2021 / 2022 ANNUAL REVIEW & ENGAGEMENT EVENT REPORT

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MAKING THINGS THAT MATTER WORK BETTER

OVERVIEW

The 2021/2022 Performance Assurance Regime Annual Review was issued for consultation on in October 2022 for a period of 4 weeks.

As part of our continued review of the approach to the Annual Review, and in addition to the consultation, this year the content of the Annual Review was shared and talked to as part of a Performance Assurance Engagement event, which was held on 21st September 2022. This approach was taken in an effort to obtain more views on Performance Assurance than had been received in previous years.

This report provides an update on responses to the Annual Review consultation as well as feedback and key observations from the engagement event.

PAC will be asked to consider the consultation comments and provide views on the responses drafted to points raised during the November PAC meeting. We will also ask PAC to consider the recommendations set out in slide 23.

2021/22 ANNUAL REVIEW REPORT

CONSULTATION RESPONSES

ANNUAL REVIEW CONSULTATION RESPONSES

We received 1 response to the Annual Review consultation

Q1) Please comment on whether the Framework meets the needs of the UNC, your organisation, and the wider gas industry. Please indicate its strengths and weaknesses.

Meets needs of UNC, less so for organisation as PAC continues to expect all shippers to improve in areas of concerns, but does not factor in issues in wider industry for example, poor MRA performance, EBRS changes / government changes that affect resource within organisation.

PAFA / PAC Response:

The PAFA encourage and invite parties to notify it of systemic, circumstantial and organisational issues as well as any other issues affecting the wider industry. The PAFA work closely with Parties to understand the issues they are facing and these are considered and monitored by the PAC, along with wider industry issues that have been identified / notified. PAC encourage Parties to reach out to the PAFA to discuss issues they are facing within their organisation.

Parties can contact the PAFA via email: PAFA@gemserv.com.

Q2) PAC (in its role as manager of the PAF); Are you aware of the work the PAC do? If so, how have you become aware of the work?

Yes, via engagement days, letters, performance plans and active participation in PAC.

PAFA / PAC Response:

The PAC are pleased to see that the respondent is aware of the work of the PAC. PAC encourage all parties to engage with the PAF and the PAFA regarding performance assurance. Information on the PAC and the PAF can be found on the Joint Office website as well as the Gas Performance Assurance Portal (GPAP).

Q3) Please comment on the PAC's management of the framework in terms of the PAF, the UNC, your organisation, and the wider gas industry. Please share identified positives and negatives.

Management of framework is sufficient, risk review and mitigation in place. Marginal increases in read performance represent a lack of effective improvement measures for PC1, PC3 and PC4. Appreciate this is a moving target due to SoLR and shippers exiting the market. Perhaps the holistic view will increase performance across more areas than just read performance.

PAFA / PAC Response:

PAC recognise and acknowledge that the assessment of performance to date has been very much focused on read performance. However, the PAC and the PAFA have been developing a Performance Assurance Matrix which assesses the performance of Parties holistically across multiple performance measures. The PAC have recently approved this matrix for use and have since been reviewing existing Performance Improvement Plans (PIPs) using the matrix. In the new year PAC plan on closing and re-issuing plans where nessessary to ensure focus against the right measures is reflected.

Q4) PAFA (in its role as administrators of the PAF);Please comment on the work of the PAFA in relation to the PAF, your organisation, the UNC and the wider industry. Please share identified positives and negatives.

PAFA look to be covering key risk areas to settlement, aged data in PC4 is an area to address as the read performance shippers are answering to is already old and out of date. Could PAFA not receive an indicative view on a monthly basis to enhance the decision making processes of the PAC.

PAFA / PAC Response:

PAC recognise the views of the respondent with regards to the age of data. However, the PAC note that the age of data is a direct result of existing submission windows, which are set out within Code. Parties have the ability to look at live data for their organisation via the Data Discovery Platform (DDP).

It should be noted that a change to the submission window obligations would require a Code Modification and will likely also require system changes.

If any parties have any questions about their organisations data or the submission windows, they should reach out to Xoserve (customerexperience@xoserve.com).

Q5) If you've been engaged with PAFA following receipt of a performance communication, how would you rate your experience, E.g. Professionalism, Knowledge, Helpfulness.

PAFA lack operational shipper knowledge and technical experience in that they are managing the framework however do not understand how reads are submitted to XOS. This lack of understanding might also affect decision making when they provide stats to PAC to direct the areas that require improvement, rather than addressing the root cause of poor read performance e.g shipper BAU processes, market interactions etc.

PAFA / PAC Response:

The PAC recognise the views and concerns raised by the Party. The PAC acknowledge that the PAFA is not an expert in UKLink operational and technical matters. In general, the PAFA consider the performance outcomes of Parties and review issues identified by Parties with Xoserve and its industry experts to obtain the information they need to understand system or processes issues brought to their attention. In general, the PAFA do not review submission details to identify root cause issues on behalf of any party, but might focus for example on how many reads are getting into the system and how many reads are being rejected and highlight such detail to the relevant Shipper. PAC feel it's important for the Parties to decide how best to address the issues they are facing and improve the performance of their portfolio. With a Party's permission, PAFA will share with PAC any information provided in connection with their performance.

When it comes to how to get reads into the system, PAC acknowledge that Xoserve are and should be the experts noting that the knowledge of the PAC and PAFA will never be as substantial as that of Xoserve. Xoserve offer and regularly engage and collaborate with Parties about getting reads loaded. Parties are encouraged to reach out to Xoserve should they need assistance with read submission and note that while the PAFA can support they are not the expert in this area.

ANNUAL REVIEW CONSULTATION RESPONSES

Q6) CDSP (for the provision of performance insights and information); Please comment on the work of the CDSP in the context of Performance Assurance and in relation to performance insights and information for your organisation, the PAF, the UNC, the DDP and PA reports. Please share identified positives and negatives.

DDP is a good platform, but some data is aged based on rules, could show an indicative view XOS has errors in code that is released that affects shipper ability to meet read performance targets, or diverts resource within organisation to create and manage manual workarounds due to XOS code errors. XOS should be clear when errors are made and request feedback from shippers on how this is going to affect their ability to continue to run their business.

CDSP / PAC Response:

The CDSP are pleased to hear that the respondent sees the DDP as a good platform and recognise the points made with regards to aged data. It should be noted that the age of the data is a direct result of existing Code obligations with regards to submission windows.

The CDSP recognise that there have been errors and acknowledge that errors do happen. The CDSP, using an agile methodology, try to fix issues as quickly as possible and engage with Parties to obtain information / insight with regards to errors / issues. The CDSP are committed to delivering a good experience for users when using the DDP.

Continued CDSP / PAC Response:

The CDSP note that information on existing issues / errors can be found on the DDP log in page and any major issues / errors may also be referenced on the Xoserve website. The CDSP encourage Parties to reach out to Xoserve should they encounter any new issues / errors. The CDSP also encourage Parties to reach out to Xoserve using the help and support function. The PAFA also encourage Parties to let them know of any technical issues that may be effecting their performance.

Information from Parties is key to ensuring that the DDP is working the way it should, that route causes to performance can continue to be identified and use cases for the system can remain up to date ensuring the system remains fit for purpose.

Q7) Performance Impacting Operational and Industry issues; Please indicate any issues that are impacting performance reports for the industry or your organisation.

Current industry issues PC2 AMR contracts expect a check read after 2 years, not 1 year – expectation this was not in code during Nexus Estimated FICC reads on a class change by XOS impacting reads accepted by industry High industry activity e.g MBSR / EBRS / BEIS HH that is diverting resource to ensure suppliers / shippers are meeting OFGEM / BEIS expectation.

PAFA / PAC Response:

The PAC accept and acknowledge that there is a lot of work going on in the industry and agree it's a particularly busy time. The PAC note that Parties who are unsure of performance levels or what needs to happen to improve performance should reach out to Xoserve, who's experts can help them to understand their obligations in this area.

The PAC believe the respondent is referencing commercial contracts regarding meter equipment drift. The current Code requirements for meter equipment drift are there to protect settlement accuracy and the consumer. The PAC have asked the PAFA to obtain more information on the potential issue this respondent may be facing and report back to the PAC if it appears to be a wider industry issue.

ANNUAL REVIEW CONSULTATION RESPONSES

Q8 If your organisation has been involved in an improvement plan, would you say it helped you focus on improvement action within your organisation?

No, it was additional administration, time consuming and expectation around target dates to meet standard regardless of what is occurring in the industry.

PAFA / PAC Response:

The PAC recognise what the views of the respondent and acknowledge that inevitability these are burdensome and time consuming but ultimately the PAC are looking to improve performance and therefore settlement accuracy.

There has been a learning exercise with regards to PIPs and the PAC understand where there needs to be improvement. In light of the implementation of UNC674V, the PAC are looking to review existing PIPs and the current approach to PIPs and will be engaging with Parties currently on a PIP regarding future changes and next steps.

The PAC are committed to protecting and improving settlement accuracy and encourage Parties on plans to engage with the PAFA (PAFA@gemserv.com) where they may be struggling.

ANNUAL REVIEW CONSULTATION RESPONSES

Q9) Does your organisation obtain the monthly Performance Assurance Reports via the Gas Performance Assurance Portal (GPAP) platform?

Answered: 1   Skipped: 0
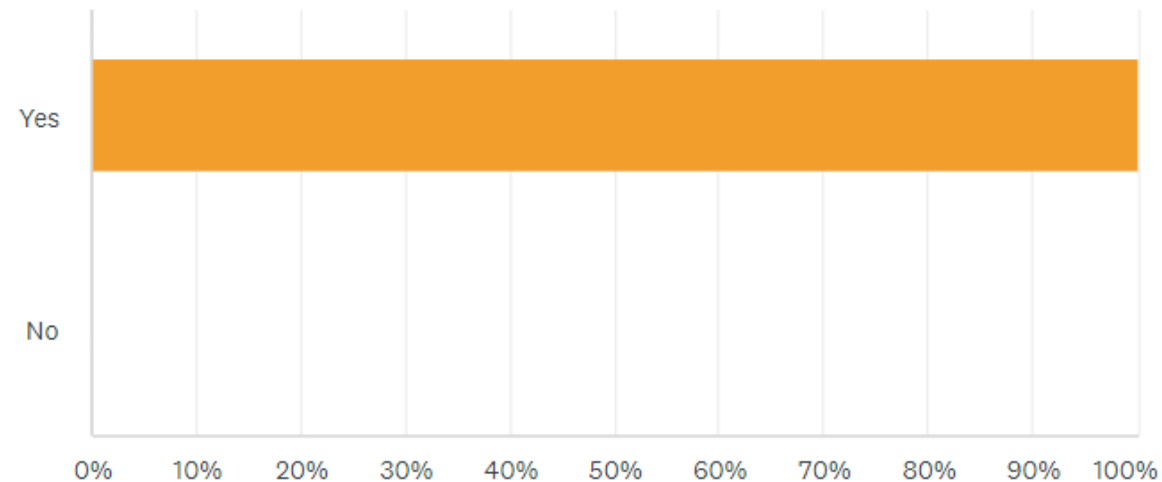
PAFA / PAC Response:

The PAC are pleased to see that the respondent is engaging with the monthly Performance Assurance Reports. Any Parties wishing to view these reports can view them via the GPAP.

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ENGAGEMENT DAY REPORT

PARTY ENGAGEMENT, FEEDBACK AND KEY OBSERVATIONS

ENGAGEMENT EVENT: OVERVIEW

The Performance Assurance engagement event was held on 21st September 2022 and was well attended and well received. The event covered the following areas:

- Overview of the Performance Assurance Regime
- PACs focus for the next 12 months (including UNC0674V)
- How you can improve and maintain performance
- 2021/22 Annual Review
- Opportunity for feedback, Q&A and Panels (Slido)

As part of the event we also had a number of pause points where we engaged with attendees using Slido, making use of polls, Q&A and word maps.

A total of 45 industry participants attended the event and all but one engaged via Slido. We had a total of 42 questions/statements submitted and participants voted on questions 159 times.

ENGAGEMENT EVENT: PARTY ENGAGEMENT

How effective do you think the Performance Assurance regime is under the UNC?
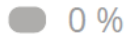
Very effective

7 %

Quite effective

73 %

Not effective

20 %

Not at all effective

0 %

How important is it that industry performance levels improve?

Very important

85 %

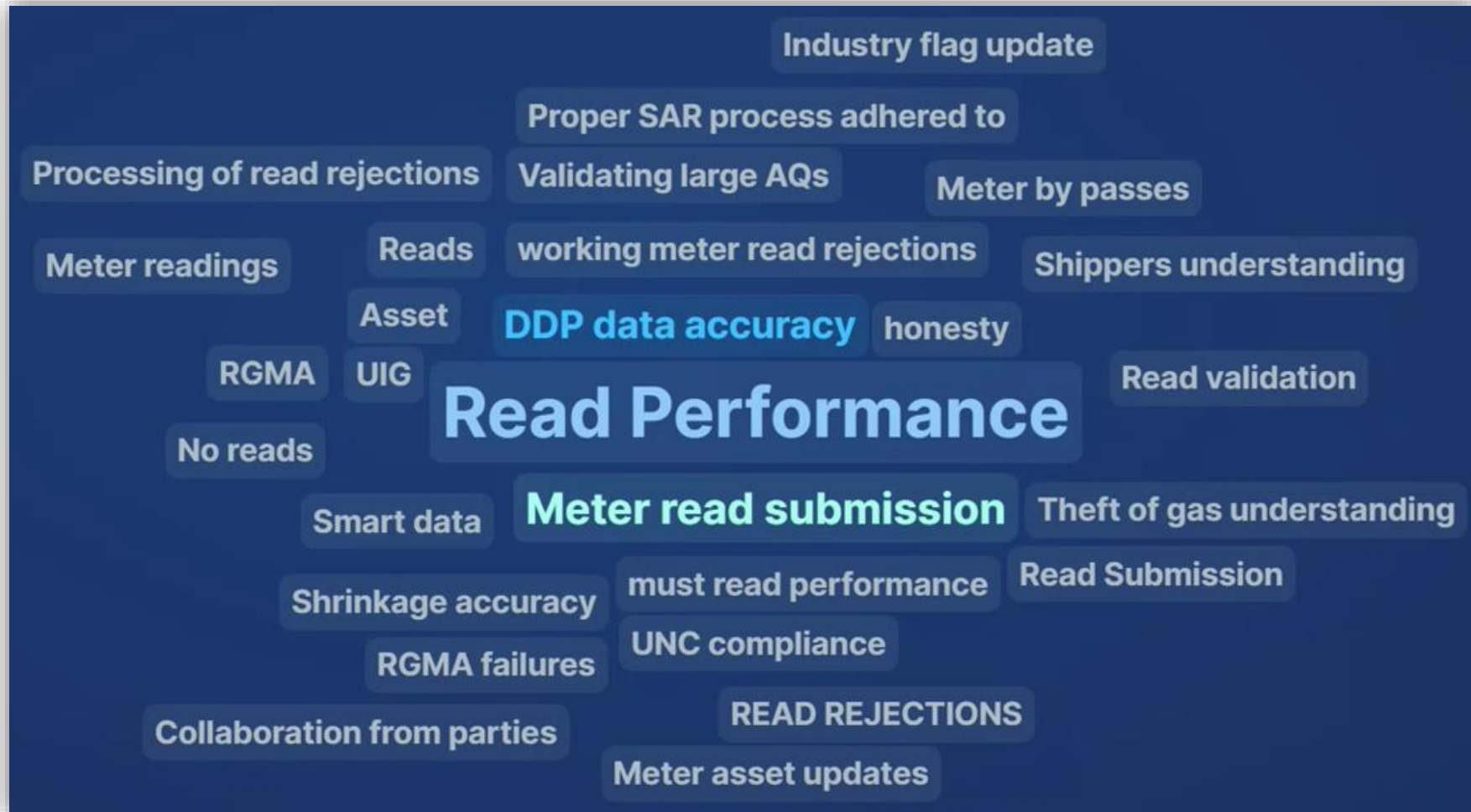Quite important

15 %

Not important

0 %

Not at all important

0 %

What areas do you think need to be addressed to see the greatest improvement to settlement accuracy?

0 2 2

ENGAGEMENT EVENT: TOP 5 QUESTIONS

With the PC4 ammount doesn't this go to show there is a fundamental issue with the gas industry as a whole and the % of accepted reads should not be set to 90%

Is there not a risk that some parties may abuse the system and submit estimated data just to improve % performance? How would PAC/PAFA identify this and target?

Re No Reads.. will consideration be made to sites churning between shippers? Also consideration to overall AQ associated to the no read pot.

With the 90% target it's harder for non- domestic as many domestic customers working from home but reluctance from some businesses to provide access

Would the expectation not be to lower the target for PC4 as alot of 'good' performing sites are moving to PC3

** Please note that the questions above are reflected as written by the event attendees.
All questions and answers from the event will shortly be avaiable on the GPAP website.**

ENGAGEMENT EVENT: FEEDBACK

Since the event we have received both positive, negative and constructive feedback, all of which we will take into consideration ahead of any further Performance Assurance events.

Positive Feedback:

- Use of Slido was very good.
- Very insightful.
- Found content very useful and party is now applying information provided to their current work.

How useful did you find this session?

Very useful

29 %

Quite useful

71 %

Not useful

0 %

Not at all useful

0 %

ENGAGEMENT EVENT: FEEDBACK

Negative / Constructive Feedback:

- Slides needed in advance.

- Some of the information in the first 2 hours was for those with prior knowledge / experience and hard for those not as close to performance assurance to understand.

- Post event materials not provided fast enough.

- Felt the event was focused only on poor Shipper performance and felt it was unfair.

- An organisation was unhappy with how some of the questions were responded to in terms of gravitas.

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OBSERVATIONS, KEY TAKEAWAYS & RECOMMENDATIONS

KEY OBSERVATIONS & TAKEAWAYS

- Parties are keen to engage and understand their obligations and the actions they need to take.

- Based on the questions / statements during the meeting there is still a lack of understanding of the PAC, PAF and obligations on gas Parties. There is also a lack of understanding with regards to the implementation of UNC0674 specifically and what this means for the PAC, PAF and Parties. All of which indicates that there is still some work to be done with regards to industry engagement and level at which information is presented.

- A lot of focus / perceived anxiety on how achievable the 90% target is for PC4. This topic had the most airtime as far as a single topic goes during event. As part of this discussion there were comparisons made between Electricity and Gas which had a mixed response.

- During the Engagement Event there was a general feeling of frustration felt from Parties. Although Parties agreed that improved performance was important, Parties still felt it is quite difficult to achieve.

RECOMMENDATIONS

- **UNC0674V Engagement Event:**

  - Suggest an engagement event be held in the new year to help bring parties up to speed on UNC0674V. As part of this, suggest communications are issued in advance to highlight the event and invite views on areas on which Parties would like discussion during the event.

- **PAC discuss and consider key topic areas touched on during the event:**

  - UNC Code - targets or obligations?

  - PC4 90% obligation

  - Current economic climate & volume of industry change

  - Changes regarding the Must Read regime

  - I & C and domestic reporting on a separate basis

  - Access to premises for non-domestic reads

Suggest PAC Members review and consider all questions / statements made by Parties during the Engagement Event to gain an understanding of the full scope of the discussions as context for discussions going forward.

PAC CONSIDERATION OF RECOMMENDATIONS

- [Views to be provided by PAC members during the meeting]

ANY QUESTIONS?

PLEASE CONTACT THE PAFA TEAM VIA EMAIL:

PAFA@GEMSERV.COM