

UNC Performance Assurance Committee Minutes
Thursday 29 July 2021
via Microsoft Teams

Attendees		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Shipper Members (Voting)		
Alison Wiggett	(AW)	Corona Energy
Andy Knowles	(AK)	Utilita
Carl Whitehouse	(CW)	Shell
Graeme Cunningham	(GC)	Centrica/British Gas (Alternate)
Lisa Saycell	(LS)	Gazprom
Louise Hellyer	(LH)	Total Gas & Power
Mark Bellman	(MB)	ScottishPower
Sallyann Blackett	(SB)	E.ON
Transporter Members (Voting)		
Leteria Beccano	(LB)	Wales & West Utilities
Jenny Rawlinson	(JR)	BUUK
Observers/Presenters (Non-Voting)		
Karen Kennedy	(KK)	Correla on behalf of Xoserve
David Addison	(DA)	Xoserve
David Turpin	(DT)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Martin Attwood	(MA)	Correla on behalf of Xoserve
Neil Cole	(NC)	Correla on behalf of Xoserve

Copies of non-confidential papers are available at: <https://www.gasgovernance.co.uk/PAC/290721>

1. Introduction

Rebecca Hailes (RH) welcomed all parties to the meeting.

1.1 Apologies for absence

RH confirmed there were no formal apologies for absence to be recorded.

1.2 Note of Alternates

Graeme Cunningham for Oorlagh Chapman.

1.3 Quoracy Status

The Committee meeting was confirmed as being quorate.¹

¹ 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.

2. PAFA Contract Issues

Lisa Saycell (LS) was invited to outline the reason for the meeting and explained that following the discussion around the PAFA contract at the last PAC meeting held on 13 July, LS suggested a meeting between PAC and CDSP without the PAFA present to address concerns of the current contract.

LS went on to clarify, at the meeting held on 13 July 2021, Gemserv highlighted that under the new contract, liaison and improvement plans with Shippers from November 2020, are not covered in the new contract.

Dave Turpin (DT) advised that the new contract initially baselined the position of the contract from Autumn last year (2020), at that point Xoserve were unsure how much investigative work would be required. He confirmed that the contract creates a mechanism which allows variation, and that additional work can be requested which would have resource and cost impacts.

Fiona Cottam (FC) added that the scope of the tender was baselined from PAC Document 4 PAFA Scope Definition, <https://www.gasgovernance.co.uk/pac>, and included an element of liaison with industry parties. When the Class 4 additional work was being requested during Autumn 2020, this was over and above current contract expectations at that time.

FC further clarified that previously, the PAFA role has been extended by varying the contract, this has happened on a couple of occasions.

With regards to Modification 0674 – Performance Assurance Techniques and Controls, enhanced PAFA role, that is created as part of Modification 0674, would need a variation to the current contract.

FC added that she envisaged that many PAC actions coming out of 0674 were likely to be transactional and that it is likely the targeted Shipper would be liable to pay for them.

Sallyann Blackett (SB) referred to Xoserve not realising what the extra cost was, but Gemserv at the last meeting advised Xoserve have been paying extra costs since last Autumn.

In response, FC advised that this had been covered by other Xoserve budget and through careful management of the budget, when PAC were asking for extra services. FC had liaised with Xoserve management to advise that the extra work was not in scope and that PAFA would need to be paid for that extra work, this would have been paid using funds from within the existing Xoserve budget.

When SB asked if that was not considered as part of the new tender, from the point of view of knowing about extra costs for quite a while, FC advised the tender now specifically includes liaison with industry parties which was not in the contract prior to July 2021

RH summarised that the new contract has some extra costs to cover Shipper liaison as per the wording in the current PAC Doc 4. Support for development of Modification 0674 and UIG investigations for the first half of 2020 was not built into the current contract, as they were extra activities under the circumstances at the time.

From a contractual point of view, the contract must have some assumptions of what the extra work would be, the extra work undertaken over this last year was perhaps unexpected on both sides of the contract. This year's contract from July 2021 will need an extension to cover that much of a greater level of workload.

RH added that the PAFA had generally been suggesting the Class 4 work to PAC and PAC had welcomed the suggestions and agreed for PAFA to do the work, though there was never any mention of extra cost.

LS picked up on that point and clarified that at no point was there any discussion around extra cost and suggested there needs to be more transparency of the contract.

RH asked Xoserve what conversations took place at the point when PAFA suggested writing out to all Class 4 customers? At what point did PAFA flag the cost and who to?

FC advised that PAC are not currently given the transparency of the cost/benefit of measures. When there was an extra charge, through the Xoserve budget, Xoserve were able to find the funds to cover the extra cost, however, going forward there needs to be a cost/benefit exercise, asking if it is a good use of PAFA time and worth the money.

DT advised there is a ring-fenced PAC Budget but that is to cover the cost of Xoserve providing for additional reporting (this is what has been used most recently to fund the DDP Sprints).

FC said there is scope to be more transparent about extensions to the PAFA contract, such as more resources/costs and highlighted that because of the confidentiality of the contract, Xoserve are not able to discuss the exact detail with PAC, however, going forward this can be more transparent.

RH clarified that Xoserve decided to cover the extra funding for PAFA but did not inform PAC.

Andy Knowles (AK) noted the current task for PAC is to focus on what they can do under the current existing contract and what are the next steps and considerations.

RH agreed that if there is any change to the contract going forward, to make sure this is highlighted to PAC for consideration.

DT suggested that if there is any recognition that PAFA might be working at risk under the new contract, then discussions should be undertaken before any such extra work commences.

Referring to the last meeting, RH advised it was alarming that the PAFA advised they had been working at risk since Autumn last year and had not informed PAC.

FC clarified that steps were put in place to ensure always working with the PAFA on the variation to the contract, in terms of risk level, this was a low-level risk and a misunderstanding, the extra work was being fully monitored and PAFA and CDSP were always in touch with each other so that they were each being kept fully up to date as to the status of the variation.

Carl Whitehouse (CW) asked if discussions have taken place in relation to the projected costs of administering Modification 0674? FC advised that PAFA have now been asked for an impact assessment and that A Jackson is going to re-read the latest version of the Modification adding that Xoserve and Correla need to do the same. An amended ROM will be produced.

CW clarified that with Modification 0674 still not yet being approved for implementation, there is concern that the Modification has already gone through development and that PAFA are now struggling over the cost of the administration of implementation.

It was noted that Modification 0674 will follow Authority Direction procedures and that cost of implementation will be one of the considerations.

CW asked that when the impact assessment from PAFA is received, this should be presented to PAC where an assessment as to whether it is a viable implementation or not should be carried out. FC confirmed that CDSP are awaiting a Rough Order of Magnitude (ROM) and will be discussing this request with PAFA on 30 July 2021. At this point it was also confirmed that the ROM will feed into the 0674 Workgroup discussions rather than into PAC; if the Modification is approved the scope changes to the PAFA role will be visible at PAC.

There was general concern amongst Committee members with regards to the cost of Modification 0674 implementation and the potential for these to hold back the Modification. RH confirmed that Ofgem have supported the intent of the Modification, however, UNC Panel have referred some questions back to Workgroup for a finite period, the ROM is one of the things that will be discussed. PAC members are encouraged (as previously) to attend the 0674 Workgroup meetings.

Jenny Rawlinson (JR) sought clarification that all additional costs for PAFA are depending on whether Modification 0674 is approved. RH clarified that there are Business as Usual (BAU) PAC activities and separate additional PAC/PAFA activities which would/could arise upon implementation of Modification 0674.

When asked, FC confirmed there are levels of engagement support that PAFA have been providing that are not in the current contract, this will be included as a variation.

When asked who will pay for the variation, DT clarified that Xoserve will cover the cost and potentially this could then result in an increase in Shipper costs, but this will largely depend on the end of year Budget result (March 2022).

RH noted that to her knowledge the Modification 0674 ROM discussion has never been had at PAC and that the Uniform Network Code (UNC) process suggests PAC does not specifically have a say in the ROM, it is down to the Workgroup and UNC Panel.

MB raised his concern that the ROM discussions have been held in Workgroup and there now seems to be some nervousness about an increase in some costs and suggested that PAC should consider the ROM for Modification 0674.

Louise Hellyer (LH) expressed her concern at not wanting PAC to get weighed down by the change in costs and highlighted that PAC are there to make decisions to pursue accurate settlement.

MB expressed concern and urged PAC to be careful not to give the impression that it is pursuing activities regardless of cost.

RH reminded PAC that the aim is to reduce risk to settlement and aim for fair and accurate settlement.

LH suggested there maybe should be a Budget agenda item on the PAC Agenda.

DT advised there has been a slight increase in costs, for reporting, that did get a mixed response from Shippers, from £100,000 to £125,000.

RH clarified her understanding that the £125,000 for the PAC reporting budget is only a placeholder, also, the £100,000 for the year from April to March 2022 and has effectively already been allocated for DDP Sprints, so if there was a need for extra reporting this year, it would not be catered for within the £100,000, it would require extra funding. DT confirmed this understanding to be correct.

With regards to the current budget, Graeme Cunningham (GC) asked whether PAC should review how they do things to maximise the funding they have. If PAC continues with BAU, do they have enough money?

FC clarified the funding that PAC has at the moment, is assigned to extra reporting, RH confirmed her understanding was that with the PAFA funding, there is the facility to continue as-is which will be funded by Xoserve, the impact of that will not be known until March 2022.

Going forward, DT requested to have a full understanding of any works that are being planned up to 18 months in the future.

RH clarified that there was a strong need to establish and distinguish between:

1. the cost of continuing current PAC/PAFA BAU activities
2. the medium term (12-18 months) cost of PAC/PAFA likely activities
3. the costs of implementing Modification 0674.
4. the possible costs which will only come if PAC makes decisions to utilise some of the facilities available under 0674.

New Action 0701 (extra): CDSP to ascertain the cost/resource level required to continue the current PAC/PAFA BAU activities and circulate this to PAC Members as soon as possible.

New Action 0702 (extra): CDSP/PAFA to estimate the cost/resource level likely over the next 12-18 months for PAC/PAFA activities, extrapolating from the current BAU activities.

New Action 0703 (extra): CDSP to produce the updated ROM for Modification 0674, specifically the cost for the PAFA work, split into both implementation costs and possible costs under 0674.

MB asked where he can view the presentation that PAFA went through at the last meeting, RH advised that despite requesting this be published on the JO page for that meeting, only the sanitised version of the slides is available on Huddle.

When asked, DT clarified that PAC additional costs and variations are approved via the DSC Contract Committee.

RH advised that one PAC member had asked for clarification on how much support can be given from Xoserve and Xoserve Customer Advocate Managers (CAMS); how much scope is there for CDSP or CAMS to do extra reporting type of work?

MB asked if the proposal from PAFA is to create variations in the current contract for retrospective work. FC highlighted the misunderstanding of PAFA working at risk that was mentioned at the last meeting, advising that PAFA are fully paid up under the terms of the contract and there is no need for retrospective funding.

FC went on to advise that the current contract does not cover PAFA for all the previous things they have been doing, for example, the 40 improvement plans are not built into the working assumptions of the PAFA bid. FC explained that 3 new plans per quarter is currently built into the contract whereas there are 40 or 50 live now.

When asked, FC clarified the assessment of 3 plans per month was an assessment at the time before the PAFA suggested writing out to all Class 4 customers' requests.

RH clarified that any PAC meeting could be convened with a period of the meeting when PAC Members meet with CDSP/Xoserve and Correla without the PAFA, should this be required. DT suggested the PAFA might need to be involved in certain elements of the Scope discussions.

JR asked if the PAC have sight of the scope that goes out for tender; does the PAC have any responsibility to say the scope is fit for purpose? FC advised the invitation to tender used the PAC Document 4 PAFA Scope Definition as the core document, which PAC had the opportunity to review. This document is available here: <https://www.gasgovernance.co.uk/PAC>

JR wondered if there is room for improvement of the process when the contract comes up for renewal again. Review from the PAC could prevent this happening again. She suggested PAC discuss this.

3. Next Steps

RH suggested that PAC should continue BAU, budget issues should not affect the decisions that PAC need to make. She asserted that PAC discussion, decisions and actions should not be held back by contractual restrictions. Attendees agreed.

RH requested that there needs to be a suitable CDSP representative at PAC meetings.

DT advised E Rogers will fulfil this and he clarified that financial discussions are the realm of CDSP/Xoserve.

MB said that it would be interesting and useful to compare how much other Codes spend on Performance Assurance, from a benchmarking point of view. He suggested obtaining this from REC and BSC.

4. Diary Planning

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

Time/Date	Paper Publication Deadline	Venue	Programme
10:00, Tuesday 17 August 2021	17:00 Monday 09 August 2021	Teleconference	Standard Agenda
10:00, Tuesday 14 September 2021	17:00 Monday 06 September 2021	Teleconference	Standard Agenda
10:00, Tuesday 12 October 2021	17:00 Monday 04 October 2021	Teleconference	Standard Agenda

10:00, Tuesday 16 November 2021	17:00 Monday 08 November 2021	Teleconference	Standard Agenda
10:00, Tuesday 14 December 2021	17:00 Monday 06 December 2021	Teleconference	Standard Agenda

PAC Action Table (as of 29 July 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PARR Report Actions:					
PAC Actions 2020/21:					
PAC 0402	13/04/21	5.1	<i>Reference the 106 MPRs with a status of 'Open' By-Pass with progressive readings</i> – Corella (MA) to look to provide additional (more detailed) supporting evidence of what was identified during investigations.	Correla (MA)	Carried Forward
PAC 0505	11/05/21	3.1.1	<i>Reference PAC Additional Budget Requirements</i> – Joint Office (RH) to draw up a 'Strawman' of the wording for a further budget request for consideration at the 15 June 2021 meeting.	Joint Office (RH)	Carried Forward
PAC 0601	15/06/21	2.4.1	<i>Reference Measurement Error EM009</i> – Joint Office (RH) to forward the information received to date regarding PAC0502 to PAC Members for discussion under AOB in July 2021.	Joint Office (RH)	Carried Forward
PAC 0602	15/06/21	2.4.1	<i>Reference Orifice Plate Data Provisions</i> – Joint Office (RH) to request OP overview data from all Gas Transporters.	Joint Office (RH)	Carried Forward
PAC 0605	15/06/21	5.1	<i>Reference the Risk related to Measurement Error SE007</i> – Joint Office (RH) to forward the information received to date regarding PAC0502 to PAC Members for discussion under AOB in July 2021.	Joint Office (RH)	Carried Forward
PAC 0701	13/07/21	2.1	<i>Reference SHIPPER EVALUATION CASE Bratislava</i> – Joint Office (RH) to write to Bratislava.	Joint Office (RH)	Pending
PAC 0702	13/07/21	2.1	<i>Reference PARR Report Review – Dashboard update</i> - Correla (FC) and PAFA (AJ) to present findings on a change in Product Class correlating with the decline in Meter Read Performance within the PC4 Annual Market.	Correla (FC) & PAFA (AJ)	Pending

PAC 0703	13/07/21	2.6	<i>Reference the two 'Static Readings' – Correla (MA) to investigate and provide a view on the potential of the magnitude of the AQ at Risk involved.</i>	Correla (MA)	Pending
PAC 0704	13/07/21	2.7	<i>Reference the Covid-19 Update Provision – Correla (MA) to establish whether this matter is (directly / indirectly) related to the utilisation of 'Isolation Flags' and whether they (Correla / Xoserve) have any concerns that the flags have remained open throughout the Covid pandemic period.</i>	Correla (MA)	Pending
PAC 0705	13/07/21	3.2	<i>Reference the Performance Issues Impacting the Success of Faster Switching title change – Correla (KK) to consider providing a new / revised description for this agenda item going forward.</i>	Correla (KK)	Pending
PAC 0706	13/07/21	3.5	<i>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.</i>	PAFA (AJ) & Correla (FC)	Pending
PAC 0707	13/07/21	6.1	<i>Reference Confirmation of the Transporter User Representation Appointment Period – Joint Office (RH) to check and confirm whether and how Transporter Representatives are appointed for a 2-year period.</i>	Joint Office (RH)	Pending
PAC DDP Sprint Actions 2020/21:					
PAC DDP 0701	13/07/21	5.2	<i>Reference DDP Review Requirements – Correla (KK) and Joint Office (RH) to look to set up and additional Sprint meeting for September 2021.</i>	Correla (KK) & Joint Office (RH)	Pending
PAC Extra-ordinary Actions 29 July 2021:					
New Action 0701 (extra)	29/07/21	2.0	CDSP to ascertain the cost/resource level required to continue the current PAC/PAFA BAU activities and circulate this to PAC Members as soon as possible	CDSP	Pending
New Action 0702 (extra)	29/07/21	2.0	CDSP/PAFA to estimate the cost/resource level likely over the next 12-18 months for PAC/PAFA activities, extrapolating from the current BAU activities	CDSP/PAFA	Pending

New Action 0703 (extra)	29/07/21	2.0	CDSP to produce the updated ROM for Modification 0674, specifically the cost for the PAFA work, split into both implementation costs and possible costs under 0674	CDSP	Pending
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