

Options for PAFA Contract Scope

PAC Meeting August 2021

The logo for Xserve, featuring a stylized 'X' composed of two blue chevrons pointing towards each other, followed by the word 'serve' in a light blue, lowercase sans-serif font.

Provided by:

The logo for Correla, consisting of two overlapping circles, one blue and one yellow, followed by the word 'correla' in a dark blue, lowercase sans-serif font.

correla

ACTION 0706

- Reference PAFA Future Projects – PAFA (AJ) and Correla (FC) to consider the immediate issues presented and provide options for mitigation or resolution.
- Update to be given at August PAC meeting.



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Background

- Procurement of a new PAFA began in September 2020
- In mid-2020 PAC approved a new “Document 4 – PAFA Scope” – based on the role of the PAFA as defined in the Performance Assurance Framework
- Scope document also includes a new line for “Industry Liaison” – over and above the previous core PAFA role – reflect PAC’s requirement for “Performance Improvement Plans”
- **Invitation to Tender (“ITT”)** to prospective vendors was based on the new Document 4
- 3 industry representatives helped to develop the ITT and evaluated the responses (2 Shippers, 1 DN)
- ITT requested proposals for innovations to the service over the coming 2 to 4 years

Evolution of the Previous PAFA Service

- Xoserve had amended the previous PAFA contract over time, to include industry liaison (e.g. Performance Improvement Plans) and other services (e.g. supporting UIG investigations & development of DDP)
- In late 2020 PAC significantly increased the level of industry engagement – requesting that PAFA engage with almost all Class 4 Shippers to improve their meter read submission performance
- That increase was not envisaged in Document 4, the ITT or the vendor bids

ITT = Invitation to Tender

Appointment of a New PAFA

- Invitation to Tender (“ITT”) was based on the new Document 4
- All vendor bids were based on the ITT and the scale of industry liaison at the time of publication – did not foresee the step-change in industry liaison
- Gemserv was successful as the new PAFA for the next 2 to 4 years – their proposal and contract are based on the ITT
- Gemserv’s bid included a number of “innovations” as part of the new core service and these are priced into the new service:
 - An enhanced on-line portal (GPAP – replaces Huddle) allowing more users and greater functionality
 - A new digital platform (AIRR – as presented at July PAC meeting)
- As the contract matches the ITT which matches Document 4 there are some areas which are not currently in the base scope

ITT = Invitation to Tender

Next: Funding of the PAFA service

Funding of the PAFA Service

- Appointment and management of the PAFA is an Xoserve DSC (Data Services Contract) obligation
- The service lines fall under Service Area 1 “Manage Shipper Transfers” – 100% Shipper funded
- Costs incurred are ultimately passed on the Shippers
- Previous change controls/ variations within year have been considered in the overall end of year cost reconciliation
- We need to assume that costs of any increases to the contract scope will also increase the overall DSC Service Charge

Options for the Performance Improvement Plans

- The PAFA contract includes a mechanism to request changes/increases to the service (“Change Control” process)
- Options for the additional Performance Improvement Plans (as initiated in late 2020) – in order of Xoserve recommendation:
 1. Request an enhancement to the new contract to monitor all current Plans to conclusion; or
 2. Request an enhancement to the new contract to monitor a proportion of the plans to conclusion (e.g. prioritise based on % performance or AQ at Risk); or
 3. Rescind all requested plans from late 2020 – *NOT RECOMMENDED*

Next: Other additional areas

Other Additional Areas

- Same approach would be taken for the other areas
 - e.g. UNC Mod development including 0674, DDP Testing, PAC Advocacy – representing PAC at other forums, including Workgroups, Review Groups
- Either
 - Request additional services
 - Request additional services with an amended scope
 - Or cease to take these services



Next: When will we know the costs?

Determining the cost of changes

- PAFA is currently assessing the incremental cost to the contract of the additional Performance Improvement Plans– this is a complex assessment as every plan is “bespoke” – we allow the party to set their actions and timescales
- Opportunity to be more prescriptive in future to simplify the process/create a more consistent approach (e.g. request to achieve x result by y date)
- Depending on PAC’s decision following this presentation PAFA will respond to Xoserve with a proposal (e.g. in hours effort or incremental cost)



Next: Next steps

Next Steps

- PAC to consider the approach to the additional Performance Improvement Plans
- PAFA to prepare impact assessments for Xoserve based on PAC's requirements
- Xoserve will consult PAC on the impact assessments before accepting them

Thank you

