

UNC Performance Assurance Committee Strategic Workshop
Wednesday 26 January 2022
via Microsoft Teams

Attendees

Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office

Shipper Members (Voting)

Alison Wiggett	(AW)	Corona Energy
Andy Knowles	(AK)	Utilita
Claire Louise Roberts for Mark Bellman	(CLR)	ScottishPower (Alternate)
Graeme Cunningham	(GC)	Centrica
Lisa Saycell	(LS)	Gazprom
Louise Hellyer	(LH)	Total
Sallyann Blackett	(SB)	E.ON

Transporter Members (Voting)

Jenny Rawlinson for Alex Travell	(JR)	BUUK (Alternate)
Shiv Singh	(SS)	Cadent

Observers (Non-Voting)

Anne Jackson	(AJ)	PAFA/Gemserv
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Lee Greenwood	(LG)	British Gas
Martin Attwood	(MA)	Correla on behalf of Xoserve
Neil Cole	(NC)	Correla on behalf of Xoserve
Rachel Clarke	(RC)	PAFA/Gemserv
Sara Usmani	(SU)	PAFA/Gemserv
Stephanie Clements	(SC)	ScottishPower

Copies of non-confidential papers are available at: <https://www.gasgovernance.co.uk/PAC/260122>

1. Introduction

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

1.1 Apologies for absence

Alex Travell, Transporter Member.

Mark Bellman, Shipper Member.

1.2 Note of Alternates

Clare Louise Roberts for Mark Bellman.

Jenny Rawlinson for Alex Travell.

1.3 Quoracy Status

The Committee meeting was confirmed as being quorate.¹

1.4 Approval of Later Papers

Three papers had been published on 19 January 2022. The Committee Agreed to consider them.

2. Workshop Items for Consideration

The Committee considered the order of agenda items before commencing discussions and the aim of today's meeting, agreeing the running order.

Rachel Clarke (RC) provided a presentation to set the scene explaining that the aim of the meeting is to formulate a strategic plan for 2022 including a renewed targeting strategy and discussion on Performance Assurance Techniques and analyse what good looks like.

2.1 What does good look like?

To discuss current UNC target levels, measurable successes of the regime and the potential impacts of UNC674.

Rachel Clarke (RC) provided an overview of the current arrangements and some statistics on the expected trajectory based on current trends split by Product Class, to provide a simplistic indication of when parties might reach and maintain UNC targets.

Lee Greenwood (LG) enquired about Modification 0664VVS moving sites from Product Class 2 when they are not meeting the performance targets to Product Class 3 or 4. It was recognised with the implementation of Modification [0664VVS - Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4](#), this would change the trajectory profile.

The Committee considered the performance target for the different Product Classes, Andy Knowles (AK) noted that the industry performance is atrocious. Anne Jackson (AJ) noted that the trajectory had been slow and steady in some areas. Jenny Rawlinson (JR) enquired if it was possible to demonstrate that the Performance Assurance Committee's (PAC) involvement has helped to address poor performance. The Committee believed PAC's focus had assisted.

Fiona Cottam (FC) challenged the information presented which appeared to suggest PC1 read performance was less than 40%. Sara Usmani (SU) clarified the graph presented the average percentage of parties reaching the required read performance measures, it did not represent actual read performance, which FC confirmed is much higher than 40%. The Committee considered adding further clarity on the measure being presented, with the document being public, it was suggested that the actual read performance is added to the graph. FC confirmed PC3 read performance had reached 90%, PC4 4 monthly reads 68%, and PC4 annual reads 90%, to put the statistics provided into context.

AK enquired about the risks and impacts on the accuracy of settlement, comparing general poor read performance across the board, against the impact of one Shipper failing to submit reads for one site and the differing levels of risk this poses to settlement.

The Committee considered whether there was a lack of performance assurance techniques to ensure targets are met, or whether poor performance is more about the knowledge and focus of parties to ensure they achieve the required performance levels.

It was recognised that PAC have no authority over parties to enforce performance within the UNC. AJ nevertheless acknowledged that a number of parties have engaged and there have been a number of successes.

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.

Graeme Cunningham (GC) suggested the Committee could promote the benefits of engaging with PAC by communicating past successes of other parties and the impact this has had.

The Committee considered the forecast using a trajectory on direction of performance with continued PAC interventions. The Committee discussed the UNC target levels, measurable success and the potential impacts of Modification [0674 - Performance Assurance Techniques and Controls](#).

The Committee deliberated 'What is PAC here to do?' considering the objectives outlined within the PAF Framework Document and the need to ultimately create a regime incentivising the required performance.

The Committee agree it should be identifying areas at risk and managing them, identifying where the largest risks are and driving through performance improvements. It was recognised that PAC has no enforcing rights/powers within the UNC however if a party is underperforming, they would not be compliant with the UNC. AK suggested that PAC is more of a risk focus group without powers to enforce performance.

The Committee considered how to ensure consistency when focussing on certain areas, recognising resource availability will restrict the ability to target every poor performer for every under-performing area.

It was recognised that the aim of PAC is to improve performance with Shipper engagement and considered a proposed mission statement "To be instrumental in driving change for improved gas settlement, taking industry along the journey".

The Committee deliberated whether PAC has an inspector role rather being a driving force for change, with tools to identify areas that need improvement and ability to propose recommendations for change.

Louise Hellyer (LH) noted the challenges and imbalance of powers between the regimes in Electricity, Gas and the Retail Energy Code (REC). It was suggested that there should be a more co-ordinated approach between the Performance Assurance regimes to ensure the right requirements are in place to drive the provision of meter reads. It was noted that the consequences of not obtaining meter reads in the Electricity Market have financial implications and this intrinsic difference will drive focus for reads in the Electricity Industry but that the performance should provide a view of what could be achieved in the gas industry.

The Committee considered the conflicts of the regimes, the opportunities that Modification 0674 should provide, particularly if there is a reluctance to change the incentive regime that could place financial implications on Shippers (as Shipper parties are not likely to raise a Modification for such a change).

The Committee considered whether they are managing risk when a Shipper does not perform, and that PAC should not be the driving force for industry change. It was recognised there was a need to take into account the difference between managing risk to managing performance. It was suggested as a Performance Assurance Committee all poor performance should be targeted, recognising parties with larger portfolios and with poor performance will have a greater impact on settlement to that of a small Shipper with limited sites.

It was seen that PAC is an observer of performance and to highlight under performance, whereas it is for the wider industry to decide what changes need to be made to drive better settlement.

It was recognised there needed to be some focus on risk and a need to consider whether all Shippers should be targeted for under performance, which may take into account the scale of impact to settlement and AQ at risk.

The Mission Statement proposed was reviewed and updated to include risks and drive for continued improvement. It was agreed that performance is the primary focus.

Agree Mission Statement: *"To be instrumental in driving, supporting and encouraging industry's continued improvement for gas Settlement performance and risk management."*

New Action PACSW0101: Committee Members to consider the updated PAC Mission Statement with a view to approving the statement at the next meeting and agreeing where this should be documented.

The Committee considered the Product Class Targets, the history behind the meter reading targets and benchmarking.

AC provided some density statistics illustrating the distribution curve for average performance. The approach to targeting performance and whether to target all under performers for those with less than 70% was discussed. The expectation was all Shippers should be achieving 90% as this is the required target. The Committee deliberated how to target incremental improvements and the best approach.

The Committee considered the validation process for meter reads and how reads maybe be blocked from entering central systems. The Committee also considered the triggering of must reads for sites experiencing meter read rejections and the ownership for Shippers on ensuring reads enter the system and taking action for those that are rejected. It was recognised it is the responsibility of the Shipper to consider the reasons for rejections and what rectifying action maybe required, for example, updating the meter asset details or amending the AQ.

Must Read reporting was discussed along with the reports available on rejected reads which provide an insight into why meter reads are being rejected. It was noted there has been considerable engagement around the Must Read process and is an area of focus for Shippers, with workshops being provided to assist managing them and how to avoid read rejections.

The Committee considered the number of Performance Improvement Plans (PIPs) that can be managed and having bespoke sets of targets for Shippers.

It was agreed that the aim is to achieve parity, to get every party performing at the same level and that PAC want to explore incremental moves to target performance improvements.

2.2 Targeting Strategy

To discuss and agree the merits of using the UNC targets as a benchmark for PAC strategic targeting vs AQ at risk numbers and the volume of unread meters as a whole.

Rachel Clarke (RC) provided a recap of earlier discussions and provided some statistics to contextualise how the PAC targeting has progressed and the successes.

It was noted that the PAC had been come under some criticism from ICoSS and the I&C sector with regards the strategy for beginning to include a view on AQ at Risk, noting a new strategy will bring different results and could drive greater change.

The Committee again contemplated an incremental hybrid approach and how best to target AQ at Risk based on Product Class, with bespoke targets for different risks.

The Committee considered being open to challenge going forward and the approach to be taken.

The Committee deliberated overlaying performance to understand the risk to settlement, taking into account the impact of missing reads, failed meter reads and the AQ at risk being factored in, not necessarily looking at individual areas but a holistic view on a particular Shipper's performance and the potential for weighting of factors.

It was agreed to look at what data is provided to Shippers, how this can be overlaid in a single report and a scoring/ranking system that takes into account a holistic view on performance to inform PAC on which parties to engage with.

It was agreed to look at a renewed approach, what information could be produced and how this could be refined.

2.3 Performance Assurance Techniques

To discuss, review and agree the current application of Performance Assurance Techniques.

Rachel Clarke (RC) advised that currently the PAC arrangements are to ask Shippers to set their own resolution targets through PIPs, however there is no guidance on this. RC enquired what could be introduced into communications to help with consistency, setting out some options. This included providing a template for a more structured response from Shippers and different options on how best to set resolution dates.

Having a template was welcomed along with time bound targets, it was suggested that the template could include suggested timescales to set expectations. The frequency of monitoring and Shipper reporting was discussed. The Committee contemplated Shippers attending PAC meetings where there is a substantial failure to achieving milestones for an update on mitigations and to provide accountability.

2.4 Incentives

To discuss how PAC use incentives to advance targeting.

Rachel Clarke (RC) advised that the UNC does not currently provide incentive measures for poor performance against UNC targets. RC provided an overview of the Breach and Default approaches the Electricity Market employ with incentive charges and possible techniques that can be utilised in the Gas industry.

The Committee considered how incentives could operate for gas Performance Assurance and whether the UNC had provisions to prevent Shippers registering new supply points for breaches. It was understood restrictions / sanctions can be placed on Shippers for specific circumstances and termination can take place for the failure to pay Energy Balancing Cash Calls.

The Committee considered the reporting of performance in a non-anonymised format, the history behind anonymised reporting along with the benefit to PAC members not being aware of company identities when making performance target decisions.

The Committee also considered past reluctance to 'name and shame'. It was noted that the UNC is silent on identifying Shippers when reporting on performance and there maybe concerns around reputation and commercially sensitive data which could be used to gain a competitive advantage.

Training was discussed as an option to maximise performance improvements.

It was agreed to re-visit the topic of anonymisation and training at the next PAC Meeting or the next Strategic Workshop (see Next Steps).

2.5 Dynamic Meeting agenda

To discuss whether the current monthly PAC meeting agenda meets the needs of the strategy.

Rachel Clarke (RC) suggested streamlining the monthly meeting agenda items, including the order of agenda, cycling items on a bi-monthly basis, to ensure PAC are able to achieve the best value during meetings.

Options were reviewed for focussing discussions, pre/post meeting briefs and taking some items by exception such as limiting discussions on live Modifications. It was suggested it would be good to look at other ways of providing live Modification progress updates.

New Action PACSW 0102: Joint Office (RHa) to consider the regular PAC agenda items and potential areas of consolidation.

The Committee were asked to consider the extent of information available in the Performance Assurance Report Register (PARR), what information is utilised by PAC members, what can and cannot be reported in Huddle and whether it remained fit for purpose

It was noted that the Performance Assurance Framework Administrator (PAFA) provided a view on the areas to focus on and challenged whether PAC should be looking at all the reports available. It was agreed that PAC should review what performance reports are available, if these need any refinement and if different areas of performance needed to be reviewed within PAC meetings. It was suggested that PAFA could provide a report on the use of Huddle for each PAC member. It was agreed to provide this on an individual basis.

Jenny Rawlinson (JW) enquired about the availability of real time performance data rather than having to wait for two months. It was agreed to consider this at the next strategic workshop, along with a review if PARR remains fit for purpose (see Next Steps).

2.6 Market Entry Requirements

To discuss the advantages and drawbacks of Controlled Market Entry in the Gas sector. Discuss areas of risk and mitigations

It was agreed to scope out some time to discuss this agenda item within a further Strategic Workshop or a standard PAC meeting (see Next Steps).

New Action PACSW 0103: Joint Office (RH) to consider additional dates for a follow up Strategic Workshop.

3. Next Steps

It was agreed that the key areas for discussion at the next Strategic Workshop would be:

- Report Anonymisation
- Provision of real time data
- Is PARR fit for purpose
- Training
- Market Entry Requirements

3.1 Key Messages

Any Key Messages from today's Strategic Workshop will be published at:

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

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 15 February 2022	17:00 Monday 07 February 2022	Teleconference	Standard Agenda
10:00, Tuesday 15 March 2022	17:00 Monday 07 March 2022	Teleconference	Standard Agenda
10:00, Tuesday 12 April 2022	17:00 Monday 04 April 2022	Teleconference	Standard Agenda
10:00, Tuesday 17 May 2022	17:00 Monday 09 May 2022	Teleconference	Standard Agenda
10:00, Tuesday 14 June 2022	17:00 Monday 06 June 2022	Teleconference	Standard Agenda
10:00, Tuesday 12 July 2022	17:00 Monday 04 July 2022	Teleconference	Standard Agenda
10:00, Tuesday 16 August 2022	17:00 Monday 08 August 2022	Teleconference	Standard Agenda
10:00, Tuesday 13 September 2022	17:00 Monday 05 September 2022	Teleconference	Standard Agenda

10:00, Tuesday 11 October 2022	17:00 Monday 03 October 2022	Teleconference	Standard Agenda
10:00, Tuesday 15 November 2022	17:00 Monday 07 November 2022	Teleconference	Standard Agenda
10:00, Tuesday 13 December 2022	17:00 Monday 05 December 2022	Teleconference	Standard Agenda
For details of the informal sub-group meetings and topics please contact the PAFA directly. PAFA@gemserv.com			

PAC Strategic Workshop Action Table (as at 26 January 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PACSW 0101	26/01/22	2.1	Committee Members to consider the updated PAC Mission Statement with a view to approving the statement at the next meeting and agreeing where this should be documented.	PAC Members	Pending Update due next at next Strategic Workshop
PACSW 0102	26/01/22	2.5	Joint Office (RHa) to consider the regular PAC agenda items and potential areas of consolidation.	Joint Office (RHa)	Pending Update due 15 Feb 22
PACSW 0103	26/01/22	2.6	Joint Office (RHa) to consider additional dates for a follow up Strategic Workshop.	Joint Office (RHa)	Pending Update due 15 Feb 22