

**UNC Workgroup 0674 Minutes  
Performance Assurance Techniques and Controls  
Monday 23 August 2021  
via Teleconference**

<b>Attendees</b>		
Alan Raper (Chair)	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Andy Clasper	(AC)	Cadent
Clare Manning	(CM)	E.ON
Dan Fittock (Alternate for Steve Mulinganie)	(DF)	Corona Energy
Deborah Sherlock	(DS)	SSE
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Graeme Cunningham	(GC)	Centrica
Mark Bellman	(MB)	ScottishPower
Mark Jones	(MJ)	SSE
Sallyann Blackett	(SB)	E.ON
Sally Hardman	(SH)	SGN
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0674/230821>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 December 2021.

## 1.0 Introduction and Status

Alan Raper (AR) welcomed all to the meeting and explained the Modification 0674 had been in development for approximately 20 months with many iterations of the proposal and the Workgroup Report.

AR said the Final Modification Report had been presented to Panel in June 2021, following a consultation period of 30 days. AR noted that there had been numerous representations and explained that following a breakdown of the points raised, Panel subsequently requested more clarity and detail on a number of issues. A timeline of 6 months was proposed.

AR said that in order to have a structured approach to the issues that had been raised, he had grouped and divided them into 4 specific sections (as detailed below) to be discussed.

He proposed the most sensible approach was to address each section, then provide an updated summary to be encompassed within the Supplemental Report, which could then be overviewed at the start of each next meeting.

Meeting Schedule

- Meeting #1 23 August 2021 (High-level governance and relationship with UNCC)
- Meeting #2 06 September 2021 (Other governance)
- Meeting #3 28 September 2021 (Performance Assurance Objective)
- Meeting #4 26 October 2021 (Costs)

Meeting Number	Issue Number	Question	Reference Documentation
1	1	Discuss the advantages and disadvantages of greater levels autonomy for PAC with regard to management of its functions and authorship of the PAFD.	16.2.4 Functions - 16.4 PAFD - 16.7 GTB4.3.1
1	2	Provide views on the adoption of GTD-like governance arrangements.	16.3 & 16.6 GTD
1	3	Comment on the role of the UNCC where a Party appeals its referral to Ofgem.	16.8
2	4	Comment on the right for the PAC to raise performance-related Modification proposal.	MR6.1.1(e)
2	5	Discuss business rule 2a and the corresponding legal text.	16.1.1
2	6	Provide views on the facility for PAC to co-opt PAFA personnel to chair & secretary PAC meetings.	16.6.3 & 16.3.4
2	7	Identify & clarify any IGT requirements should the mod be directed for implementation.	IGT138
2	8	Provide views on PAC's right to request, and the parties' obligation to provide, performance assurance related information.	16.1.5 & GTB4.4.2
2	9	Clarify the rules with respect to quoracy.	16.6.2
3	10	Comment on the Performance assurance Objective (PAO) and its effect on Code Parties.	16.1.1(b) & 16.1.2
3	11	Comment on the PAO and its effect on non-Code Parties.	16.1.1(c) & 16.1.2(b) & (d)
3	12	Comment on the interaction, (if any), on the requirements of the PAO and the "Relevant Objectives".	16.1.1(b)
3	13	Comment on the interaction, (if any), on the requirements of the REC Performance Assurance Framework and those set out in this proposal.	REC Schedule 6 & REC Code Manager Performance Assurance Consultation (April 2021)
4	14	Comment on the effect the application of the PAO could have on operating costs.	
4	15	Clarify the CDSP's, (and other parties'), implementation costs.	

## 2.0 High-level governance and relationship with UNCC

AR then proposed opening the discussion for:

**Question 1:** *Discuss the advantages and disadvantages of greater levels autonomy for PAC with regard to management of its functions and authorship of the PAFD.*

AR explained that one of the features is that the Performance Assurance Committee (PAC) has greater levels of autonomy, so to assist them with the performance management and ensuring shippers are adhering to their UNC obligations. He explained the majority of the PAC arrangements were set out in the Uniform Network Code (UNC) and supported with operational detail documented in the Performance Assurance Framework Document (PAF D), which would also include the PARR provided by Xoserve. The support documents would include the Performance Assurance Techniques, (PATs) that could be deployed by the PAC to improve performance and the noted that these documents could be amended by the PAC

AR acknowledged that, given the widely perceived understanding that the committee had a “closed” status, historically there had been some tension as to when shippers could attend and how on occasion individual shippers could be required to attend it conducted. Mark Bellman (MB) agreed that this might have been an area of misunderstanding if parties had not attended the Workgroup meetings. MB added that the functions of the PAC were defined within section 16.4 of the Legal Text and in the PAF D. MB also noted that there were specifics that the PAC could not do, for example, they could not levy direct financial penalties on Code parties.

Dan Fittock (DF) said that the reason PAC and the PAFA had perhaps caused some issues, (which carried over into the Modification 0674 consultation), was in relation to the Read Performance letter that was circulated in late December 2020, just prior to Christmas that had cause the industry some issues. DF said that this was compounded by not knowing the correct escalation route, as this was not clear, and there was no defined governance route either, even though the PAC was a Sub-Committee of the UNCC, which made the situation even more complex at the time.

Sallyann Blackett (SB) said the governance would always be linked to the UNCC as PAC remained a Sub-Committee, she felt the confusion and oversight was more in relation to timing of the communication, which was released on a working day before Christmas but noted that the issue had been discussed for 6 months previously to get to that stage. AR reiterated that PAC would remain a Sub-Committee and that this status would not be changing.

DF said that a diagram or process flow showing the required escalation process would have been very helpful and useful. SB said that in essence the PAC operated in a similar way to the Demand Estimation Sub-Committee (DESC) but agreed that maybe the escalation route for the PAC should be made clearer.

Tracey Saunders (TS) said that regarding the PAC and governance, if all oversight of governance was removed and making it autonomous then this is what could happen later. Sally Hardman (SH) said that her concern was that although individuals could request to attend a PAC meeting for a specific agenda item, the meetings were closed meetings, unlike DESC meetings that were open meetings, and this limited industry oversight.

DF said he thought it was more an issue around the overall transparency and he felt the Terms of Reference (ToR) were vague and that there is little transparency, which is what he thought had given people concerns. AR noted that under Modification 0674, the committee's terms of reference had been codified to increase that particular element of governance.

MB said this was a valid comment and he said he would look to add reference to open and closed meetings into the arrangements to assist with the transparency aspect, as he felt there would and should be no restriction on undertaking these meetings in this way. Although he added that there may be some need for confidential close meetings, owing to the some of the shipper specific subject matter to be discussed on the agenda.

DF said this would helpful and would enable an individual to bring a concern or issue to the PAC for discussion in an open meeting. He added this would have been very advantageous in December 2020, as an extension could have been sought in relation to the timing of the letters being submitted.

**New Action 0801:** ScottishPower (MB) to add into the arrangements the reference to the PAC open, closed, and confidential closed meetings.

AR provided a high-level overview of the functions of the PAC as detailed in Section 16.4 of the PAC. MB provided a summary of how the PAC and PAFA were able to support and guide a party if they were struggling in relation to their read performance. He said he wanted to make it clear that PATs were not solely about reprimanding shippers, most were designed to offer interventions using a collaborative and supportive approach to assist a Shipper with their difficulty. In terms of PAC activities and investigations schedule, visibility would be provided using a delivery plan that would be forward as well as backwards looking to encompass all aspects of planning and managing performance.

DF asked from an escalation perspective, and litigation and legal aspect if the PAC was the final level, and enquired if this sufficient? MB said from a legal aspect, this probably fell more into the appeals arrangements, which could be instigated by a party if it was not satisfied with PAC, regarding a procedural or fault mismanagement or if this was incomplete or misleading.

MB provided an overview of the appeals process and added that the UNCC could not overturn a PAC decision, but they could discuss the findings, and that it would be remiss for the PAC not to take onboard a UNCC point, especially as the UNCC meetings were open. DF said that this discussion had been very helpful and informative. AR added that the appeal process relates to referrals being made to the Authority, and MB noted that any issue would initially be raised with the PAC and PAFA in a closed meeting in the first instance, and then could be further discussed by a wider group in an open meeting.

Sally Hardman (SH) said that caution was needed regarding this area, as it could be assumed that the PAC could be identifying parties inappropriately, if the PAC were instructing the PAFA to carry out a request, if a party was not meeting its Code obligations. She added that she was under the impression, as per the Modification that the PAC were not accountable to the UNCC but is still a Sub-Committee of the UNCC.

AR reiterated that the UNCC created the PAC, but after then, it largely would allow the PAC to undertake its business obligations in the way it saw most appropriate regarding how it achieves its tasks. SH said she understood that the PAC followed a similar structure to the CDSP, but that the CDSP did not have any powers or authority to change anything, but it would seem the PAC does.

AR said that the PAC were able to change the PAF D, which sets out how it achieves its objectives and by allowing it to amend this document provides for greater agility for operational matters. The role of PAC, its functions and its ToR would be defined and set out in the UNC. SH said this was another example of lack of transparency and overall understanding due to the closed meetings. MB said that this was a valid point, and proposed that under the MOD 674 arrangements he would amend the proposal so that all changes would be discussed in an open meeting and so extending the overall engagement, obviously this invitation would extend to Panel and UNCC members. MB said he would add any changes to the PAF D to be discussed in open meetings to allow for increased industry engagement.

**New Action 0802:** ScottishPower (MB) to add into the arrangements that changes to the PAF D should be discussed in an open meeting – amendment to 16.7.2 b)

DF said in relation to the matter of changes to the PAF D, he asked if the PAC would be able to consult on any changes within the PAF D and whether that was going to be permitted. MB said that this was correct, and that this would be dependent on the magnitude of the specific. He noted that a formal consultation process could take place, as well as being discussed in an open meeting. MB said he would include this point in the Variation Request. DF again requested that a diagram would be helpful to map this process.

**New Action 0803:** ScottishPower (MB) to include in the arrangements that the PAC may be required to consult on any changes requested to the PAF D in an open meeting.

**New Action 0804:** ScottishPower (MB) to produce a process flow/diagram to map the PAF D changes processes.

In summary, AR confirmed that, given today's discussion, a Variation Request would need to be drafted to encompass these changes and he suggested that it might be prudent to wait until all the issues had been discussed and finalised, so that all the proposed changes could be included in a single request. He also noted that this would make the redrafting of the legal text more straightforward and would ensure all the changes were included in one iteration. AR said that the Variation Request would, in all likelihood, be referred to consultation.

AR said as such in-depth discussions had taken place in connection with question 1, he asked if there were any more comments in relation to question 2 and question 3, as detailed below:

**Question 2:** *Provide views on the adoption of GTD-like governance arrangements*

No comments were received in relation Q2, although AR noted that discussion around this matter was effectively dealt with during the earlier debate.

**Question 3:** *Comment on the role of the UNCC where a Party appeals its referral to Ofgem.*

Again, the appeals process was raised during previous discussions.

At this point Mark Jones (MJ) asked what would happen if a party wanted to speak to the PAC but not in an open meeting. MB said that this would entail the party asking PAC to invite them to a closed meeting to discuss their specific issue in a bi-lateral conversation.

Graeme Cunningham (GC) said that regarding a UNCC appeal as per the current process was there going to be a dedicated point of contact within Ofgem, and preferably for that individual to understand the PAC and its process and procedures.

MB said that was a valid point and that knew previously that Ofgem personnel had been close to the PAC, but that the individuals concerned had now moved on. GC also suggested that the person in question from Ofgem should join the PAC meetings moving forward, so they had an awareness of what had been discussed and confirmed in the meetings. MB said he would make enquiries regarding this matter.

**New Action 0805:** ScottishPower (MB) to contact Ofgem regarding Ofgem representation at the PAC meetings.

### 3.0 Next Steps

AR said he would discuss the comments and suggestions that had been proposed with MB and then provide a provisional summary in the Supplemental Report, in readiness for review at the next meeting on 06 September 2021.

AR also noted that depending on the discussions and progress of the next meeting, there may be the opportunity to encompass some of Meeting 3; Performance Assurance Objectives questions within Meeting 2, but he added this would be dependent on the timing and level of discussion in association with the “Other Governance” topics.

### 4.0 Any Other Business

None.

### 5.0 Diary Planning

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10.00 Monday 06 September 2021	Microsoft Teams	Standard Agenda, plus: <ul style="list-style-type: none"> <li>• <i>Other Governance topics</i></li> </ul>
10.00 Tuesday 28 September 2021	Microsoft Teams	Standard Agenda, plus: <ul style="list-style-type: none"> <li>• <i>Performance Assurance Objective</i></li> </ul>
10.00 Tuesday 26 October 2021	Microsoft Teams	Standard Agenda, plus: <ul style="list-style-type: none"> <li>• <i>Costs</i></li> </ul>

**Action Table (as of 23 August 2021)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>0801</b>	23/08/21	2.0	ScottishPower (MB) to add into the arrangements the reference to the PAC open, closed, and confidential closed meetings.	ScottishPower (MB)	<b>Pending</b>
<b>0802</b>	23/08/21	2.0	ScottishPower (MB) to add into the arrangements that changes to the PAF D should be discussed in an open meeting – amendment to 16.7.2 b)	ScottishPower (MB)	<b>Pending</b>
<b>0803</b>	23/08/21	2.0	ScottishPower (MB) to include in the arrangements that the PAC may be required to consult on any changes requested to the PAF D in an open meeting.	ScottishPower (MB)	<b>Pending</b>
<b>0804</b>	23/08/21	2.0	ScottishPower (MB) to produce a process flow/diagram to map the PAF D changes processes.	ScottishPower (MB)	<b>Pending</b>
<b>0805</b>	23/08/21	2.0	ScottishPower (MB) to contact Ofgem regarding Ofgem representation at the PAC meetings.	ScottishPower (MB)	<b>Pending</b>