

British Gas Representation on Performance Assurance sub-committee

Background

- During the development of Mod 0506 Gas Performance Assurance Framework and Governance Arrangements, the constituency of the PAC was debated. Workgroup did not reach a consensus regarding the construction of the group. As a result PAC mirrored the UNCC construction of 5 Transporters and 5 shippers nominated reps.
- Mod 0506 workgroup discussions did allow for the PAC to review its construction once it was created.
- Following the PAC nomination process, 7 shipper nominations have been received for the 5 shipper nominated places. The over subscription of the PAC is driving a review of the PAC representation.
- Following the notification that a PAC election is required, some UNCC members requested the PAC membership is expanded from 5 to 7 shipper nominated members.
- On Friday the 29th July, it was agreed this discussion should be concluded at the August UNCC meeting.

British Gas consulted position

The main reason for PAC membership expansion are as follows –

- PAC is not about representation, it is about having relevant expertise around the table to be able to assure settlement accuracy and identify/minimise risk to settlement parties.
- PAC members are “representatives in their own right” (PAC guidelines and ToR), and that members should be aware of the “contribution they may as individuals make to the business of the sub-Committee and not to the Users by whom they are employed” (UNC General Terms B 4.3.6). PAC members agree to be there in the interests of the market and not representing any commercial position or individual organisation.
- The Engage Settlement Risk report identifies 95% of settlement risks sits with shippers – PAC composition should be based on risk and cost. Applying this logic the PAC composition should be closer to 1 Transporter 10 Shippers. Therefore 5 GTs and 7 shippers is not unreasonable.
- It is unlikely GTs will continuously fill their allocation of 5 members, so why restrict other experts attending – more expertise increases the likelihood of identify the right answer
- Whilst many UNCC Subgroups are under subscribed, should we be turning away industry expertise.
- Having more shipper nominated experts more closely aligns to the electricity PAB model. (Why ignore a more mature settlement assurance model?)

British Gas response to GT's concerns

- Wales and West's paper raises concerns that the PAC will become 'unbalanced' if there are more shipper nominated reps than GT reps. As above shipper nominated reps are not to represent their organisations. The current PAF model focus is on shipper performance. Whilst GTs contribute to settlement risk through LDZ Offtake errors, this is currently managed under the LDZ Offtake committee. If in the future parties raise new changes which seek to increase the performance measures on Transporters and their Agency, the construction of the PAC could then be reviewed again and amended to align with those new arrangements.

We request this paper is discussed at UNCC and a vote on PAC representation takes place.