

# **(Gas) Energy Settlement Performance Assurance Committee: Annual Work Plan and Budget 2019**

## **1. Associated Documents**

<http://www.gasgovernance.co.uk/PAC>

## **2. Background**

In this document, the Performance Assurance Committee sets out the areas of focus for the year ahead. A wider project plan is maintained by the PAFA (Performance Assurance Framework Administrator) which can be found at the link above.

## **3. Scope**

### **Performance Reports**

The PARR (Performance Assurance Report Register) schedule 2 reports have now been delivered to the industry and to PAC (as of August 2018) and work continues to confirm and validate the accuracy of all reports.

PAFA are now providing analysis of this data to the PAC who has begun to make contact with industry parties where relevant data obligations are highlighted. The approach to review and decision making will be informed by the PRIDe model (details of which can be found in the 'Associated documents' section of this work plan document).

### **Risk and Issue Register**

The current PAF Risk Register was approved by the PAC 20 November 2018. An updated iteration is due for publication by Q2 2019.

### **Risk model**

The PAFA are currently undertaking a review of the risk model which is due to be finalised by March 2019.

It is currently planned that the updated Risk Model will be in use by Q2 2019.

### **PAC Modifications**

PAC approved modifications are taken forward by a sponsored party from within the PAC membership (PAC as an entity is not a code party so cannot progress modifications without sponsorship). Four PAC approved UNC modifications were raised in 2018.

- Mod 0657S – Adding AQ reporting to the PARR schedule reporting suite: implemented 12 October 2018. PARR reports to include AQ reporting are being developed.

- Mod 0660S – Amendment to PARR permissions to allow PAC to updates with UNCC approval: implemented 07 December 2018
- Mod 0664 – Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4: currently at workgroup stage, currently with a date to report to panel of June 2019.
- Mod 0674 – Performance Assurance Techniques and Controls. Status: under development.

## **PAF Development**

### **PAC Committee Process Modification**

Modification 0674 looks to make the processes and escalation points of the PAC process clear and explicit in terms of how parties' performance is reviewed and acted upon. This should represent a step-change in the effectiveness of the PAC.

### **PAC Incentive Modification**

A modification could also be raised that considers a wider incentive regime for settlement data submission. Close attention is being paid to existing modifications in this area (0664 and 0672) and this area continues to be developed.

## **4. Horizon Scanning**

### **Introduction**

PAC will undertake periodic 'horizon scanning' to ensure settlement risks and issues linked to key industry changes and developments are captured and monitored.

### **Current headline horizon items with brief commentary**

#### **UIG Task Force**

UIG remains a central area of focus. PAC receives regular reports from Xoserve on the progress of the task force and will ensure that any newly identified areas and any recommended modifications are reviewed and monitored.

#### **Smart meter roll-out**

PAC has added a risk related to the smart meter roll-out to the risk register, to ensure the large number of meter exchanges due to take place does not pose a risk to gas settlement.

#### **Faster switching**

PAC will continue to monitor developments in this area and ensure risks are raised if appropriate.

## 5. Key item timeline

Area of focus	Specific item	Expected
PARR Reports	Review actions	Q1 2019 onwards
	Report content review	Q1 2019
	PARR report updates	Q3 2019
Risk Register	PAC Review and update	Q1 2019 onwards
PAC modifications	Mod 0664	Q3 2019 (potential mod approval)
	PAC Committee mod	Q3 2019 (potential mod approval)
	PAC Incentive mod	Q2 2019 (potential mod approval)
Risk model	Risk model data update	Q1 2019
	Review of model	Q1 2019
	Update and finalisation of risk model	Q2 2019

## 6. Risk Register

The existing risk register will be updated and expanded in this period.

Link: <http://www.gasgovernance.co.uk/PAC>

### Current risk register items

Risk reference	Description
PACR001	Theft of Gas: The consumption recorded at and by the meter does not record the actual consumption at the premise because of theft of gas at the premise
PACR002	Use of the AQ Correction Process: The process to correct AQ's is not used correctly or appropriately thereby applying a bias to the AQ corrections which is not reflective of the AQ corrections needed in any shipper's portfolio.
PACR003	Estimated reads used for daily metered sites (Product Class 1 and 2): Use of estimated reads for Daily Metered sites (Product Class 1 and 2) due to an actual daily reading not being loaded onto UK Link
PACR004	Identified LDZ Offtake Measurement Errors: The gas measured into the network has been identified as being incorrect.
PACR005	Incorrect or missing asset data: Consumptions are inaccurately derived from the meter billing attributes provided
PACR006	Use of Winter Annual Ratio (WAR) bands: Site-specific WAR bands are not available for End User category (EUC) 03-08 sites

PACR007	Undetected LDZ Offtake Measurement Errors: The gas measured into the network is incorrect and remains undetected
PACR008	Unregistered Supply Points: The supply point is not registered, but is consuming gas.
PACR009	Shipperless Supply Points: The supply point exists on the Supply Point Register with no registered Shipper whilst consuming gas
PACR010	Meter readings fail validation (Product Class 3 and 4): Insufficient reads are loading into UKLink eroding the accuracy of the AQ
PACR011	Derived meter read drift: The consumption derived from automatic reads is not reflective of the actual consumption recorded on the meter and this is not identified
PACR012	Required meter read frequency for product 4 meters: The differing required frequency on meter read provision between product class 3 and 4 sites
PACR013	Change of Shipper Reads: Estimated Change of Shipper reads are used and rather than actual reads, creating inaccurate reconciliation to the shippers involved
PACR014	Meter readings not provided within the settlement window: Sites do not have any reads loaded in the settlement window
PACR015	Retrospective updates: Application of an inconsistent approach by Shippers and the industry to retrospective updates
PACR016D	Correction Factors (CF) – incorrect use of standard CF above 732,000 kWh: Incorrectly using standard Correction Factor (1.02264) for sites consuming on or above 732,000 kWh
PACR017D	Correction Factors (CF) – use of a standard CF for sites consuming on or below 73,200 kWh
<b>PACR018</b>	Correction Factors (CF) – incorrect use of standard CF below 732,000 kWh: Incorrectly using standard Correction Factor (1.02264) for sites consuming above 73,200 kWh and below 732,000 kWh
<b>PACR019</b>	Smart Meter exchanges - Late meter exchanges involving smart meters
<b>PACR020</b>	Issues with UK Link post new UK Link implementation

## 7. Communication Plan

PAC will continue to distribute Key Messages from each meeting. In addition, this document is being circulated for views and comments by the industry, as is the Risk Register via a separate consultation process.

- Key messages – Distributed monthly
- Work plan publication – Q2 2019
- Risk Register Update – Q2 2019

## 8. Code changes / Industry Developments likely to affect settlement

In addition to the horizon scanning items mentioned in section 4 of this document, PAC continues to monitor and consider progress on the following modifications:

<b>Mod number</b>	<b>Title</b>	<b>Status</b>	<b>Reason for consideration</b>
0651	Changes to the Retrospective Data Update provisions	Awaiting Ofgem decision	Linked to existing PAF risk
0630R	Review of the consequential changes required in UNC as a result of the Ofgem Switching Programme	Request Workgroup	Horizon scanning
0647	Opening Class 1 reads to Competition	Workgroup stage	Consideration of need for performance monitoring and related incentives
0652	Introduction of winter read/consumption reports and associated obligations	Workgroup stage	Link to existing WAR band risk
0661R	Reconciliation and Imbalance Cash Out Prices	Request Workgroup	Awareness of potential outcomes
0664 (PAC mod)	Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4	Workgroup stage	PAC mod due to poor read performance
0665	Introduction of suitable classification of Ratchetable Supply Points & ensuring accurate Capacity Allocations (SOQ)	Workgroup stage	Impact on class 2 take-up
0672	Incentivise Product Class 4 Read Performance	Workgroup stage	Consideration of incentive development

While no specific action is necessarily planned, PAC would consider actions such as requesting additional performance reports if the need arose.

## 9. Indicative Budget

PAC currently holds a DSC budget pot of £75,000 for DSC financial year 2019/20 (April to March).