general operation of the Performance Assurance Scheme. These documents are governed by the Performance Assurance Committee
'Performance Assurance Framework'	has the same meaning as 'Performance Assurance Scheme' as described in the legal text for UNC Modification 0506V;
'Performance Assurance Framework (PAF) Year'	means the year commencing on 01 October each year
'Performance Assurance Framework Administrator Scope'	means the scope of works set by the Performance Assurance Committee and agreed with the Performance Assurance Framework Administrator (PAFA) as set out in Document 4
'Performance Assurance Scheme Party'	means the scheme party referred to or described in Section 3.4
'Performance Report(s)'	means a report or reports defined in the Performance Report Register
'Performance Report Register'	means the register of agreed reports defined in Document 1
'Report Specification'	means the report specification defined in Document 2
'Risk Register'	means the register of risks defined in Document 3.

2. Introduction

This Framework Document sets out the arrangements for the general administration of the (Gas) Energy Settlement Performance Assurance Scheme.

3. Performance Assurance Framework

3.1 General

The Performance Assurance Framework (the “Framework”) is the overarching framework for the (Gas) Energy Settlement Performance Assurance Regime. This comprises the:

- a. the details of the Scheme's operation, including the
 - i. Performance Assurance Techniques (PATs)
 - ii. Appeal Procedure
 - iii. Annual PAF Review and Consultation
- b. the Performance Assurance Committee (PAC) and its operation including the:
 - i. PAC Terms of Reference
 - ii. PAC appointment and requirements, and the
- c. Scope, operation and provision of services to be provided by the Performance Assurance Framework Administrator (PAFA).

3.2 Goal

The goal of the (Gas) Energy Settlement Performance Assurance Scheme is:

“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”.

3.3.2 Objectives

The Framework will facilitate the ~~has the~~ following objectives~~objectives~~:

- ~~To maintain~~determine the appropriate reporting and analysis to measure energy settlement performance and the risks to it
- To maintain ~~o create~~ a risk register and supporting analysis to assess risks, evaluate and determine mitigation activities for energy settlement performance
- To report ~~To report~~ as necessary
- To create ~~o create~~ a regime incentivising the required performance, if necessary~~necessary~~ by proposing modifications to the UNC.
- To produce and publish a schedule of reports and to provide access arrangements where necessary.
- To determine performance improvements required and where relevant, by whom.
- To specify improvements needed to performance and agree, where relevant, specific and identified targets.
- To provide assurance to parties with regards to the settlement regime.

These objectives~~objectives~~ may be updated by the PAC from time to time as the PAF develops.

3.3.3 Application and Operation

The Performance Assurance Framework applies to those UNC parties that directly contribute to Energy Settlement performance, i.e. those in direct control of the data inputs to Energy

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Settlement (the Performance Assurance Framework Party(ies)). For the avoidance of doubt this includes all Gas Transporters (including the Independent Gas Transporters (IGTs)), the Transporter Agency (or Central Data Service Provider as its successor) and Shipper Users (of both GT and IGT pipelines).

The Performance Assurance Framework will initially comprise reporting against certain performance indices and the management of a Risk Register comprising risks to Energy Settlement performance.

To meet the requirements of the Performance Assurance Framework, two new roles have been created:

- the Performance Assurance Committee (see Section 4), and
- the Performance Assurance Framework Administrator (see Section 6).

The Performance Assurance Framework may extend to include:

- Management of a risk model developed by a third party
- The operation of an incentive regime requiring the creation and settlement of incentive charges
- The provision of training and awareness services to existing and new Users
- Dynamic access to performance data on matters impacting settlement.
- The provision of advisory or mentoring services for parties in fulfilling code obligations and understanding their consequences on settlement risk.
- Other activities yet to be determined.

4. Performance Assurance Committee (PAC)

The PAC is defined as a sub-committee of the Uniform Network Code Committee, with certain rights and responsibilities relating to the management of the community's Performance Assurance Framework.

4.1 Roles and Responsibilities

The PAC has the following roles and responsibilities as defined within the Uniform Network Code Committee PAC Terms of Reference:

- overseeing the work of the Performance Assurance Framework Administrator;
- overseeing the PAF Risk Register;
- determining reporting and analysis to inform a reliable assessment of the performance of gas settlement;
- reviewing relevant settlement performance data;
- evaluating risk and risk mitigations;
- proposing methods of resolution to improve settlement performance, where deficiencies are identified (evidenced or potential); and
- implementing methods of resolution to improve settlement performance, where within the PAC's control

4.2 PAC Constituency

The PAC comprises of a Shipper and Transporter constituency.

- The Shipper constituency comprises of 9 Shipper User Members, all of who have voting rights (as determined by the annual User Representative process)
- The Transporter constituency comprises of 3 Transporter appointed Members (comprising 2 large distribution Transporters and 1 AIGT nominee), all of whom have voting rights.
- NTS will not have membership rights.

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- Ofgem will have the right to provide a PAC representative, at their own discretion, who will be in an advisory capacity only.
- The Ofgem representative is not a PAC Member, for the avoidance of doubt.
- Ofgem shall advise the Joint Office of their nominated representative on an annual basis or less frequently in the event of no change to the representative.

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~~The PAC is defined as a sub-committee of the Uniform Network Code Committee, with certain rights and responsibilities relating to the management of the community's Performance Assurance Framework.~~

Shipper-elected PAC Members are elected annually for appointment on the 1st October and at other times when vacancies occur. These elections will be conducted by the Designated Person.

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PAC Members are representatives in their own right and do not represent the company by which they are employed. The Designated Person election rules permit no more than one Shipper User PAC Member per company 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.

A list of all PAC Members and standing alternates is published on the Joint Office website. A PAC Member may appoint a single alternate either on a standing basis only and not on a meeting-by-meeting basis. Such appointments shall be made in writing or by email to enquiries@gasgovernance.co.uk. Alternates need not necessarily come from the same company as the PAC Member. It will be for the PAC Member to consider the suitability of their alternate, in respect of experience and understanding of the issues that the PAC will deal with. A single alternate may represent more than one (1) PAC Member.

Non-Members will only be permitted to attend non-confidential sessions of the PAC.

~~In the event of any conflict between the Uniform Network Code Committee Terms of Reference and the terms of the Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme then the Uniform Network Code Committee Terms of Reference shall prevail.~~

5. Procurement and Provision of Services not included in PAFA Scope

From time to time the PAC may identify additional requirements which have not been scoped as a PAFA activity according to Document 4, Schedule 2.

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Where such a requirement arises, the PAC will make an initial assessment of the requirement and, where it determines that the additional requirement can be reasonably implemented, shall submit a Change Order to the CDSP in accordance with Document 4, Schedule 3 Change Control Procedure.

Where the PAC determines that the advice of independent experts may be required, this will be by either:

- a) PAFA to directly supply the requested expertise; or
- b) PAFA to procure an independent expert (subject to PAC approval); or
- c) CDSP to procure an independent expert (subject to PAC approval).

A Change Order shall be submitted as above and in accordance with Schedule 3. Any appointed independent expert shall, by invitation, attend PAC meetings in a non-voting capacity and will be required to sign the relevant confidentiality agreements.

6.5 Responsibilities under the tender process, appointment process, review process, termination process and provision of data for the Performance Assurance Framework Administrator Scope

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6.45.1 Performance Assurance Framework Administrator (PAFA) Appointment Criteria

~~6.1.15.1.1~~ Produce a clear scope of works and activities that the PAFA is required to perform, against which the CDSP can undertake a tender process. The scope of works is as detailed in Document 4.

~~6.1.25.1.2~~ The appointment is expected to be for a period of three years, with arrangements for a minimum 2 year initial period, with the option for a one-year extension;

~~6.1.35.1.3~~ The PAC shall produce a clear set of criteria for the appointment of the PAFA including (without limitation):

- a) The ability of the PAFA to produce, publish and maintain a Performance Report Register and the creation, management and maintenance of the PAF Risk Register which shall be in line with the Terms of Reference plus any other criteria agreed by the PAC;
- b) The ability of the PAFA to deliver new services in the future;
- c) The consideration of the relevant knowledge and expertise of the candidates; and
- d) Details of how much weight/percentage should be placed for each set of criteria.

~~6.1.45.1.4~~ CDSP to prepare the draft recitals/introduction for the PAFA contract.

6.25.2 CDSP tender for and appointment of the Performance Assurance Framework Administrator

6.2.1 This is as set out in the UNC Transportation Principal Document Section V.

6.35.3 Performance Assurance Framework Administrator - Tender and appointment timescales and contract extension

~~6.3.15.3.1~~ The PAC shall provide to the CDSP the final version of the document in Section 6.1.

~~6.3.25.3.2~~ On receipt, the CDSP shall commence the tender process, using reasonable endeavours to appoint the PAFA.

~~6.3.35.3.3~~ At the end of each anniversary of the PAFA Contract appointment, the PAC shall seek feedback from the industry, including the PAFA, on the activities and performance of the PAFA for the provision of the PAFA Scope. The PAC shall provide a summary of feedback received and any actions determined to address it.

~~6.3.45.3.4~~ In sufficient time prior to the end of the PAFA Contract first term (two years) PAC will determine whether to extend the PAFA Contract for another year, or allow the PAFA Contract to terminate and commence another procurement process.

~~6.45.4~~ Performance Assurance Framework Administrator Contract termination

~~6.4.15.4.1~~ In the event that the PAFA Contract is required to be terminated, the termination will be at the sole discretion of the CDSP.

~~6.55.5~~ Provision of data or information to the PAFA

~~6.5.15.5.1~~ Where the PAFA requests data/information/services from DNOs and Shipper Users, required for the provision of the PAFA Scope, DNOs and Shipper Users shall use reasonable endeavours to provide the data/information/services within the timescales requested, (such timescales having been previously notified to DNOs and Shipper Users).

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We discussed adding this to the business requirements.

~~7.6.~~ Potential extension of this Performance Assurance Framework (PAF) Document as other UNC Modifications are developed

This Document has been prepared for the establishment of the PAC and PAFA arrangements. It is recognised that there will be both current and potential future modifications in development that may require the extension of this Document. This Document allows for future change.

~~8.7.~~ PAC Budget

Although PAC does not directly own a specific budget, and a modified change process via the Data Services Contract (DSC) is in place (Document 4, Schedule 3), it is expected that any proper decisions by PAC on expenditure required under this PAF would be expedited in good faith by the appropriate DSC committee.

For the avoidance of doubt, this seeks to ensure that the PAC is able to investigate the root causes of inaccurate settlement and recognises that the PAC activities are not subservient to any other committee. It is anticipated that DSC committees will ensure that all requested expenditure is efficient and properly justified (for instance via a PAC risk or Workplan line).

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~~8.~~ Support for UNC Parties

~~New section in respect of role for CAMs~~

~~9.~~ Annual Workplan and Budget Statement

~~For each PAF Year the PAC will produce and provide detail of their work plan and budget for the following 12 months to all UNC parties. The Annual Workplan and Budget will be consulted upon.~~

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- ~~a) The work plan will detail the focus and priorities of the Performance Assurance Committee.~~
- ~~b) The budget statement will show the costs for delivering the scheme with a comparison from the previous year and also include any relevant summary explanation.~~

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~~10.9.~~ Performance Assurance Committee Documents

The following Performance Assurance Committee Documents (~~held within the Appendix of this Performance Assurance Document for the (Gas) Energy Settlement Performance Assurance Scheme~~) – hereafter referred to as “~~PAC Documents~~” – will be used to support the general operation of the Performance Assurance Framework.

These Documents, which do not constitute a part of the Performance Assurance Framework Document, and will be governed by the Performance Assurance Committee.

~~and published on the Joint Office website (www.gasgovernance.co.uk/PAC).~~ Changes to these PAC Documents can be proposed by any UNC Party, the Performance Assurance Committee, and the Performance Assurance Framework Administrator.

Document 1 Performance Assurance Framework – Performance Reports Register

Document 2 Report Specification Template

Document 3 Risk Register Approach

Document 4 Format of Performance Assurance Framework Administrator Scope

Document 5 Performance Assurance Committee Member Confidentiality Agreement

Document 6 Employer Assurance Document

Document 7 Nominating Party Assurance Document (where this is not the direct employer of the Member)

Commented [AJ7]: Documents to become appendices. Note that they are under PAC governance and not UNCC governance