

UNC Performance Assurance Committee Minutes
Tuesday 16 May 2023
via Microsoft Teams

Attendees

Kate Elleman (Chair)	(KE)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office

Shipper Members (Voting)

Alison Wiggett	(AW)	Corona Energy
Andy Knowles	(AK)	Utilita Energy
Anthony Diccio	(AD)	ESB Generation & Trading
Claire Louise Roberts	(CLR)	ScottishPower
Louise Hellyer	(LH)	Totalenergies Gas & Power
Sallyann Blackett	(SB)	E.ON
Steve Mulinganie	(SM)	SEFE Energy Ltd

Transporter Members (Voting)

Brandon Rodrigues	(BR)	BU UK (Alternate)
Sally Hardman	(SH)	SGN
Tom Stuart	(TS)	WWU (Alternate)

Observers (Non-Voting)

Alex Nunnington	(AN)	CDSP
Deborah Sherlock	(DS)	CDSP
Ellie Rogers	(ER)	CDSP
Fiona Cottam	(FC)	CDSP
Helen Bevan	(HB)	PAFA/Gemserv
Jennie Goode	(JG)	CDSP
Martin Attwood	(MA)	CDSP
Michelle Downes	(MD)	CDSP
Neil Cole	(NC)	CDSP
Peter Ratledge	(PR)	PAFA/Gemserv

PAC meetings will be quorate where there are at least four Shipper User PAC Members and two Transporters (DNO and/or IGT) PAC Members with a minimum of six PAC Members in attendance.

Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: <https://www.gasgovernance.co.uk/PAC/160523>

1. Introduction

Kate Elleman (KE) welcomed all parties to the meeting noting that Deborah Sherlock from the CDSP would be in attendance, as per previous PAC agreement.

1.1 Apologies for absence

Anne Jackson, PAFA/Gemserv
Graeme Cunningham, Shipper Member
Jenny Rawlinson, Transporter Member
Lee Greenwood, Shipper Member (Alternate)
Tracey Saunders, Transporter Member

1.2 Note of Alternates

Brandon Rodrigues for Jenny Rawlinson

Tom Stuart for Tracey Saunders

1.3 Quoracy Status

The Committee meeting was confirmed as being quorate.

1.4 Approval of Minutes (18 April 2023)

The minutes from the previous meetings (PAC + Confidential Escalation) were approved.

1.5 Approval of Late Papers

KE advised that there was one late paper relating to agenda item 6.3 (*PARR Appendix 1 – Performance Assurance Framework Document v5.1 (revised)*). PAC Members in attendance agreed to consider the item at short notice.

1.6 Review of Outstanding Actions

PAC1207: PAFA (PR) to request DNs to review and update data in the Measurement Error Register for a minimum of 5 years, to enable PAC to have an accurate risk calculation.

Update: Peter Ratledge (PR) advised that he is working with the various DNs to review and update the register, PAC Members agreed that action could now be closed. **Closed**

PAC0401: Performance Assurance Techniques (PAT) - Joint Office (KE) to update the document following Committee discussions.

Update: KE advised that she is still working on the (draft) Performance Assurance Techniques document, PAC Members agreed to carry forward the action. **Carried Forward**

PAC0402: PAFA to draft an RFI letter ahead of May 2023 PAC meeting.

Update: During a review of the *'For Action: Mandatory Request For Information (RFI) – Product Class 2 Meter Reading Submission'* and the accompanying *'Mandatory Request For Information (RFI) – Meter Reading Submission – PC2'* template, PR pointed out that these closely resemble similar documents previously utilised for the Product Class (PC) 3 and 4 approach.

PR went on to advise that to date, industry responses to the PC3 and 4 RFIs had been very positive.

When Fiona Cottam (FC) suggested that it might be beneficial to clarify whether responses would be anonymised or not, PAC Members briefly debated the matter before concluding that 'anonymised' data presentation might be preferable and that this matter could always be reconsidered in due course.

Focusing on the template, PR pointed out that Shippers are able to provide more supporting evidence if needed (i.e. more than the 5 issue descriptions provided in the basic template).

When asked when the PC2 RFI letters would be issued/published and how long parties would be given to respond, Helen Bevan (HB) replied by explaining that, similar to the PC3 and 4 RFI approach, circa one month from the date of issue which would hopefully commence middle of w/c Monday 22 May 2023.

Thereafter, PAC Members agreed that action could now be closed. **Closed**

PAC0403: CDSP (FC/MD) to feedback on the approach for proactively engaging with customers for No Meter Recorded and provide PAC feedback (June 2023).

Update: KE advised that an update is expected at the 13 June 2023 meeting as previously agreed. **Carried Forward**

2. PAC Performance Escalation Update Meetings 11:00–11:30 Confidential Session

Notes for the Confidential Session are available for PAC Members only.

3. Matters for Committee Attention

3.1 Performance Assurance Techniques

KE advised that she had started to prepare some notes based around the discussions undertaken at the April 2023 PAC meeting which she would provide in time for consideration at the June 2023 meeting.

3.2 Consider Potential Suspensions

When it was suggested that any potential suspensions would be undertaken on an 'as and when' basis, PAC Members in attendance agreed to defer consideration until the June 2023 meeting when it is hoped more detail would be available.

4. Monthly Performance Assurance Review Items

4.1 PARR Report Review – Shipper Performance Analysis

Pete Ratledge (PR) referred to the PAFA Dashboard, which is made available ahead of the meeting, and then provided an overview of the '*Shipper Performance Analysis*' presentation. PAFA supplied the following observations for this section:

SHIPPER PERFORMANCE ANALYSIS

- Revoked Shipper Licences & 'Stranded' Supply Points:

The Performance Assurance Framework Administrator (PAFA) presented an observation regarding revoked Shipper Licences and 'Stranded' Supply Points. There is currently a volume of SP's that reside on revoked Shipper Licences which are taken into consideration in respect of PAFA reporting and statistics. The concern with these SP's is that they reside on revoked Shipper Licence portfolios, and no file flows are being submitted by the Shipper for these SP's and as such performance statistics are being adversely affected.

The CDSP confirmed that their Customer Care Team are currently working with impacted Shippers involved to resolve these issues.

New Action PAC0501: *Reference Revoked Shipper Licences & 'Stranded' Supply Points – CDSP (FC) to liaise with the Customer Care Team in order to provide a background update and a view on any potential 'hidden' cost aspects.*

- PARR Workbook Observations:

PAFA presented general observations with regards to Industry Performance based upon the output of the latest PARR activity round:

MOD520A__PAF_Reports_Apr23_Anonymised

MOD520A__PAF_Reports_Apr23_Non-Anonymised

PARR Dashboard 20230516

These documents can be found on the GPAP website.

- 2A.6/2B.6 Meter Read Validity:

Meter Read Validity performance in respect of % of submitted readings that fail initial logic checks is of concern for a number of Shipper parties having consistently registered a failure rate of >20% over the observed period (October 2022 – March 2023).

PAFA recommended a Request for Information (RFI) to be sent to Shipper parties with a failure rate >20% over the reporting period within the PC3 and PC4 markets. PAC discussed that the associated UNC obligation is related to read performance levels and it is this that is important. Parties could have high % failure rates for Meter Read Validity, however associated read performance may be of an acceptable level. Therefore, possibly target Shippers with low read performance as well as low meter read validity.

New Action PAC0502: PAFA (PR) to identify Shipper parties with low read performance and low meter read validity performance as well as those with just low meter read validity to bring back to June 2023 meeting to discuss the next approach.

Holistic Performance Assurance Matrix (HPM):

PAFA provided an update in terms of the output of the HPM in the four Product Class categories and provided an update in respect of Performance Improvement Plans (PIPs).

- PC4 Performance Improvement Plans – 28 plans (from December 2020/January 2021) have now been closed following PAC agreement.
- Line in the Sand 2022-23 – 2 plans relating to Shippers Rome and Wellington are no longer under active monitoring following PAC agreement.
- PAFA highlighted that Shipper Maputo are no longer under active PAC scrutiny as their PC4 Read Performance plan has been closed and they do not fall under the new HPM.
- PC2 Read Performance – One plan issued to Shipper Rome (April 2023).
- PC3 Read Performance – Four plans issued to Shippers Nuuk, Gitega, Roseau and Brazzaville (April 2023) are currently under suspension due to identified issues within this area.
- Shipper Rome has fallen under the PAC approved score of 15, and subject to PAC approval, a new plan request will be issued. The decision is to be deferred until the June 2023 PAC meeting.
- PC4 Read Performance – One plan issued to Shipper Brazzaville (April 2023).

The Committee considered lifting the existing suspensions in place for Product Class 3 Performance due to potential issues identified by a Shipper. PAC agreed that issuing performance improvement plans and lifting suspensions was not the right thing to do until the issue had been investigated further.

PAC Members in attendance then voted to defer consideration of lifting the existing PC 3 suspensions and issuing performance plans until the 13 June 2023 meeting.

Voting Outcome: Unanimous to defer lifting existing suspensions in place for PC 3's and reconsider at the 13 June 2023 meeting		
Shipper Representatives	Voting Count	For/Against
Alison Wiggett	1	Against
Andy Knowles	1	Against
Anthony Diccico	1	Against
Claire Louise Roberts	1	Against
Louise Hellyer	1	Against
Sallyann Blackett	1	Against
Steve Mulinganie	1	Against
Total	7	Against
Transporters Representatives	Voting Count	For/Against
Brandon Rodrigues (Alternate)	1	Against
Sally Hardman	1	Against
Tom Stuart (Alternate)	1	Against
Total	3	Against

PAFA presented a draft RFI letter for PC2 Read Performance. No feedback was received from PAC on the letter, and it was subsequently approved.

4.2 Risk & Issues Register Update

Peter Ratledge (PR) provided a brief overview of the March 2023 Risk update.

PAFA supplied the following observations for this section:

- Performance Assurance Committee (PAC) Members were presented with an update in respect of five risks relating to read performance. The Performance Assurance Framework Administrator (PAFA) presented the following, for their attention:

- **PC3 Reads:** PR reported an increase in Value at Risk (VAR) by 66% across Mar'22-Mar'23. Read Performance across the year has decreased by circa 7% (86% to 79%), and the average number of sites has increased (3.8m to 4.7m) whilst the average AQ of the sites is largely static.

The drop in read performance combined with the increase in the volume of the sites within PC3 is reflected in the increase in energy impact of the risk. The risk rating remains 4 (higher priority). PAFA will continue to monitor PC3 read performance.

A RFI was sent to Shipper parties in March 2023 to gauge potential issues in respect of read performance. To be reviewed at next refresh point (August 2023).

- **PC4 Monthly Reads:** PR reported an increase in Value at Risk (VAR) by 27% across Feb'22-Feb'23. Read Performance across the year has increased by 16% (53% to 69%), the average number of sites has vastly increased (1.1m to 6.1m) due to the implementation of UNC Modification 0692S – Automatic Updates to Meter Read Frequency and the associated AQ of affected sites

has doubled (86TWh to 143TWh), all of which is reflected in the increase of the energy impact of the risk. The risk rating remains 5 (highest priority).

PAFA will continue to monitor PC4 read performance. A RFI was sent to Shipper parties in March 2023 to gauge potential issues in respect of read performance. To be reviewed at next refresh point (August 2023).

- **PC4 Annual Reads:** PR reported a decrease in Value at Risk (VAR) by 41% across Feb'22-Feb'23. Read Performance across the year has remained static (89%), however the number of sites (19.9m to 14.1m) has fallen sharply (due to the implementation of UNC MOD 0692S) and the associated AQ (285TWh to 183TWh) has decreased significantly which is reflected in the decrease of the energy impact of the risk. The risk rating remains 5 (highest priority).

PAFA recommended that no immediate actions are required at this juncture. To be reviewed at next refresh point (August 2023).

- **AMR Monthly Reads:** PR reported a decrease in Value at Risk (VAR) by 1% across Feb'22-Feb'23. Read Performance across the year has improved by circa 4% (81% to 85%) however, the average AQ of sites has increased by 20% (39TWh to 48TWh).

The improvement in read performance is the driving factor for the decrease in energy impact of the risk. The risk rating has been amended from 2 (lower priority) to 3 (medium priority) as VAR has increased above 100 GWh since the last update. This is a joint AMR risk with 'AMR Annual Reads' and as such shares the same priority rating.

PAFA recommended that no immediate actions required at this juncture. To be reviewed at next refresh point (August 2023).

- **AMR Annual Reads:** PR reported a decrease in Value at Risk (VAR) by 96% across Feb'22-Feb'23. Read Performance across the year has dropped about 2% (95% to 93%), however the average AQ of sites has decreased by 99% (3TWh to 72TWh due to the implementation of UNC MOD 0692S) which is reflected in the decrease in the energy impact of the risk.

The risk rating has been amended from 2 (lower priority) to 3 (medium priority). This is a joint AMR risk with 'AMR Monthly Reads' and as such shares the same priority rating.

PAFA recommended that no immediate actions were required at this juncture. To be reviewed at next refresh point (August 2023).

Any questions/feedback on the content of the slides presented please email: PAFA@gemserv.com

4.3 Transporter Performance Monitoring

KE provided a verbal update on the background to this agenda item noting that it is retained as a 'holding' item as it links into concerns around DNs management of MER biomethane related issues.

When PR advised that he had been working with a concerned party on this matter, KE advised that she would now liaise with both her colleague E Fowler to ensure that the Offtake Arrangements Workgroup/Committee consider MER biomethane reporting concerns (inc. HSE Gas Quality Regulation aspects etc.) and PR before providing an update at the June 2023 meeting.

New Action PAC0503: *Reference Transporter Performance Monitoring MER Biomethane Issues* – Joint Office (KE) liaise with her colleague E Fowler to ensure that the Offtake Arrangements Workgroup/Committee consider MER biomethane reporting concerns (inc. HSE Gas Quality Regulation aspects etc.) and provide an update at the June 2023 meeting.

5. Update on Potential Changes to Performance Assurance Reporting and PARR

5.1 Review of New Modifications

KE provided an onscreen review of the new Modifications single page presentation during which it was noted that Modification 0843 would be considered in more detail under item 5.2.2 below.

When E Rogers (ER) advised that Modifications 0831 & 0831A involve removal of an existing process whereby thereafter calculation of UIG going forward would be on throughput, FC pointed out that there are no additional obligations placed on Shippers, so therefore might involve minimal PAC related impacts – simply a monitoring exercise going forward.

Concluding discussions, KE suggested that perhaps PAC should consider UNC Modification 0840 (Urgent) impacts at the June 2023 meeting.

5.2 Consider Requirements for Modifications

E Rogers (ER) provided an overview of the '*Proposed PARR reports for review and approval*' presentation during which attention was mainly focused on the following UNC Modifications:

5.2.1. 0811S – Shipper Agreed Read (SAR) exceptions process

In referring to the '*Schedule 2A and 2B proposed reports have been published on the April PAC meeting page for review*' bullet on slide 6, ER provided a brief outline of the separate supporting Word document entitled '*Proposed Format of PARR Reports to support UNC Modification 0811S – Shipper Agreed Read (SAR) exceptions process*'.

In considering the example report for Corrective Opening Meter Readings, ER explained that this would not necessarily include AQ information.

When PR enquired whether there might be benefit in breaking down the information based on Product Class, SM suggested that PAC could always 'dig down' further if it needed to obtain a more granular level of analysis of the data. ER pointed out that the report follows a 'by exception' style of presentation.

ER advised that the Modification solution is currently being considered within the DSC Change Management Committee processes with a view to inclusion within the November 2023 Change Pack – similar to the April 2023 approach on UNC Modification 0834S, the proposal is to update the PARR and conduct a formal vote on the changes at a future PAC meeting.

5.2.2. 0843 – Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert

In advising that she has been corresponding with the Proposer D Morley (OVO Energy), KE provided a verbal update on recent emails before asking whether any PAC Members know more about the rationale behind the topic of the Modification.

SM explained that the Modification relates to the relationship between Transporter and 3rd party shrinkage factor generation, before suggesting that he doubts that there is a real PAC aspect to it.

S Blackett (SB) noted that historically there have been issues with PAC and the AUGE looking at this matter. Furthermore, whilst she recognises that the ‘source’ data is quite old now she also doubts that there is a real PAC role here.

ER then went on to explain that subject to approval of the Modification, it is proposed that two shrinkage factors (one from the Transporters and one from the Independent Shrinkage Expert) would be presented to Ofgem for a decision as to which one to utilise. Once again, there is a limited PAC role as the broader subject matter relates to the age of the pipes in the ground and the subsequent related ‘aged’ data which is something that PAC/Xoserve/PAFA does not have access to.

When FC noted that PAC does not have a performance related role in relation to the AUGE, or other independent experts it was suggested that the matter is best progressed through ongoing Workgroup discussions and consideration of potential governance and reporting aspects (the Modification is looking to ‘mirror’ the AUGE model).

Concluding discussions, KE advised that she would report back to the Proposer that PAC considers that there are no settlement or direct PAC shrinkage related impacts or a performance related role for them to employ and therefore that the matter is best progressed via the Workgroup.

KE requested that PAC Members consider Ofgem’s extensive UNC Modification 0840 (Urgent) decision letter ahead of the June 2023 meeting to enable a more informed discussion to be undertaken.

SM advised that having already read the decision letter he is of the view that in reality there is not a ‘real’ action for PAC to consider. In short, he doubts that it warrants a formal PAC response – a view shared by several PAC Members in attendance, especially as the Modification is expected to have little bearing on addressing the overall level of UIG as it focuses more on UIG factors and applying them fairly.

When PAC noted that whilst Ofgem are able to attend meetings, more often than not, they choose not to, KE pointed out the statement and references made to PAC on page 9 of the decision letter.

6. Any Other Business

6.1 PAC Membership Renewal

KE opened by apologising for providing slightly incorrect information at the April PAC meeting in relation to this matter before explaining that for this year, all Shipper members of PAC will be up for renewal. If Alison, Graeme, Louise and Steve are nominated during this year’s process, and are successful, their tenure would last 1 year with the remaining Shipper members serving 2 years.

6.2 Engage Report

KE advised that she would be providing a further update on this matter at either the 13 June or 18 July 2023 PAC meeting.

Post Meeting Update: Engage will be in attendance at the June 2023 PAC meeting.

6.3 Product Class 3 Read Submissions

Referring to the Xoserve Update email dated 03 May 2023, PAC Members agreed that this matter had been sufficiently debated earlier in the meeting.

6.4 Revised PARR Report (Appendix 1 Version 5.1 (Appendix to PAFD v5.0))

FC provided a brief overview of the change marked document during which she focused attention on the proposed changes.

When KE advised that as Chairperson she would be unhappy to countenance a vote on a (late) AOB item as it does not constitute 'good governance', PAC Members were requested to review the proposed changes ahead of further consideration and associated formal vote (to approve or reject the proposed amendments) at the 13 June 2023 PAC meeting – a new item will be added to the agenda for the meeting.

6.5 PAFA Contract Extension

FC explained that the contract extension would be enacted as per previous years and that the current contract was established in 2021 for a 'basic' two year period supplemented by 2x potential one year extensions.

FC enquired whether in one year's time PAC would support 'rolling over' the PAFA contract for 2023/24, or alternatively look at engaging with alternative service providers as any procurement process would need to commence in June 2023.

When asked whether in respect of UNC Modification 0674 provisions, all aspects had been completed, FC responded by advising that the process for updating the PAFA contract to include PAFD elements (i.e. retro fitting 0674 aspects etc.).

In looking at how, and what if any, potential costs aspects would be involved in procuring a new PAFA service provider, FC explained that the net benefit v's services provision would need consideration.

FC advised that the timeline to procure a new PAFA would be in the region of 12 months (inc. a stakeholder selection panel role) and therefore the process would need to commence no later than July/August 2023.

When asked whether there might be benefit in asking the current PAFA to provide a presentation on what they have delivered and what any outstanding concerns they might have (i.e. a + v's – view on their role), FC responded by pointing out that Correla has already (unofficially) discussed matters with them including aspects such as the PAFD changes (note: it is NOT an option to NOT update the PAFD).

When asked if there are any potential Ofgem Code Reform impacts that PAC needs to be mindful of, SM responded by suggesting that this is heavily dependent upon whether PAC becomes a Performance Management Board and the Code Administrator becomes a Code Manager. FC pointed out that from her perspective, the only issue would arise should the Joint Office (or any alternative) become manager of the PAFA contract and appointments process (rather than the CDSP). When FC also referenced the Modification 0838 (Urgent) provisions relating to the AUGE role changes (0838 (Urgent) was formally withdrawn 03 March 2023), SM cautioned that care would be needed in avoiding any references to potential CDSP termination and provision of a suitably worded novation clause would be required.

D Sherlock (DS) pointed out that the CDSP had already considered these matters as part of a potential ‘exit plan’ strategy, FC advised that she would look to provide a communication relating to the matter to the Joint Office for circulation after the meeting.

When asked whether a vote would be undertaken, KE advised that as Chairperson she would be unhappy to countenance a vote on a (late) AOB item as it does not constitute ‘good governance’, PAC Members were requested to review the proposed changes ahead of further consideration and associated formal vote (to approve or reject the proposed amendments) at the 13 June 2023 PAC meeting – a new item will be added to the agenda for the meeting.

7. Key Messages

Published at: <http://www.gasgovernance.co.uk/pac/summarykeymessages>

8. Diary Planning

During a brief discussion, PAC Members supported a change to the start time for the 13 June 2023 meeting from the ‘normal’ 10:00 to 10:30 in order to enable parties who wish to attend the meeting in person to travel to the location.

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

Time/Date	Paper Publication Deadline	Venue	Programme
10:30, Tuesday 13 June 2023	17:00 Monday 05 June 2023	Radcliffe House Solihull + Teams	Standard Agenda
10:00, Tuesday 18 July 2023	17:00 Monday 10 July 2023	Teleconference	Standard Agenda
10:00, Tuesday 15 August 2023	17:00 Monday 07 August 2023	Teleconference	Standard Agenda
10:00, Tuesday 12 September 2023	17:00 Monday 04 September 2023	Teleconference	Standard Agenda
10:00, Tuesday 17 October 2023	17:00 Monday 09 October 2023	Teleconference	Standard Agenda
10:00, Tuesday 14 November 2023	17:00 Monday 06 November 2023	Teleconference	Standard Agenda
10:00, Tuesday 12 December 2023	17:00 Monday 04 December 2023	Teleconference	Standard Agenda

PAC Action Table (as of 16 May 2023)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAC1207	13/12/22	2.5	PAFA (PR) to request DNAs to review and update data in the Measurement Error Register for a minimum of 5 years, to enable PAC to have an accurate risk calculation.	PAFA (PR)	Update provided. Closed
PAC0401	18/04/23	3.5	Performance Assurance Techniques (PAT) - Joint Office (KE) to update the document following Committee discussions.	Joint Office (KE)	Carried Forward Update 13/06/23
PAC0402	18/04/23	4.1	PAFA to draft an RFI letter ahead of May 2023 PAC meeting.	PAFA	Update provided. Closed
PAC0403	18/04/23	4.1	CDSP (FC/MD) to feedback on the approach for proactively engaging with customers for No Meter Recorded and provide PAC feedback (June 2023).	CDSP (FC/MD)	Carried Forward Update 13/06/23
PAC0501	16/05/23	4.1	<i>Reference Revoked Shipper Licences & 'Stranded' Supply Points</i> – CDSP (FC) to liaise with the Customer Care Team in order to provide a background update and a view on any potential 'hidden' cost aspects.	CDSP (FC)	Pending
PAC0502	16/05/23	4.1	To identify Shipper parties with low read performance and low meter read validity performance as well as those with just low meter read validity to bring back to June 2023 meeting to discuss the next approach.	PAFA (PR)	Pending
PAC0503	16/05/23	4.3	<i>Reference Transporter Performance Monitoring MER Biomethane Issues</i> – Joint Office (KE) liaise with her colleague E Fowler to ensure that the Offtake Arrangements Workgroup/Committee consider MER biomethane reporting concerns (inc. HSE Gas Quality Regulation aspects etc.) and provide an update at the June 2023 meeting.	Joint Office (KE)	Pending