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Performance Assurance Committee Framework Document

Prepared and maintained by the Performance Assurance Committee

V1.0

DRAFT: created for UNC0674

2.0 Change History

Version	Date	Reason for update
0.1	April 2019	Created to support UNC 0674
2.0		
3.0		

3.0 Document Controls

Reviewer	Role	Responsibility	Date

4.0 Acronyms and Definitions

The meaning of all acronyms and the definitions used in this document can be found in the document 'Performance Assurance Committee Constitution Document'.

5.0 Objectives

The Framework will facilitate the achievement of the following objectives:

- To maintain appropriate reporting and analysis to measure energy settlement performance and the risks to it
- To maintain a risk register and supporting analysis to assess risks, evaluate and determine mitigation activities for energy settlement performance
- To report as necessary
- To create a regime incentivising the required performance, if 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 may be updated by the PAC from time to time as the PAF develops.

6.0 Application and Operation

The Performance Assurance Framework applies to those UNC and IGT UNC parties that directly contribute to Energy Settlement performance, i.e. those in direct control of the data inputs to Energy 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 comprise reporting against certain performance indices and the management of a Risk Register comprising risks to Energy Settlement performance.

The Performance Assurance Framework includes:

- Management of a risk model
- 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.

DRAFT: created for UNC0674

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.

7.0 Procurement and Provision of Services

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

7.2 PAFA scope

The PAFA scope is as defined in document 4

7.2 Performance Assurance Framework Administrator (PAFA) Appointment Criteria

- a) 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.
- b) 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;
- c) The PAC shall produce a clear set of criteria for the appointment of the PAFA including (without limitation):
- d) 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;
- e) The ability of the PAFA to deliver new services in the future;
- f) The consideration of the relevant knowledge and expertise of the candidates; and
- g) Details of how much weight/percentage should be placed for each set of criteria.

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

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

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

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

The PAC shall provide to the CDSP the final version of the document in Section 7.3a

Commented [SR1]: Is this to remain? Previous discussion around a rolling renewal contract – 2 year initial followed by an annual review?

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

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.

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.

9.0 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.

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.

10.0 Performance Assurance Framework Administrator Contract termination

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

Commented [SR2]: Are you happy with this? Should PAC have an input?

11.0 Provision of data or information to the PAFA

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).

12.0 Potential extension of this Performance Assurance Framework Document (PAFD) as other UNC Modifications are developed

This Document has been prepared to help facilitate 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 and amendment by the PAC.

13.0 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).

Commented [AJ3]: Actions outstanding on this. Potential issues in terms of expenditure and prioritisation.

14.0 Support for UNC Parties

New section in respect of role for CAMs

Commented [SR4]: Remaining?

15.0 Annual PAF Delivery Plan, Review and Consultation

The PAF should have mechanisms in place to:

- Identify changes occurring in the market and consequently in the risk profile of gas settlement.
- Plan and budget for the activities needed to effectively mitigate gas settlement risk
- Recognise and learn from its own successes and failures
- Engage clearly and consistently with its stakeholders

Complemented by other PAF deliverables, including the risk register and the assurance techniques, a set of annual management activities for the PAF provides:

- Stakeholder input to determine the right focus
- A baselined plan for an appropriate approach to delivering risk mitigation
- A way of agreeing an appropriate budget
- An agreed way of monitoring and reporting upon the effectiveness of the approach specified.

A review of the year, the assessments of techniques deployed and their impact by the wider industry, reflections on observations and the challenges for the year, will ultimately lead to recommendations within the plan.

The annual PAF management activities are not intended to limit the PAF or the PAC's discretion on what constitutes material risk to gas Settlement or appropriate mitigation of

those risks within any given year. Risks can materialise or the profile of known risks can change inside any given year in ways which cannot be forecast. The PAF needs to be able to address emergent Settlement risk in a timely fashion.

15.1 Annual PAF Delivery Plan

Prior to the commencement of the budgetary year for the PAF, the PAC shall produce an Annual PAF Delivery Plan, supported by the PAFA as appropriate. The plan is intended to communicate what the PAF will deliver over the coming year and what benefit to Settlement accuracy is anticipated in doing so. It shall include:

- The PAC's view of the gas Settlement risk profile for the subsequent year
- The consequent mitigation approach and planned activities under the PAF
- The budget needed for those activities i.e. controllable expenditure such as reports, consultancy, technical audits, PAFA
- An indicator estimated measure of the quantity of Settlement inaccuracy being targeted
- An assessment of risks and their impact

At the PAC's discretion, the plan may include additional content.

A draft version of the Annual PAF Delivery Plan shall be consulted upon with performance assurance parties. A final version of the plan, approved by PAC, will be published for performance assurance parties prior to commencement of the year to which it applies.

15.2 Annual PAF Review

At the end of each gas year a review shall be carried out. The review is intended to assess the effectiveness of assurance delivery over the previous year.

The PAFA annual review will follow the process below:

- PAFA to write an annual review document that highlights the work of the PAC/PAFA over the past 12 months
- The review should include a written survey to the wider industry seeking general views on the PAC/PAFA performance as well as some targeted questions on particular areas e.g. meter read performance issues

The PAFA shall seek feedback from industry on the activities and success of:

- the PAF arrangements,
- the PAFA in their role as administrator of the arrangements,
- the PAC in their role as managers of the Performance Assurance Framework and;
- CDSP for the provision of information.

Responses to the review should be formatted into either a subject matter focus or area of concern.

The PAFA should then write a further document in which each response / area of concern is addressed and plans for improvement/future work are detailed. The document should include achievements, statistics on interventions and positive / negative reflections.

The PAC has discretion to expand the scope of the review beyond the mandatory items above.

The draft Annual PAF Review shall be issued for consultation with performance assurance parties for an appropriate length of time

A final version of the report shall be produced by PAC, supported by PAFA, which reflects performance assurance party feedback on the draft version. This final version shall be made available to all performance assurance parties.

The report shall be produced in time to inform the Annual PAF Delivery Plan for the subsequent year.

16.0 Performance Assurance Reporting

The PARR are a suite of reports against which the PAC monitor industry performance.

The PARR is owned and maintained by the PAC.

Any amendments, additions or removal of reports shall be made at the discretion of the PAC.

For the avoidance of doubt any PARR reports that are developed and implemented as part of a UNC modification will automatically be added to the register and will be delivered in line with the timeframes specified in the modification.

The data items required to successfully deliver the PARR and enable the PAC to work to meet its objectives will be delivered in accordance with UNCV16.2.4.

The PARR which includes a list of performance reports and their technical specifications are detailed in Document 1 which appended to this document.

17.0 Performance Assurance risk register

A risk can be defined as an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. For Performance Assurance a risk is the probability that an event or action may adversely affect the performance and gas settlement arrangements.

To highlight a risk for investigation is to ask the question “what may be going wrong and what can be done about it?”

17.1 Identification of a Risk

Potential risks can be identified by a UNC party, the PAC, PAFA or a statutory body. To enable a risk to be identified a standard template is required. The Risk Template is designed to provide sufficient information for the PAFA to update the Risk Register and to facilitate discussions within the PAC.

The Risk Template is shown below:

DRAFT: created for UNC0674

Date	Raised by (include contact details)				
Proposed Risk title					
There is a risk that... (Risk Description)					
Because of... (Cause)					
Is related reporting available to support investigation into this risk?		Is this risk being considered in other industry fora?		Any additional information / Supporting information (optional)	

To complete the template, the risk identifier should populate the following:

- **Date:** Date the risk is raised.
- **Raised by:** identifier details, including a method for communication should the PAFA need additional information and for on-going communication regarding the progress of your risk.
- **Proposed Risk Title:** ensuring that the title gives a high level indication of where the proposed risk lies. For example: 'Site specific winter annual ratio'
- **There is a risk that...** A description of the source of the risk, i.e. the event or situation that gives rise to the risk. A succinct sentence of what the risk is. For example, "there is a risk that formulae year AQ is not being calculated for all Supply points"
- **Because of...** Identify the potential cause of the risk, or where proposal for an additional inclusion on the risk register was initiated. For example, "because reads are not being submitted by 10 Shipper organisations".

Consideration should also be given to the following questions, and an additional information provided:

- Is related reporting available to support investigation into this risk?
- Has this risk been highlighted via presentation of reports at other industry forums?
- Is this risk being considered in other industry forums?
- Has this been passed to PAC as an outcome from other workgroups ie. UIG taskforce
- Any additional information / supporting information (optional)

An example of a completed Risk Template is below:

DRAFT: created for UNC0674

Date	20/04/2015	Raised by (include contact details)	Stephanie Stephenson, Theoretical Gas Ltd. Tel: 0700 100 000		
Proposed Risk title	Meter read performance and rolling AQ				
There is a risk that... (Risk Description)	Poor meter reading performance for class 4 sites is leading to the erosion of the quality of the rolling AQ process				
Because of... (Cause)	Shippers are not meeting the UNC meter reading requirements therefore there are inadequate meter reads available for the rolling AQ process to be accurately completed.				
Is related reporting available to support investigation into this risk?	no - new reports should be added to the PARR suite	Is this risk being considered in other industry fora?	no	Any additional information / Supporting information (optional)	

The Risk Template should be populated with all the information necessary to aid the PAFA to register the risk and then provide this to the PAC for the next stage of the process. Should there be insufficient information to document the risk the PAFA will need to liaise with the Risk Originator to obtain the relevant information.

During this stage the PAFA will conduct an initial validation of the risk to ensure the risk needs to be added to the Risk Register, for example ensuring that the risk identified is not a duplication of an existing risk on the Risk Register.

Once the necessary information is captured the PAFA will translate the risk onto the Risk Register.

17.2 Risk Register

The Risk Register will constitute Document 3: Risk Register which is appended to this document and can also be found at <https://www.gasgovernance.co.uk/PAC>.

The PAFA will give the risk a RAG (Red/Amber/Green) status and will attempt using the data that is available to estimate the value of the risk and be labelled as DRAFT.

The PAC is responsible for assessing and agreeing the RAG Status, the estimated value of the risk, approving the risk title, description and the category that this risk should be considered under.

The PAC may also determine that this risk is actually an 'issue' – something that has already occurred and that it should be labelled as such.

When formal PAC agreement is reached, and a determination is made at a Performance Assurance Committee meeting, the risk will move from DRAFT to LIVE.

The PAFA is responsible for administering and maintaining the Risk Register. The PAFA will update the Risk Register based on the outcomes of the PAC risk discussions, actions and controls, and where necessary will close the risks.

DRAFT: created for UNC0674

Example of a completed Risk Register entry below:

Risk Number	PACR0012	Risk Title:	Required meter read frequency for product class 4 meters					
		Risk Description:	The differing required frequency in meter read provision between product class 3 and 4 sites					
		There is a risk that...	The frequency of submission of meter readings for Product class 4 meter points could adversely impact the accuracy of the derived AQ consumption along with the frequency of reconciliation					
Effective From	25/09/2017	Category	METER READ PERFORMANCE	RAG STATUS	Estimated AQ at risk (kwh)	1,057,761	Estimated value of risk (GBP)000's	11,280
Last Review	01/08/2019	Risk Status (Active/Monitoring/Closed)	ACTIVE					
Related reporting								
2A.5 Meter reads.								
Industry activity								
Workgroup/meeting/code change	comments							
Code change	0700: Enabling large scale utilisation of class 3							
PAC activity / mitigating actions								
DATE	ACTIVITY	comment						
ongoing	monitoring	2.A5 meter reads						
01/10/2019	monitoring	Implementation of 0700 could lead to a reduction of value of this risk as large number of sites moving into PC3.						

17.3 Risk Reporting, industry activity and mitigating actions

For every potential cause of a risk, a monitoring activity and mitigating action needs to be identified. Where these do not exist, a monitoring activity and/or an action will be created to reduce the likelihood of occurrence of the risk. The PAC will decide on the course of action to be taken for the identified risk(s) and delegate these accordingly. The PAFA will support the PAC to monitor and update the actions within the Risk Register. The PAFA will update the actions either quarterly for high risks or twice per year for low risks and inform the PAC. Any actions incomplete will be subject to regular scrutiny from the PAC.

17.4 Risk Progress Report

A risk review date is provided on the Risk Register. For high scoring risks, this will be quarterly for all other risks will be reviewed twice per year.

All risks are submitted to the PAC and will be subject to a Risk Progress Report. The Risk Progress Report is to provide an update of planned actions and risk management activities to help shape the target risk score and action progress. The PAFA will provide the Risk Progress Report to the PAC as required.

17.5 Closing a Risk

Risks are closed based on the result of the actions and the controls put in place. The Risk Progress Report may highlight that controls are in place and subsequently the PAC may amend a risk RAG status. Where risk RAG status is reduced, or risks are no longer deemed to be a risk to gas settlement performance the PAC may choose to close the risk. The PAFA will update the

Risk Register accordingly and notify the Risk Originator of the actions completed and the outcome of the risk they raised.

18.0 Performance Assurance Techniques (PATs)

18.1 Purpose and usage

In making decisions about how and when the PATs shall be applied to a Party, PAC may take into consideration some, all or none of the following and not in any particular order:

- Statistical performance measures.
- Current and historical management of performance in the area of issue
- Willingness and speed in remedying the issue
- General co-operation in reviewing their case
- Any other holistic information that would reasonably inform a prediction of the extent of performance improvements

The PATs available under the PACFD are set out below, with an explanation of what they are, how the PAC will generally use them and any specific procedural steps relevant to a given PAT.

The general principle under which the PATs are listed here is that the PAC can, unless specifically proscribed from doing so through the content of the PAF technical documents, apply the PATs in any way that it deems appropriate to effecting the mission and objectives of the PAF.

PAC may also:

- Apply further techniques described in the PAFD, following the failure of any Party to make improvements as agreed.
- Determine the materiality of performance issues affecting the achievement of the PAO even where there may be no explicit UNC obligation. In such instances PAC and PAFA will not treat the issue as non-compliance but will ask Parties to address any such impact on the PAO
- Access any standard performance reports that are provided by CDSP to Parties; or any other standard reports as it deems relevant

18.2 Monitoring

Monitoring facilitates the detection and management of Settlement errors, by using the retrieval and analysis of data to quantify error, track changes in it over time, facilitate resolution and inform PAC's use of other PATs.

PAC may undertake market monitoring as it deems necessary to fulfil the objectives of the PAC. Such monitoring shall occur on a frequency and for a duration to be determined by PAC. It shall apply to the whole market or to a segment of the market [or an individual party] as PAC deem appropriate.

If PAC determine that a particular form of monitoring is required, it will specify the data items, purpose, source and any provision deadlines for the monitoring, along with any other

information it believes is necessary for performance assurance parties understanding of the intent of the monitoring and any obligations they have in relation to it. PAC may publish this information to all performance assurance parties if it believes doing so is necessary to achieving the stated purpose of the monitoring.

The appropriate data provider is for PAC, with PAFA support where appropriate, to determine on a case-by-case-basis. Data providers may include, without being limited to:

- CDSP
- The performance assurance party themselves – “self-reporting”
- Other UNC parties

Where PAC requests data from a performance assurance party which is subject to a deadline for provision, it will advise the party of its request and the deadline for it in writing. PAC may, subject to the PAF appeals process, determine that any failure to provide requested monitoring by the deadline it has stipulated is a further risk to Settlement, and apply other PATs to mitigate that risk.

18.3 Party Communication

Communication allows the PAC to formally set out for a party:

- Its concerns regarding a party’s contribution(s) to one or more Settlement risks, including the impact the party’s (in)action is having upon Settlement accuracy.
- Its expectations of the party in relation to risk identification, quantification, resolution or other relevant performance matters
- Provide timescales for any action it expects the party to undertake
- Explain the consequences of failing to comply with the PAC’s request

Letters will be sent to an employee of the organisation who, in PAC’s view, has the authority to address the subject of the communication.

18.4 Training

Training is a way of remedying the root causes of a Settlement error or of mitigating a Settlement risk. It ensures parties and their employees are aware of what can lead to Settlement error and how to either prevent or correct it.

PAC may decide to mandate a party undertake training on any topic it believes is relevant to mitigating a Settlement risk or reducing Settlement error. It may do this at any time and without any prerequisite steps or PATs being needed.

PAC shall set out in writing the training it expects the party to undertake, the reasons for it mandating that the training occur, the segment of party’s employees it expects to receive the training and its expected provider for the training.

PAC shall advise the party, in writing, of a reasonable deadline by which it expects the training to be complete.

Upon receipt of PAC's written request for training to be undertaken, the party shall respond to PAC within [15 working days], advising it of when it expects the training to be complete.

The cost of training will be the responsibility of the party being asked to undertake the training.

18.5 Request for a resolution plan

A resolution plan provides a baseline for the approach and timescales a party intends to adopt when resolving a Settlement issue or mitigating a Settlement risk. It gives the PAC a point of reference from which to monitor a party's progress in resolving performance issues and gives the party clear expectations to work from when addressing performance issues. It is a contract between the PAC and the assurance party which provides mutual clarity on expectations and the basis for shared tracking of progress.

The PAC may request a resolution plan from a party when, having regard to the mission and objectives of the PAF, it believes one is necessary to adequately mitigate a settlement risk or issue.

If the PAC requests a resolution plan it shall set out its reasons for the request to the party, in writing, along with what sort of content and timescales it expects to see in the plan and the date for the party providing it by which the plan should be returned.

Upon receipt of a request, a party shall prepare the plan and accompanying narrative to highlight milestones from which the PAC may judge progress and achievements. 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.

Upon timely receipt of a resolution plan, the PAC shall review the plan and consider whether the delivery outcomes and timetable offset the specific issue identified and in the expected timescale. The PAC will confirm that the plan has been received and accepted.

The PAC may have supplementary questions about the resolution plan and may also ask a party to present their plan at a closed PAC meeting.

If the PAC does not receive a resolution plan which meets the timescales specified by the PAC and / or contains the information it requested, it may consider the act a further compliance issue and deploy another PAT.

18.6 Request attendance at PAC

The attendance at a PAC meeting of an appropriate representative gives PAC the opportunity to understand the root causes of Settlement issues better, aiding the choice of appropriate

remedial actions. It also gives the party in question an opportunity to present its point of view directly to the PAC.

PAC may request that a representative of a performance assurance party attend PAC. It may, having regard to the mission and objectives of the PAC, do this for any reason that it specifies in writing to the party. It need not carry out other PATs prior to requesting attendance at PAC or follow any other preliminary steps.

If the PAC requests party attendance at the PAC, it shall provide [20 working days'] notice of this fact to the party in writing, setting out the reasons for the request and anything else it believes is material to the party's ability to nominate an appropriate representative.

If the party does not send a representative or sends a representative who, in PAC's view, is not appropriate, PAC may choose to use any other PATs it believes are appropriate to mitigate the Settlement risk.

Party representatives should have suitable authority to speak for the Party as commitments made by a representative to the PAC will be noted and delivery expected.

18.7 Publication

Publication provides a mechanism for making all performance assurance parties aware of the scale and root causes of a Settlement issue, as well as the performance assurance party(s) who is responsible for rectifying it. It therefore ensures better awareness of Settlement risks and errors, as well as incentivising timely and proportionate remedial action.

The PAC may decide to publish any information relating to a Settlement risk or error it is aware of at any given point in time, including the party responsible, provided it does so in a way that conforms with data privacy legislation.

If the PAC determines that publication is necessary, it will inform any parties who will be included within it [10 working days] before publication, including an explanation for why they are publishing the information and what action PAC expects to occur as a result.

The PAC shall not be required to withdraw the publication for any other reason.

18.8 Audit

An audit is a systematic review of a set of business practices, intended to highlight the level of conformity with expected practice inside an organisation. It provides a rigorous, structured and independent view of the risk the subject of the audit poses to gas Settlement or of the level of error attributable to them, as well as a mechanism for clarifying expectations and managing progress toward resolution.

An audit can be carried out across the entire market or against a targeted segment of the market. It may involve auditing a wide range of connected business processes or targeting specific areas of activity.

PAC may, having regard to the mission and objectives of the PAF, decide to conduct an audit whenever it believes one is warranted. It may decide to carry out a certain type of audit on a fixed frequency basis, and/or to carry out ad hoc audits as it deems necessary.

If the PAC decides to conduct an audit, it shall give the parties who will be the subject of the audit reasonable notice of this fact, having in mind the scale of the intended audit, its subject matter, any data provision needed in relation to it and resource commitment from the audited party.

PAC shall, when giving notice to parties being audited, set out the scope of the audit, who will carry it out, its format (remote or on-site, for example), the methodology that will be used to conduct it, including the way parties will be assessed and conclusions reached, and the way it intends for audit issues to be managed subsequent to audit completion.

The costs of any audit and those of the party will be recovered from the party being audited where, in the sole judgement of the PAC, there is evidence supporting their decision to initiate the audit.

The costs expended by the party in supporting the audit will be born solely by the party subject to the audit.

18.9 Referral to Authority

A referral to the Authority is intended to make the Authority aware of the scope and scale of a Settlement risk or Settlement error, including, if relevant, the behaviours PAC has observed in relation to one or more parties contributing to that risk or error. It invites the Authority to exercise its powers in relation to a Settlement risk, error or the behaviours surrounding them.

PAC shall advise any parties who are the intended subject of a referral in writing of its intention to refer to the Authority and of the reasons for and content of the referral. It shall give notice to the party of this intention prior to sending the referral to the Authority, such that the party is able to make its own representations to the Authority regarding the referral, if it wishes to do so.

The PAC will provide any additional information or evidence requested by the Authority in each case, along with any performance information, the measures and PATs deployed by the PAC and the responses and information received from the party.

19.0 Appeals Procedure for the PAF

19.1 Purpose

To enable it to deliver upon its purpose of identifying and mitigating gas Settlement inaccuracy, the gas PACFD gives PAC the power to apply Performance Assurance Techniques (PATs) to various industry roles.

The parties to whom the PATs are applied (the subject of a PAT) can be materially affected, financially, operationally or reputationally, by their application.

The party subject to a PAT may believe that the accuracy of the information underpinning PAC's use of a PAT is materially and demonstrably incorrect. It may also believe that the procedure surrounding use of the PAT, as set out in the PAT technical document, has demonstrably not been followed, resulting in a material impact on them subject.

In these circumstances, the subject of the PAT is entitled to appeal the PAC's decision to the PAC. The decision of the PAC, having considered the new information in respect of the UNCC regarding the appeal is final.

19.2 Criteria for an appeal

The criteria for a valid appeal, is as follows:

- The inaccuracy of fact or irregularity of procedure can be demonstrated, such that there is specific alternative information on which PAC should instead rely or a specific alternative way in which a procedure should have been enacted
- A material inaccuracy of fact or irregularity of procedure has occurred, such that the outcome would be different if the correct information or procedure were used instead
- The appeal must be raised with the PAC within [1 month] of the relevant PAC decision
- Where the appellant is appealing a PAC decision to refer the appellant to Ofgem, the appellant will have a second appeal opportunity that will be heard by the UNCC in such circumstances.

19.3 Procedure

The gas PAFA will assess any appeal in respect of whether the criteria for the appeal has been met and regarding the PAC's use of a PAT in the light of the new information provided, before presenting the appeal to PAC at the next practicable opportunity.

The PAFA's initial views on the validity of the appeal and the appropriate rectification will be presented to the PAC alongside the appellant's representations.

PAC's original reasons for applying the PAT will form part of the material PAFA reviews and provides to PAC to aid its decision on the appeal.

During the period between an appeal being raised and the PAC hearing the appeal, any obligations on the appellant, PAC and PAFA pursuant to a PAT which is wholly or partly the subject of the appeal will be suspended. The PAC's decision on the appeal will include guidance for resumption or termination of timescales for action under any of the PATs at issue.

The PAC will treat the matter as confidential. All meetings to hear the appeal will be closed and the meeting and the material presented for consideration during an appeal will not be published.

The appellant may be invited to present their case and their supporting evidence. Notice of the meeting will be not less than [two weeks].

DRAFT: created for UNC0674

The PAC will determine the extent to which it accepts the appeal. This could be wholly, partially or not accepted. The PAC may recommend or provide guidance on how or whether the application of the original PAC decision resumes or continues.

19.4 Appeal Decision

The PAC will respond in writing to the appellant within [two weeks] of making their decision with the reasons for its decision.

Where the appellant remains of the view that their reason for appeal is valid and that the PAC have not taken fair and balanced view of their evidence, the appellant may appeal to Ofgem. Any PAT's may resume or be continued until Ofgem provides its decision. The decision of Ofgem will be final.