

**UNC Workgroup 0674 Minutes
Performance Assurance Techniques and Controls
Tuesday 26 May 2020
via Teleconference**

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Andy Clasper	(AC)	Cadent
Fiona Cottam	(FC)	Xoserve
India Koller	(IK)	SGN
Kirsty Dudley	(KD)	E.ON
Mark Bellman	(MB)	ScottishPower
Sally Hardman	(SH)	SGN
Sallyann Blackett	(SB)	E.ON
Shelley Rouse	(SR)	Gemserv

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0674/260520>

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 August 2020.

1.0 Introduction and Status

1.1. Approval of minutes (28 April 2020)

The minutes from the previous meeting were approved.

1.2. Review of Outstanding Actions

Action 0103: ScottishPower (MB) to include the Document 4 PAFA Scope and PAC Review within the Modification.

Update: MB said that this action should be carried forward as the draft Framework Document was still being reviewed. **Carried Forward**

Action 0202: Joint Office (AR) to include within the Workgroup Report the suggestion of the 'name and shame' approach in relation to commercial and confidential sensitivity aspect.

Update: AR said that the Workgroup Report had not been started and MB said that this topic had now been included in the amended Modification v9.1 and stated that no names would be released. It was agreed this action could be closed. **Closed.**

Action 0203: ScottishPower (MB) to investigate who is liable for a failure and contact Dentons to have the liability for failure added as a Business Rule within in the Modification.

Update: MB explained he had now changed the wording in the amended Modification v9.1 to say the 'Joint Office' received the letters which all PAC Members sign. AR reiterated the liability was covered in the Code and the letters themselves had no legal standing in this regard and noted also that in terms of the content of letters, this comes under the overall remit of PAC. After a brief discussion it was agreed a Non-Disclosure Agreement (NDA) should be adequate and so this action could be closed. **Closed.**

Action 0204: Joint Office (AR), ScottishPower (MB) Gemserv (AJ) and Cadent (AC) to produce a Governance Model diagram show how the ancillary documents are linked.

Update: MB said the Governance Model diagram was now completed and had been in-bedded in the amended Modification v9.1 and so this action could now be closed. **Closed.**

0401: ScottishPower (MB) to investigate whether the Constitution Document could be adapted or whether it was needed, if the governance was in the form of a DSC Committee, UNCC governance process.

Update: MB confirmed this action could now be closed as the existing DSC autonomy approach had been adapted with the intention of including it in the Code and, consequently, the Constitution Document was no longer required. **Closed.**

0402: Joint Office (AR), ScottishPower (MB), Gemserv (SR) and Wales & West Utilities (RP) to reconvene the subgroup meeting to discuss the Constitution Document or the DSC Committee option.

Update: AR confirmed this action could now be closed as the subgroup meeting had now taken place and concluded its discussions. **Closed.**

0403: Joint Office (AR) and Xoserve (FC) to discuss V12.3 and the PAF Document

Update: AR said this area had been updated by Xoserve in relation to the PARR documents and had been discussed at the PAC meeting in May and that it was going to be presented at the June UNCC meeting.

Fiona Cottam (FC) said that it was discussed at the May PAC meeting and that comments had been requested by 22 May 2020, with the sign off to be achieved at the PAC meeting on 12 June 2020 in readiness for the formal sign off at the June UNCC meeting. She said this action could now be closed. **Closed.**

0404: ScottishPower (MB) and Gemserv (SR) to investigate and clarify the PAC operating principles.

Update: MB and Shelley Rouse (SR) requested that this action be carried forward as PAF Document was still presently being reviewed and that the revised PAF Document would be presented at the June Workgroup meeting. **Carried Forward**

0405: Xoserve (FC) to review 7.2 b) in relation to the flexibility of an extension to a fourth year

Update: A brief discussion took place in relation to the extension to a fourth year area and MB said that the wording in the latest version of the Framework Document had now been amended and he added it had subsequently been discussed at the PAC meeting. This action was then closed. **Closed.**

0406: All to provide feedback and comments on the Framework (PAF D) Document, to Mark Bellman via Mark Bellman Mark.Bellman@scottishpower.com by close of play on 05 May 2020.

Update: MB said that this action should be closed with a new action raised requesting feedback by 10 June 2020. Closed. **Closed.**

New Action 0501: All to provide feedback and comments on the Framework (PAF D) Document, to Mark Bellman via Mark Bellman Mark.Bellman@scottishpower.com by close of play on **10 June 2020.**

0407: Joint Office (AR) to request an extension from the May Panel until 20 August 2020.

Update: AR said the extension to 20 August Panel had been granted and so this action could now be closed. **Closed.**

2.0 Review of amended Modification

2.1. Redrafted to align with the Legal Text

MB confirmed he had amended the Modification v9.1 for Workgroup discussion. He then provided a walkthrough of the track changed version, drawing attention to specific areas of interest in relation to alterations or additions. The amended Modification v9.1 can be viewed via: <https://www.gasgovernance.co.uk/0674/260520>

Within Section 5, Solution, he explained that the ‘as-now’ and ‘to-be’ tables, setting out the PAC governance framework, had been updated to reflect the new structural approach. He identified the content that would be included in each of affected sections of the UNC: TPD V16 and V12, along with the adoption of a DSC-style, (GT D4), “high-degree of autonomy”, approach for PAC constitutional arrangements, along with the new, rationalised and updated PAF Document.

7) Give PAC authority in the UNC, with relevant protections noted below to include.

MB said that he had now expanded point 7 in this section with an extra bullet to encompass the ability for PAC to raise Modifications as per the text below:

PAC will be added to “UNC – Modification Rules 6.1.1” as a Proposer to raise performance-related modifications, subject to agreement by a simple majority of PAC members, and restricted to changes reasonably considered to impact on the achievement of the Performance Assurance Objective. Such mods could be drafted by (but not limited to) CDSP (include this as a Direct Function) or PAFA (include as a Document 4 service). (This will make industry change more agile ... for example UNC 721 & 722 could have been raised by PAC and drafted by Xoserve or PAFA immediately following the 24th March PAC meeting when the prospect of overstated allocation was first raised)

A brief general discussion took place in relation to this addition and MB said there were instances where the PAC, PAFA or the CDSP may need to raise a new Modification in their own right. FC said there would need to be a change to the existing Modification Rules to allow either PAC, PAFA or the CDSP to do this. Kirsty Dudley (KD) added that there needed to be good and strong justification why this was needed and that this would also have to be mirrored in the IGT UNC Modification Rules as well, for transparency purposes.

Alan Raper (AR) said that the voting dynamics also needed to be taken into consideration from a PAC members perspective and MB agreed that it was important that generally all PAC members would need to be in favour of, and support, any new Modification for submission. He added that from a voting aspect that at least 7 of the members, as per the current constitution, would need to be in favour. MB said he was in the process of updating the wording in relation to the voting aspect. KD said it was good for clarity purposes to ensure this area was addressed.

MB explained he had also added the two extra bullets below within Section 7, as detailed below:

PAC may establish a sub-committee for such purposes (within the scope of its functions, powers and duties) and comprising such members and on such terms as it decides

PAC may request approval by DSC Contract Management for funds from Xoserve for investigations and analysis of settlement under UNC, Parties' performance and related matters

KD said she agreed that some guidance was required with regards to sponsorship of a new Modification, but that she did not think Xoserve should be referred to in the related budgetary areas, as the funds were already encompassed in the overall budget. She added that she felt this aspect was too detailed for a new Modification and it was more relevant to the raising of a DSC Change Proposal (CP). KD also said that from a remit of the spend perspective, she was reluctant for Xoserve to manage the budget.

FC it was more to do with the right to request and raise a CP in PAC's name rather than releasing funds. KD said in that case, the wording needed to be altered to make this clear, as the phrase 'funds from Xoserve', could lead to confusion or a misunderstanding. MB confirmed he would address this area and amend the wording accordingly.

New Action 0502: ScottishPower (MB) to amend the wording in Section 7 of the Modification in relation to 'funds from Xoserve'.

8) PAC Protections

MB explained that has made an addition for point 8, PAC Protections as below:

All shippers shall be required to nominate a person in their organisation to act in capacity as First Point of Contact in relation to all PAC correspondence (the "PAP Authoriser"), such person to have appropriate knowledge and authority so as to understand and instruct action to be taken in regard to such communication.

MB said that the review of the PAC letters needed to be added to the June PAC agenda for further discussion and clarification.

New Action 0503: Joint Office (AR) to include the topic of review of PAC letters to the June PAC agenda for further discussion.

MB concluded his walkthrough of the amendments and agreed to produce a further amended Modification v9.2 to allow the revised legal text to be aligned with these changes.

New Action 0504: ScottishPower (MB) to submit a further amended Modification v9.2 so the revised legal text can be aligned to these changes.

3.0 Further review of revised of Legal Text

MB confirmed the Modification would be further amended to v9.2 and he would contact Cadent and Dentons regarding the amendments to Legal Text as discussed.

4.0 Consideration of consolidated PAF Document

MB said that he and SR had been revising the PAF document and provided a walkthrough to of various sections.

MB said that he had some queries in relation to Section V16.2.1 of the Code concerning simple majority voting, from a constituency voting perspective as this did not align with the voting arrangements as detailed in the revised PAC Terms of Reference that were amended in May 2018.

AR said that this should be discussed at the June UNCC meeting to ascertain the differences between the PAC Terms of Reference and the simple majority voting arrangements as detail in the Code within Section V16.2.1.

New Action 0505: Joint Office (AR) to add an agenda item to the UNCC June agenda in relation to the updated PAC Terms of Reference and Section V16.2.1 of the Code to clarify PAC voting arrangements; constituency majorities versus simple majority voting

MB continued to provide an overview of the content and asked if FC would provide further detail in relation to 13.0 *Support for UNC Parties*, regarding, training and support, FC confirmed she would expand this section as requested.

New Action 0506: Xoserve (FC) to provide for details regarding Section 13.0, Support for UNC Parties within the PAF Document, concerning general training, tailored training on request and support.

MB said concerning Section 17.0, Financial Remedies, he potentially wanted to include the 3 additional areas listed below:

- Disputes process
- Penalty or Incentives
- Restoration

A lengthy and protracted general discussion took place and AR suggested that for some of the above areas that there would need to be a new Modification raised to make changes to primary areas of the Code. MB concluded that for the purposes of this Modification he would only include the Dispute process at this time.

On that basis, AR concluded that it was his opinion that the PAF Document was now in a stable state and MB confirmed this to the case, and he also reiterated that the Constitution Document was no longer required.

5.0 Consideration of the PAC Constitution Document

SR and MB said the constitutional arrangements had now been captured in a separate document that would form part of the proposal and would be included in the legal text: this was still being worked on presently and would be available in due course.

6.0 Consideration and Review of the Governance Model Diagram

AR said the reporting timeline and development of the Workgroup Report would be further discussion in the June meeting, following the submission of the amended Modification v9.2.

7.0 Development of Workgroup Report

7.1. Consideration of Reporting Timeline

AR confirmed that the Workgroup Report would commence once the further amended Modification had been received.

8.0 Next Steps

AR said his expectations for the 24 June 2020 meeting were:

- Review of amended Modification v9.2 and the proposed PAC constitution arrangements, drafted to reflect the DSC, autonomous committee approach
- Review of legal text v2.0
- Review of the revised consolidated PAF Document
- Consideration of the Reporting Timeline & Development of Workgroup Report

9.0 Any Other Business

9.1. UNC Elections Process

AR provided an overview of the UNC Elections Process and confirmed that the User Representatives appointment procedure had now commenced, whereby the Single Point of Contacts (SPoCs) would be confirmed towards the end of June 2020, in readiness for them to submit their nominated representatives for the Committees.

10.0 Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
Tuesday 24 June 2020	Teleconference	Standard Agenda, plus: <ul style="list-style-type: none"> • Review of amended Modification v9.2 and the proposed PAC constitution arrangements, drafted to reflect the DSC, autonomous committee approach • Review of legal text v2.0 • Review of the revised consolidated PAF Document • Consideration of the Reporting Timeline & Development of Workgroup Report

Action Table (as at 26 May 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	27/01/20	1.0	ScottishPower (MB) to include the Document 4 PAFA Scope and PAC Review within the Modification.	ScottishPower (MB)	Carried forward
0202	26/02/20	2.0	Joint Office (AR) to include within the Workgroup Report the suggestion of the 'name and shame' approach in relation to commercial and confidential sensitivity aspect.	Joint Office (AR)	Closed
0203	26/02/20	2.0	ScottishPower (MB) to investigate who is liable for a failure and contact Dentons to have the liability for failure added as a Business Rule within in the Modification.	ScottishPower (MB)	Closed
0204	26/02/20	2.0	Joint Office (AR), ScottishPower (AM) Gemserv (AJ) and Cadent (AC) to produce a Governance Model diagram show how the ancillary documents are linked.	Joint Office (AR), ScottishPower (AM) Gemserv (AJ) and Cadent (AC)	Carried forward
0401	28/04/20	2.0	ScottishPower (MB) to investigate whether the Constitution Document could be adapted or whether it was needed, if the governance was in the form of a DSC Committee, UNCC governance process.	ScottishPower (MB)	Closed
0402	28/04/20	2.0	Joint Office (AR), ScottishPower (MB), Gemserv (SR) and Wales & West Utilities (RP) to reconvene the subgroup meeting to discuss the Constitution Document or the DSC Committee option.	Joint Office (AR) ScottishPower (MB) Gemserv (SR) Wales & West Utilities (RP)	Closed
0403	28/04/20	2.0	Joint Office (AR) and Xoserve (FC) to discuss V12.3 and the PAF Document	Joint Office (AR) Xoserve (FC)	Closed
0404	28/04/20	2.0	ScottishPower (MB) and Gemserv (SR) to investigate and clarify the PAC operating principles.	ScottishPower (MB) Gemserv (SR)	Carried forward

0405	28/04/20	2.0	Xoserve (FC) to review 7.2 b) in relation to the flexibility of an extension to a fourth year.	Xoserve (FC)	Closed
0406	28/04/20	2.0	All to provide feedback and comments on the Framework (PAF D) Document, to Mark Bellman via Mark Bellman Mark.Bellman@scottishpower.com by close of play on 05 May 2020.	All	Closed
0407	28/04/20	2.0	Joint Office (AR) to request an extension from the May Panel until 29 August 2020.	Joint Office (AR)	Closed
0501	26/05/20	1.0	All to provide feedback and comments on the Performance Assurance Framework Document, (PAF D), to Mark Bellman via Mark.Bellman@scottishpower.com by close of play on 10 June 2020.	All	Pending
0502	26/05/20	2.0	ScottishPower (MB) to amend the wording in Section 7 of the Modification in relation to 'funds from Xoserve'.	ScottishPower (MB)	Pending
0503	26/05/20	2.0	Joint Office (AR) to include the topic of review of PAC letters to the June PAC agenda for further discussion.	Joint Office	Pending
0504	26/05/20	2.0	ScottishPower (MB) to submit a further amended Modification v9.2 so the revised legal text can be aligned to these changes.	ScottishPower (MB)	Pending
0505	26/05/20	4.0	Joint Office (AR) to add an agenda item to the UNCC June agenda in relation to the updated PAC Terms of Reference and Section 16.2.1 of the Code to clarify PAC voting arrangements; constituency majority versus simple majority voting	Joint Office (AR)	Pending
0506	26/05/20	4.0	Xoserve (FC) to provide for details regarding Section 13.0, Support for UNC Parties within the PAF Document, concerning general training, tailored training on request and support.	Xoserve (FC)	Pending