

UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0674:</h1> <h2>Performance Assurance Techniques and Controls</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">01</span> Modification         </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>To provide an effective framework for the governance of industry performance that gives industry participants mutual assurance in the accuracy of settlement volume allocation.</p>	
	<p>The Workgroup recommends that this modification should not be subject to self-governance.</p> <p>The Panel will consider this Workgroup Report on 15 April 2021. The Panel will consider the recommendations and determine the appropriate next steps.</p>
	<p>High Impact:</p>
	<p>Medium Impact:</p> <p>Shippers</p>
	<p>Low Impact:</p> <p>Transporters</p>

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Timetable													
<p><b>The Workgroup recommends the following timetable:</b></p> <table border="1"> <tbody> <tr> <td>Initial consideration by Workgroup</td> <td>08 April 2019</td> </tr> <tr> <td>Workgroup Report presented to Panel</td> <td>15 April 2021</td> </tr> <tr> <td>Draft Modification Report issued for Consultation, (dates for a 20-day Consultation)</td> <td>15 April 2021</td> </tr> <tr> <td>Consultation Close-out for Representations</td> <td>13 May 2021</td> </tr> <tr> <td>Final Modification Report available for Panel</td> <td>28 May 2021</td> </tr> <tr> <td>Modification Panel Decision</td> <td>17 June 2021</td> </tr> </tbody> </table>		Initial consideration by Workgroup	08 April 2019	Workgroup Report presented to Panel	15 April 2021	Draft Modification Report issued for Consultation, (dates for a 20-day Consultation)	15 April 2021	Consultation Close-out for Representations	13 May 2021	Final Modification Report available for Panel	28 May 2021	Modification Panel Decision	17 June 2021
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		 Any questions?											
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## 1 Summary

This Modification is proposed by ScottishPower on behalf of the Performance Assurance Committee.

### What

In operating the Performance Assurance Framework, (PAF), the Performance Assurance Committee, (PAC), have identified some weaknesses and limitations in the performance assurance regime which are impacting the effectiveness of the performance assurance model.

### Why

The PAC have a number of examples where performance issues have been identified and have not been remedied over a prolonged period. This has resulted in settlement inaccuracy over extended periods.

PAC are keen to prevent such situations occurring (through new performance assurance principles, proportionate incentive mechanisms and a progressive series of escalating controls) and when performance issues occur, they are curtailed speedily.

### How

The Proposer on behalf of PAC proposes to modify the UNC to define the following outcomes:

- I. Require UNC Parties to adhere to a basic principle that their negligence, poor performance or bad behaviours must not distort settlement even when such behaviours have not specifically proscribed within the UNC.
- II. Determine additional tools and processes available to the PAC in its work in the provision of performance assurance within the code.
- III. Allow the Performance Assurance regime to be more agile and responsive to the information it is receiving by empowering the PAC to determine and action an appropriate response at any time.
- IV. Provide PAC and PAF Administrator, (PAFA), access to any standard reports already being provided to individual UNC Parties within performance packs e.g. shipper performance packs.
- V. Allow PAFA access to such data as reasonably approved by PAC to allow PAFA and PAC to carry out performance assurance activities, (e.g. risk assessment and performance monitoring).
- VI. Require UNC Parties to take action to improve their performance and remedy issues if it is identified and requested by the PAC.
- VII. Require UNC Parties to provide and adhere to any plans of action they provide.
- VIII. Ensure that where it is proposed adding to or changing UNC performance standards within the UNC and performance monitoring is required, the report requirement must be added to the modification.  
  
The CDSP will be required to provide a ROM (rough order of magnitude) for the production of the monitoring reports needed for that proposal, for the modification workgroup to determine if the cost of a report is not deemed prohibitive.
- IX. Specify the tools available to the PAC to incentivise, drive and require performance behaviours and to document these in a new ancillary document under PAC (UNC sub-Committee) governance.
- X. Suitably empower the PAC, as an elected, independent body, to make decisions for and on behalf of the UNC Parties in respect of Performance Assurance matters.
- XI. Ensure that the PAC budget does not act to constrain the duties and requirements of the PAC.

- XII. Provide clarity that UNC parties (Gas Transporters (GTs), Independent GTs (IGTs), Shippers etc.) and CDSP fall under the remit of the PAC and performance assurance measures to be applied.

## 2 Governance

### Justification for Authority Direction

The modification will impact the performance assurance regime, which ultimately seeks to have a positive material impact on parties and therefore competition between them. It also seeks to increase the authority of the PAC, to allow it more decision-making powers which is likely to materially impact specific parties.

The modification:

- i. is likely to have a material effect on:
  - a. competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and
  - b. the uniform network code governance procedures and the network code modification procedures;
- ii. is likely to discriminate between different classes of, or individual, parties to the Uniform Network Code where their individual performance fails to meet UNC requirements or otherwise adversely impacts on settlement accuracy .
- iii. Is likely to impact consumers through improved competition (e.g. in tariffs, services, etc), due to the anticipated improvements to settlement processes where they are otherwise not fair and equitable across parties.

### Requested Next Steps

This modification should be considered a material change and not subject to self-governance.

The detailed business rules in this modification should be reviewed by a workgroup to ensure there are no unintended consequences or loop-holes in the governance requirements that would thwart the performance assurance intent of this modification. Additionally, the modification should act as an incentive to meet the required UNC performance levels and a disincentive to make commercial decisions that detrimentally impact competing parties.

This is a complex Modification Proposal and will require stakeholder engagement. The contractual requirements of the PAFA may also be impacted. The ancillary documents must also be drafted for initial adoption.

Existing Affected Related and Ancillary Documents:

- [Performance Assurance Framework Document \(PAFD\) v2.0](#) (to be re-drafted)
- [Performance Assurance Committee Document: Terms of Reference v5.0](#) (to be withdrawn)
- [Performance Assurance Committee Document: PAFA Scope \(Document 4 v2.0\)](#) (to be withdrawn)
- [Performance Assurance Reports Register \(PARR\) v3.01](#) (to be appended to PAFD)
- [Performance Assurance Committee Document: Letter of Confirmation \(Document 5 v2.0\)](#) (to be re-drafted by the PAC in due course)

### 3 Why Change?

The electricity performance assurance regime in the Balancing and Settlement Code (BSC) costs approximately £3m to provide the regime.<sup>1</sup> This modification does not advocate this level of expenditure nor the more prescriptive style of this regime, but it does advocate that the Code supports some additional investment to deliver a 'harder-hitting' assurance that parties anecdotally indicate they require and which are expected will deliver better returns and competitive efficiencies from improved performance, less settlement uncertainty and likely attendant improvements in customer service.

The existing Performance Assurance Reports do not provide context and the potential impact of performance behaviours on settlement accuracy. The PAC has an annual budget of £50k for reports from the CDSP (Central Data Services Provider). To put this in context – the PAC explored amending one of the existing PARR reports and the CDSP indicated that one option for doing so would use £45k of the annual budget (Ref: [PAC minutes 20 November 2018 ROM](#)). Such a budget limitation can constrain the PAC's ability to identify, assess and bring to account poor behaviour.

Since the implementation of Project Nexus on 01 June 2017, a number of issues have impacted settlement allocations. These and the length of time issues have been endured have had a direct effect on the financial and commercial health of market participants and ultimately customers. The absence of a stronger PAF, is likely to have prolonged settlement distortion and therefore, in part, high and volatile UIG.

To date performance remedies are limited to PAC instructing the CDSP or PAFA to engage with the failing participant proactively and asking the PAFA to write a formal letter requesting the issue be resolved.

This is having limited effect in some instances but is simply ignored in others.

Three examples were cited in the Modification as instances that would have benefited from a more robust performance assurance regime:

- There have been significant issues with the reconciliation of mandatory DM (daily metered) sites since the implementation of Nexus in June 2017. As at November 2018, there were still 32 sites that have not had a retrospective consumption adjustment since June 2017. Actions taken to remedy this situation have included direct engagement by the CDSP (Xoserve) and a letter from Ofgem to involved parties. It took nearly a year to resolve the root causes for 177 DM meters.
- Product Class 3 read performance, despite Xoserve's engagement with the involved Shippers, is still well below the performance target.
- All shippers have access to shipper information packs and dashboards that highlight performance in many other areas. Where processes are failing and the shipper has the management information indicating that, there are no consequences of Shippers failing to act on these reports and no controls that PAC can employ to support Shippers in improving their performance.

Further, more contemporary, examples are listed below:

- Since the inception of UNC0674 the work of PAC has highlighted that this current informal approach to PAF has had some limited success improving read performance for a handful of the worst performing

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<sup>1</sup> [Annual BSC Report 2017/18](#) (see page 42)

shippers. However the Code standards are still not being met by many shippers and by a considerable margin.

- Additional risks to settlement accuracy have been identified in all Product Classes and with varying materiality (e.g. AQ correction, Correction Factors, meter asset data, no meter, meter by-pass valves, consumption adjustments, LDZ error, no reads up to 4 years)
- It is increasingly clear that there are many process failures that cause settlement error and therefore UIG (positive or negative). These same issues cause settlement uncertainty as well as inefficiency.

Ofgem, the PAC and the industry have discussed the benefits of incentives to improve settlement accuracy and reduce risk. For example, in the level of reads accepted into settlement.

Ofgem has on a number of occasions advised that they want to see improvements to the performance assurance scheme developed in the gas market – including in their determination on Modifications 0473/A and 0506V.

Additionally, Ofgem, in their decision letters on Modifications 0619/A/B, requested that industry parties increase “the frequency and quality of meter read data being submitted to the Central Data Services Provider” and in their decision letter on Urgent Modifications 0642/0642A/0643 they requested that “To the extent that Xoserve depends on data provided by third parties, including the provision of frequent and accurate meter readings, it is expect to work with those parties and the PAC to ensure that these requirements are identified and being met.” Improved read performance was also a recommendation of CMA. There is currently no effective mechanism for meeting these challenges, aside from relying on Shippers best intentions, which is not currently delivering adequate read performance or settlement certainty.

Despite introducing a risk-based PAF, the PAF is currently limited to monitoring performance reports and writing letters to the Market Participants displaying poor performance.

The UNC obligations provide no consequences for failing to meet obligations or target measures where they exist and no incentives to meet them. There is no mechanism to hold to account the performance of failing parties; and target measures provide no indication of how they might impact settlement quality nor is there evidence that impact on settlement is considered in making decisions to modify UNC obligations.

## 4 Code Specific Matters

### Reference Documents

Relevant UNC Sections and UNC Related Documents:

- [UNC TPD Section V](#)
- [UNC General Terms Section B](#)
- [UNC Modification Rules, \(MR\), \(Section 6.1.1\)](#)
- Performance Assurance Framework Document v2.0

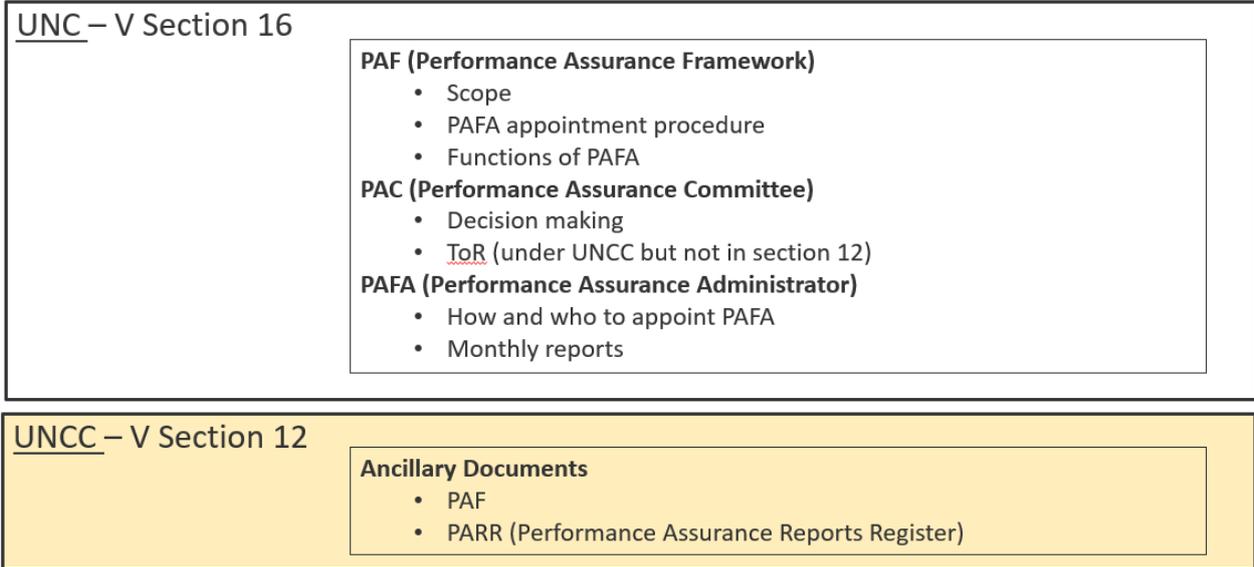
### Knowledge/Skills

Knowledge of settlement risk or other performance regimes would be an advantage.

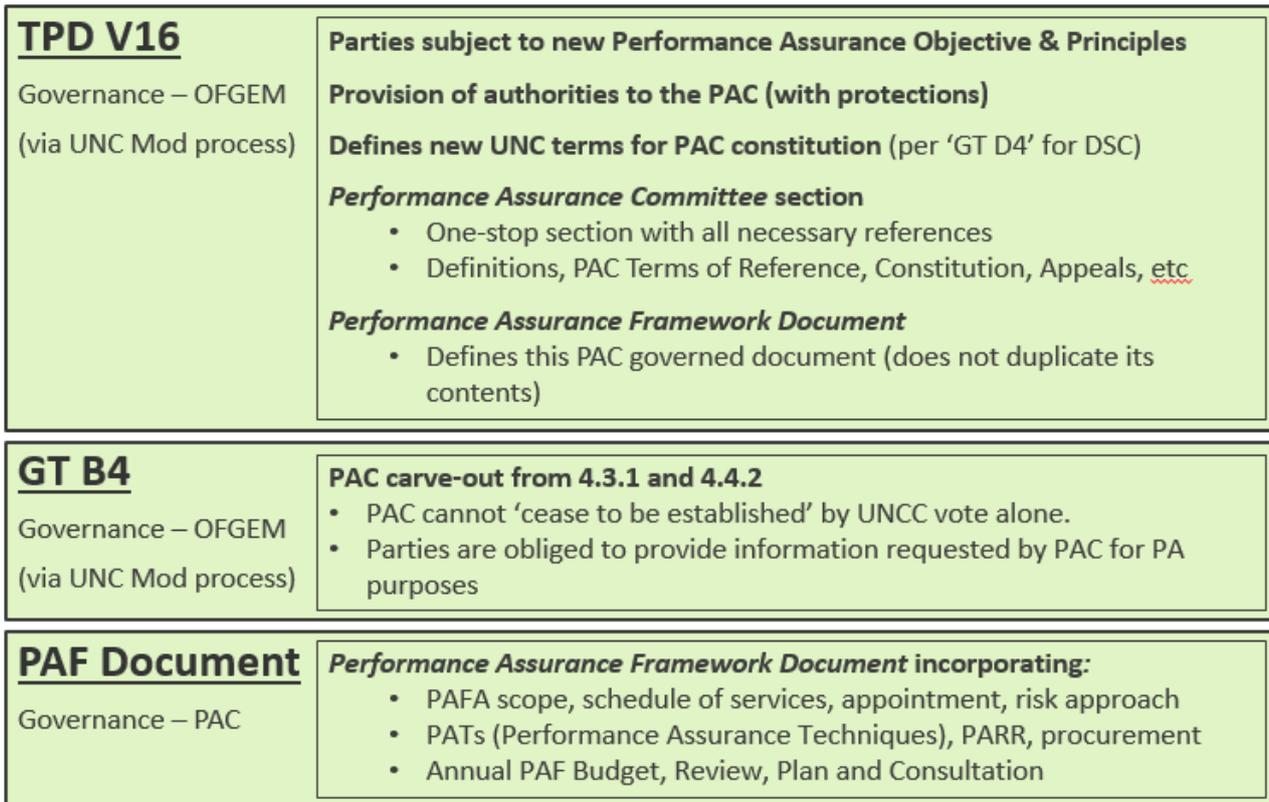
## 5 Solution

The current Performance Assurance regime is represented diagrammatically below:

### As Is



The modification will move Performance Assurance to a new regime represented diagrammatically here:



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In summary the solution is to oblige UNC Parties (transporters, shippers) and CDSP (via DSC 3.5) to comply with an objective of equitable settlement and to cooperate with other Parties to further this objective.

It will also give PAC some additional authority to identify those areas of performance (whether in Code or not) which impact the objective, to require UNC Parties to improve in those areas and to impose sanctions where

10 performance is below the required level, and to engage in discussion with relevant non-Parties where it is reasonably considered that they are impacting the objective. It will also require Proposer of a modification which adds or changes UNC performance standards or might impact a Party's performance against such standards to specify an appropriate monitoring report. The CDSP will be required to provide a ROM (rough order of magnitude) for workgroup consideration.

15 The requirements below will be incorporated into the UNC.

(Associated changes will be made to the Performance Assurance Framework documents).

1) Introduce a new objective to the UNC, the Performance Assurance Objective (PAO)

The Performance Assurance Objective is :

a. To ensure in relation to a Day accurate and timely Settlement for the Day.

20 2) Introduce a new overarching principle to the UNC.

a. The Modification Panel, UNCC, sub-committees and Parties must always ensure that acts (or omissions) contribute to, and do not prejudice, the achievement of the Performance Assurance Objective even when such acts or omissions are not explicitly proscribed under UNC.

25 b. The acts or omissions of any other Party (such as another shipper, supplier or their agent) do not absolve any other Party of their obligations under the UNC.

c. Parties acknowledge that reports provided by PAFA or PAC shall constitute evidence of a Party's performance with regard to UNC compliance, and shall be accepted as such unless evidenced to the contrary.

30 d. Parties will use these reports to self-monitor performance.

e. Parties will also respond to PAFA/PAC enquiries with the requested information, timeously and in accordance with such process as may be specified in PAF Document from time to time.

3) Introduce a new overarching principle to the UNC of collective co-operation towards the specified objective.

35 a. All UNC Parties acknowledge that each is dependent on the others for the achievement of the PAO and will cooperate wherever is necessary (whether explicitly required in UNC or not) to achieve the PAO.

4) Responsibility for updating the PAF Document to PAC (and upon notice to Parties and publication of the revised document).

40 5) Define the PAC in V16, as an autonomous UNC sub-Committee following the principle used in General Terms D4 for DSC sub-Committees. PAC and PAFD will no longer be governed under Section V12 of UNC.

To facilitate comparison the following terms to be incorporated into V16 are shown under each main heading of General Terms Section D 4.1 – 4.5 (mutual mutandis).

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**PAC COMMITTEE**

**a) Establishment and functions of the Performance Assurance Committee**

In connection with the requirement to operate the UNC Performance Assurance Regime the following Network Code Sub-committee is established:

50 **The Performance Assurance Committee (PAC)**

The Performance Assurance Committee shall perform the functions and have the powers and duties provided in this section UNC V16, and the Performance Assurance Framework Document

The Performance Assurance Committee shall have control of the following documents:

- 55
- Document 1: Performance Assurance Reports Register (PARR)
  - Document 2: The Risk Register
  - Document 3: PAC letters of confirmation and company agreement
  - Document 4: PAFA scope
  - Document 5: PAF Document

60 A PAC Committee 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; and references to a PAC Committee include any such sub-committee.

65 The PAC Committee is autonomous, and the UNC Committee has no power to overrule a decision of the PAC or its sub-committees or reduce or qualify the scope of its functions, powers.

No decision of the PAC shall be made or (if made) shall be effective if the decision would cause a party to be or act in breach of the UNC.

**b. Constitution of the PAC**

70 The PAC shall comprise representatives (“Committee Representatives”) of each Customer Class as follows:

- (a) 9 individuals appointed as representatives of Shipper Users (“Shipper User Representatives”); and
- (b) 3 individuals appointed as representatives of Transporters and IGTs, of which:
  - (i) 2 shall be appointed by DN Operators (“DNO Representatives”); and
  - 75 (ii) 1 shall be appointed by IGTs (“IGT Representatives”).

For the avoidance of doubt NTS shall not have membership rights

For PAC to fulfil its role under the PAF, its Shipper members shall be appointed using the guidelines as defined in the UNC governed document:

80 [Uniform Network Code Panel, Uniform Network code committee \(UNCC\), Sub-Committees and Data Services Contract \(DSC\) Committees - Guidelines for the User Representative Appointment Process](#)

For PAC to fulfil its role under the PAF, its membership must behave in a manner that is consistent with the principles of the PAF and the duties of the PAC.

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PAC Members are representatives in their own right and do not represent the company by which they are employed.

All PAC Members and their alternates will be required to sign the following documents to assure that the Member will be attending and voting at the PAC in the interests of the GB gas industry and not representing any commercial interest or commercial body or interest group:

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- Letter of Confirmation, which includes:
  - Member impartiality,
  - Non-Disclosure Agreement,
  - Declaration of interest.
- Letter of agreement from Company Employing a committee member.
- And if applicable, Letter of Agreement from company nominating a committee member.

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The documents listed above are controlled by the PAC and can be found in the PAC Framework Document.

**c. Committee members and alternates**

A list of all PAC Members and standing alternates is published on the Joint Office website.

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Alternates need not necessarily come from the same company as the PAC Member. It will be for the PAC Member to consider the suitability of their alternate, in respect of experience and understanding of the issues that the PAC will deal with. For the avoidance of doubt a PAC Member can act as Alternate for another PAC Member

A single alternate may not represent more than one (1) other PAC Member.

**d. Voting Arrangements**

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This Modification does not seek to make any changes to the extant voting arrangements for PAC as agreed by UNCC. The latest position on which is that UNC0732 has been approved and effective from 14 September 2020. TPD V16.2.1 has been footnoted as follows:

- Implementation of Modification 0732FT<sup>2</sup> effective 05:00hrs on 14/09/2020 will amend paragraph 16.2.1.

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UNC0674 will be updated to reflect the legal text arising from UNC0732 for PAC voting majority.

**e. Proceedings of PAC Committee meetings**

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The meeting will be quorate where there are at least four Shipper User PAC Members and two Transporters (DNO and/or IGT) PAC Members present with a minimum of six PAC Members in attendance. For the avoidance of doubt Alternates do not count towards quoracy (as per Mod Panel)

The Code Administration Code of Practice shall apply to the conduct of the meetings.

Information to be used within meetings will be provided to PAC Members, the Joint Office and the Ofgem representative via a secure web portal. Such information shall not be downloaded.

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<sup>2</sup> [Modification 0732FT - Performance Assurance Committee voting arrangements](#)

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PAC members, the Joint Office and Ofgem shall treat all information as confidential unless it is clearly marked otherwise.

The default is PAC meetings are 'closed' to non-Members. PAC Members can agree to hold 'open' meetings.

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With agreement of the Chairperson, and for example for the purposes of but no limited to developing the PAC arrangements or carrying out investigations into performance, PAC Members can invite 3rd parties and non-members to the meeting.

The CDSP may be required to attend (by one or more representatives) meetings of the PAC.

OFGEM shall have the right for up to 3 representatives to attend as observers.

## 6 Appeal

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a. To enable it to deliver upon its purpose of identifying and mitigating gas Settlement inaccuracy, the UNC gives PAC the power to apply Performance Assurance Techniques (PATs) specified in the PAFD to various industry roles.

b. The parties to whom the PATs are applied (the subject of a PAT) can be materially affected, financially, operationally or reputationally, by their application.

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c. The party subject to a PAT may believe that the accuracy of the information underpinning PAC's use of a PAT is materially and demonstrably incorrect. It may also believe that the procedure surrounding use of the PAT, as set out in the PAT technical document, has demonstrably not been followed, resulting in a material impact on them.

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d. Where PAC determines that a party is to be referred to OFGEM the subject of the PAT is entitled to appeal the PAC's decision, initially to the PAC and potentially to UNCC. The decision of the PAC, having considered any new information that might arise from any subsequent UNCC appeal, is final.

e. The criteria for a valid appeal, is as follows:

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i. The inaccuracy of fact or irregularity of procedure can be demonstrated.

ii. A material inaccuracy of fact or irregularity of procedure has occurred, such that the outcome would be different if the correct information or procedure were used instead.

iii. The appeal must be raised with the PAC within 1 month of the relevant PAC decision.

f. Procedure;

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a) The gas PAFA will assess any appeal in respect of whether the criteria for the appeal has been met, before presenting the appeal to PAC at the next practicable opportunity.

b) The PAFA's initial views on the validity of the appeal and the appropriate rectification will be presented to the PAC alongside the appellant's representations.

c) PAC's original reasons for applying the PAT will form part of the material PAFA reviews and provides to PAC to aid its decision on the appeal.

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d) During the period between an appeal being raised and the PAC hearing the appeal, any obligations on the appellant, PAC and PAFA pursuant to a PAT which is wholly or partly the subject of the appeal will be suspended. The PAC's decision on the appeal will include guidance for resumption or termination of timescales for action under any of the PATs at issue.

- 160 e) The PAC will treat the matter as confidential. All meetings to hear the appeal will be closed and the meeting and the material presented for consideration during an appeal will not be published.
- f) The appellant may be invited to present their case and their supporting evidence. Notice of the meeting will be not less than 14 Business Days.
- 165 g) The PAC will determine the extent to which it accepts the appeal. This could be wholly, partially or not accepted. The PAC may recommend or provide guidance on how or whether the application of the original PAC decision resumes or continues.

**g. Appeal Decision**

- 170 a) Any communications from PAC, PAFA or JO in regard to the Appeal shall be directed to the Performance Assurance Party's, (PAP), Company Secretary (and cc'd to the PA Representative)
- b) The PAC will respond in writing to the appellant within 10 Business Days of making their decision with the reasons for its decision.
- 175 c) Where, following the decision of the Performance Assurance Committee in respect of an appeal, the Appellant Party considers that the grounds of appeal in paragraph continue to be met the Appellant Party may, within five (5) Business Days after the publication of the Performance Assurance Committee's appeal decision, appeal to the UNC Committee, by notice given to the PAC Secretary setting out the basis on which it considers the grounds of appeal are met.
- 180 d) The UNCC will advise PAC of its observations and/or recommendations for PAC consideration.
- e) PAC will then either amend or uphold its original decision, justifying any departure from UNCC's view and notifying the PAP within 15 Business Days. UNCC cannot however overturn or amend PAC's decision.

185 **Although UNCC cannot override a PAC decision, this process creates 'administrative tension' which incentivises PAC to ensure that its determinations are robust, proportionate, and fair, in order to avoid UNCC casting an alternative view of the appeal.**

7) Section V16 will include amongst other things the following:

- 190 i. The UNC Performance Assurance Objective and other terms pertaining to PAC
- ii. the composition of the Performance Assurance Committee membership, (as per the present Terms of Reference v2.2);
- 195 iii. the basis on which Performance Assurance Committee members are to be appointed and from time to time removed and/or replaced. This to include that each User and its Affiliates holding more than one Gas Transporters Licence may submit up to one nomination for the purposes of the appointment process.
- iv. the basis on which a person (not being a committee member) will be appointed to chair each meeting of the Performance Assurance Committee; to include a PAC-appointed PAFA employee if necessary.

- 200 v. the basis on which a person (not being a committee member) will be appointed as secretary to the Performance Assurance Committee; to include a PAC-appointed PAFA employee if necessary.
- vi. the basis on which decisions of the Performance Assurance Committee may be appealed to the Authority, (see section 6 above).
- 205 vii. Definition of the Performance Assurance Framework Document and its purpose and governance, (removing it from V12 and moving it to a PAC-governed document).
- viii. UNCC will have no power to overrule a decision of the PAC or its sub-committees, or to reduce or to qualify the scope of PAC's functions, powers and duties (per GT D4 treatment for DSC).
- ix. No decision of PAC shall be made if the decision would cause a party to breach UNC.
- 210 x. Specify PAC controlled documents as being Performance Assurance Reports Register (PARR), The Risk Register, PAC letters of confirmation and company agreement, PAFA scope, PAFD.
- xi. Definition of the Performance Assurance Party being a party who will be subject to Performance Assurance Objective (either a Party to UNC, CDSP or any other party whose performance or non-performance of activities governed directly or indirectly under UNC) and whose acts or omissions could impact another PAP's contribution to the Performance Assurance Objective.
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8) Give PAC authority in the UNC, with relevant protections noted below, to include:

- 220 a) To determine the performance and applicable assurance monitoring and incentive tools to be applied to a Party, consistent with those defined in the PAFD, as amended by PAC from time to time.
- b) PAC will be added to "UNC – Modification Rules 6.1.1" as a Proposer to raise performance-related modifications. This has the benefit that the proposal is non-partisan, and in the interests of the industry not in the interests of a single UNC Party proposing a modification. In particular if PAC considered that a modification was in the interests of industry performance assurance it might be difficult to get an individual shipper to act as proposer. Controls over this power will be that the proposal is;
  - 225 i. subject to agreement by a majority of PAC members, and
  - 230 ii. restricted to changes reasonably considered to impact on the achievement of the Performance Assurance Objective (for example where rules on process or performance are proven to be unnecessary / ineffective).
  - iii. Subject to the same process as for any other modification through UNC Mod Panel.

235 Such mods could be drafted by (but not limited to) CDSP (include this as a Direct Function) or PAFA (include as per PAFD Scope of PAFA). (This will make industry change more agile, for example UNC Modifications 721 & 722 could have been raised by PAC and drafted by Xoserve or PAFA immediately following the 24 March 2020 PAC meeting when the prospect of overstated allocation was first raised) This also codifies a practice that has developed over the last couple of years in which certain  
240 modifications have been developed with contributions from, or raised on behalf of, PAC such as UNC 0664 and UNC 0674.

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- c) PAC will define those areas of a Party's or of Parties' performance which impact the PA Objective. PAC will set the tolerance threshold and determine those levels at which Performance Assurance Techniques will apply. PAC will require UNC Parties to improve in those areas and will have powers to impose sanctions where performance is below the required level, provided the thresholds, areas and sanctions/techniques are consistent with what is defined from time to time in the PAFD.
- 250
- d) Require parties to respond to and meet PAC requests reasonably made in the context of performance matters and in pursuit of the Performance Assurance Objective. This requires a carve-out under GT B4.4.2.
- e) Deploy Performance Assurance Techniques (PATs) described in the PAFD as they deem appropriate, including applying derogations where reasonable and appropriate (for example where performance is impacted by pandemic, events of force majeure or industry developments).
- 255
- f) Parties acknowledge that:
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- i. such techniques could include publishing on the Joint Office website the company names and performance (only) of Parties to allow peer comparison. Such information will be limited to the performance measures outlined in PAFD from time to time. In so doing, PAC will not divulge any information on the Parties' specific commercial or operational arrangements, the reasons for the level of performance or any details of the improvement plans.
- 265
- ii. PAC and/or PAFA and/or CDSP will engage with the PAP in a manner reasonably intended to support and encourage improved performance, This could require the PAP to describe, under confidentiality terms, its operational processes and commercial arrangements, with the sole objective of identifying where changes might be proposed that could improve achievement of the PAO.
- 270
- g) The Proposer of a modification will be required to seek a ROM from Xoserve for workgroup consideration of the impact of their modification proposal where such proposal:
- i. adds or changes UNC performance standards or
- ii. impacts a Party's performance against such standards to specify an appropriate monitoring report.
- 275
- h) Definition of the Performance Assurance Framework Document and its purpose and governance, (including PAC authority to make changes to the document));
- 280
- i) Remove the UNC requirements for UNC approval of changes to PARR (remove PARR from UNC Related Documents and UNCC governance, delete V12.1(h) and V16.5.2). PARR becomes an Annex to PAFD subject to PAC Governance. The principle here is to remove unnecessary barriers to data access for PAC which reduce the effectiveness of performance assurance;
- j) Request reports or data that it deems required to understand performance issues, causes and materiality of impact on the Performance Assurance Objective.
- PAC will advise UNCC of any changes to data access rights.
- k) Remove references to PARR Schedule 1 which is now obsolete.

- 285 l) Clarify that both PAC and PAFA may see all data requested un-anonymised, so including shipper names; this is not limited to PARR 'B' schedules as Xoserve interprets V16.5.3. PAC members have signed confidentiality provisions and acknowledged that they are acting on behalf of GB Gas industry. PAFA are bound by confidentiality terms in their agreement with CDSP. There should be no reason to bar
- 290 PAC from access to information that it reasonably requires for performance assurance;
- m) Such un-anonymised data or information to include anything that PAC reasonably requests in pursuit of their duties under UNC and at least but not limited to:
- i. all data identified in DPM.
  - ii. all data available in DDP.
  - 295 iii. all such other data items or information held by CDSP.
  - iv. anything else that CDSP can reasonably obtain subject to DSC approval.
- n) 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.
- 300 o) PAC may submit DSC Change Proposals which may include internal and/or external costs. Such requests are:
- i. limited to investigations and analysis of settlement, performance of PAPs and related matters reasonably considered to impact on the achievement of the Performance Assurance Objective (for example where rules on process or performance are proven to be unnecessary / ineffective), and
  - 305 ii. subject to agreement by a majority of PAC members, and
  - iii. Subject to the same process as for any other proposals through DSC Change Management.
- 310 p) Requesting the remedy of performance issues, even where there is no explicit prescriptive performance standard specified in the code, where that performance issue is limiting or preventing the achievement of the Performance Assurance Objective (PAO)
- 9) PAF Protections
- 315 a) All shippers shall be required to nominate a person, (and appropriate delegate), in their organisation to act in capacity as First Point of Contact in relation to all PAC correspondence (the "PA Representative"), such person to have appropriate seniority with suitable knowledge and authority so as to understand and instruct action to be taken in regard to such communication, including attending PAC if required and providing suitably informed escalation contacts up to director level should PAC require it.
  - 320 b) PAC, PAFA, JO and CDSP personnel and any other party attending closed PAC meetings may not reveal the workings or the decision-making process in reaching any decisions, save when required by law or due to an appeal from any affected party.
  - 325 c) PAC, PAFA, JO and CDSP personnel and any other party attending closed PAC meeting are required to sign and adhere to undying non-disclosure agreements and

any confidential material downloaded must be deleted when no longer required and when ceasing to attend the PAC (for whatever reason), whichever is sooner.

- 330
- d) Using an approach similar to Section X for EBCC (which **avoids the need for each and every Party to provide separate indemnities**), Members (being persons) of PAC, PAFA and CDSP connected with a performance assurance decision should be protected from any litigation connected with the operation of the performance assurance regime.
- e) Performance Assurance Techniques shall be limited to those specified in the PAFD and as amended from time to time in accordance with 9. g) below.
- 335
- f) PAC shall be prohibited from levying direct costs on PAPs (i.e. directly invoicing PAPs for charges of any kind) unless and until and only if such are specified in a modification approved for implementation by the Authority.
- g) For the avoidance of doubt this does not preclude PAC from using PATs which involve the PAP incurring costs or resourcing activity that might reasonably be required to comply with PATs and with the Party's obligations under UNC.
- 340
- h) PAC will conduct an **Annual PAF Review** by industry consultation, following which PAC will publish an **Annual PAF Delivery Plan and update the PAFD** by 1 month prior to the new Gas Year.
- 345
- i. The process for this is outlined in the PAFD. It is intended to determine how effective the PAF has been, what changes are required (e.g. to the PAFD, to Code, to PAFA, etc) and what performance management actions will be taken during the upcoming year.
- ii. The consultation will commence 3 months before the start of the Gas Year.
- iii. Following the consultation PAC will determine The PAF Delivery Plan and revise the PAFD.
- 350
- iv. Both will be published simultaneously 1 month before the start of the Gas Year.
- 10) PAC will be an elected and impartial committee with appropriate expertise to make assessments and judgements using the tools and evidence provided to inform actions in pursuit of the Performance Assurance Objective.
- 355
- Individuals with an interest in any matter being discussed will declare it; PAFA will advise PAC if it becomes aware of potential conflict of interest. PAC members will apply their expertise without discrimination, as representatives in their own right and vote at the PAC in the interests of the GB gas industry and not representing any commercial interest or commercial body or interest group or the company by which they are employed.
- 360
- 11) Where PAC requests an interview with a party, the party is required to attend and send an individual(s) with the required expertise and authority.
- 12) PAC is a UNC sub-committee, established under TPD V16 and cannot be amended without Authority approval; and it cannot under GT B4.3.1 'cease to be established' by UNCC.
- 365

## 6 Impacts & Other Considerations

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None identified.

### Consumer Impacts

No direct impacts identified, although as referenced in Section 2(iii), the intention of the modification is that there should be general raising of performance standards which could improve some customer service levels (e.g. one key focus of the Performance Assurance Framework is greater performance in terms of providing meter reads into settlement. The view was expressed that the greater the number of meter reads being provided for settlement purposes, the greater the number of actual meter reads that would be included on consumer invoices, and therefore, consumers should see a reduction in estimated reads. It was noted that some reads might be used in billing and not used in settlement due to processing issues.

There was some discussion in the Workgroup regarding the documentation of Consumer Impacts in the revised, CACoP-developed Modification Template and the group was asked to consider this approach.

For reference the key headings are set out below and the Workgroup considered the topics, summarised below:

- Improved safety and reliability; The Workgroup could see no clear connection between implementation and this aspect.
- Lower bills than would otherwise be the case; The Workgroup considered this point and concluded that due to competing forces in terms of costs versus performance, it was unable to conclude a definitive effect on customer invoices bills but the Workgroup did agree that accuracy should be improved.
- Reduced environmental damage; The Workgroup could see no clear connection between implementation and this aspect.
- Improved quality of service; It was acknowledged that there should be improvements in this area, (see above)
- Benefits for society as a whole: The Workgroup could see no clear connection between implementation and this aspect.

### Cross Code Impacts

The Proposer intends that the arrangements outlined herein should apply to IGT sites and for that reason will pursue the appropriate IGT UNC changes, and accordingly, IGT138, has been raised and is in development.

While discussing the cross code-impacts, Workgroup was advised of a technical point relating to cross-code governance. The IGT UNC equivalent modification, IGT 138, points across to the UNC drafting in its entirety and this would include the Appeals process under the UNC. The rationale for this is that all IGT UNC parties (IGTs and shippers) are also parties to the UNC, all data in Performance Assurance Reports is blended data relating to UNC and IGT UNC sites and issues, poor performance relating to any sites would impact settlement accuracy and that all impacts on settlement accuracy would be of interest to the PAC and the UNCC in the appeals process.

It was identified that, there could be an instance, where a continuing performance issue, relating to a shipper shipping solely to IGT meter points, could be referred to the Authority and that that referral could be appealed. In this case, the appeal would be heard by the UNCC. It noted that it would be highly unlikely that a performance issue could be ring-fenced to IGT UNC jurisdiction so distinctly. as all IGT-located issues would also impact UNC settlement, (which would be a matter for the UNCC). It was also noted that an IGT representative sits on the PAC and the UNCC. The upshot was that in the highly unlikely circumstances such a matter arose, given the composition of the UNCC, it should be capable of dealing with a referral.

## EU Code Impacts

None identified.

## Central Systems Impacts

The CDSP has confirmed that a ROM has not been requested for this Modification for the following reasons:

- There are no changes to reports as a result of the Modification: governance of the PARR (Performance Assurance Report Registers) moves under the PAC but this Modification is not proposing any new reports: new PARR reports would follow existing industry governance.
- References to the CDSP's Customer Relationship Managers (currently known as the Customer Advocate Managers – CAMs) describe an existing DSC service line which is already funded by industry parties, and there are no material changes to that service line as a result of this Modification.
- Many of the Performance Assurance Techniques (PATs) which the Modification describes are being applied informally by the PAFA anyway, so there should be little impact to ongoing costs of the PAFA service.
- New PATs which might require CDSP engagement (e.g. Training or Audits) would be chargeable to the Performance Assurance Party to which they were applied.

## Workgroup Notes & Comments

### **Workgroup Note #1: PAC's statement of support for Modification 0674 and PAFD.**

At the PAC meeting on 14 September 2020, the Committee were asked to consider the progress made by the Workgroup and provide a degree of pre-approval of the proposed changes, in order to provide consultation respondents with a degree of assurance that it would be comfortable adopting the new governance and operating framework.

As part of the discussion at PAC it was noted that:

- A number of PAC members have attended Workgroup 0674 and have contributed towards the development of the Modification and the PAFD,
- The PAFD should not be amended directly as a result of Committee discussion and any comments should be fed back into Workgroup 0674, where further development of the documentation could take place,
- While it was not normal for committees to pre-approve development documentation, this could be viewed as a special case, given that the Committee would have to adopt the new operational provisions relatively quickly, should the modification be implemented. As such the Committee unanimously agreed to provide a statement of support for the intention Modification.

While the documentation was not the subject of a formal approval vote, the Committee did formally endorse the following statement, (the statement):

*PAC Members support the intention of Modification 0674 and have been active in supporting the Workgroup Assessment of the Modification since it was raised. This includes the documents created and modified as part of the Modification, for example the Performance Assurance Framework Document v4.3.*

The expression of support for the statement was conducted as a vote and provided an affirmative result, given a majority of members in both constituencies expressed support, which under the Terms of Reference for Committee constitutes approval. As such, it is hoped that the Workgroup can take this vote as reassurance that the PAC would be comfortable in adopting the output from this Modification as their new working practices. For reference, the minutes of the PAC meeting<sup>3</sup> can be found at the above link. In summary, of the 9 members that formed the quorate meeting, seven voted in favour, one abstained and one was excluded from the vote due to temporary absence.

In order to acknowledge that a number of changes have been made to the Modification and PAFD since the September meeting a further endorsement of the statement from the PAC was sought after the Workgroup in March. This was undertaken via email and at the April meeting of PAC.

#### **Addendum: 13 April 2021 PAC Meeting Note.**

Further to the exercise undertaken in September, Committee Members were again requested to express a level of support for a statement that would serve to endorse the work of Workgroup 674 during the forthcoming consultation.

The statement that members were requested to support read:

- PAC Members support Modification UNC0674 v15 and the revised Performance Assurance Framework Document v4.5 (created as part of the Modification).
- PAC has been kept up-to-date on developments during the modification process and noting that some members have actively contributed to the Workgroup development since it was raised.
- PAC are aware that they would be operating under the proposed arrangements and framework.

This statement was supported by 5 members of the Committee.

Following some discussion regarding the wording, and drawing on the positive endorsement received September, an amended version of first element of the statement was drafted, which read: "PAC Members support **the intent of** Modification UNC 0674 .....". Subsequently, this statement was supported by the remaining 4 members of the Committee.

For clarity, when members were asked if they could support at least one version of the statement, all 9 members present confirmed that they could.

#### **Workgroup Note #2: UNCC Appeal Referrals**

At the July 2020 Workgroup, given that the 'Referral to Ofgem Appeal' is a process new to the PAC arrangements, it was decided to refer the matter to the UNCC for their consideration, as it is proposed that it would have a defined role in governance process (V16.8.6 to V16.8.9). The matter was discussed at the August meeting of the UNCC and the UNCC were subsequently provided with the relevant parts of the proposed legal text and draft PAFD.

At the August 2020 Workgroup, two UNCC members present requested further detail regarding the role of UNCC in the appeal process. Once the process was explained in more detail, such that it was made clear that the UNCC would be reviewing PAC's application of the process and procedural thoroughness, and that the UNCC would not be required to become experts in data analysis, concerns were to a large extent allayed.

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<sup>3</sup> [PAC Minutes: 14 September 2020](#)

### **Workgroup Note #3: Workgroup's views on re-drafting of Document 5**

At the Workgroup Meeting on 24 September 2020, it was noted that the PAC Letter of Confirmation, (Document 5), would need to be reviewed and revised, should the Modification be implemented. It was agreed that, given the document is only required for mid-year new starters, and the time of committee elections, the Workgroup view was that the document should be redrafted post implementation, although no later than the commencement of Gas Year 2021/22).

### **Workgroup Note #4: Ability to Raise Modifications**

As set out in the Section 5 (Solution: Business Rule 8b, Line 222), the vires for the PAC, as a collective, to raise Performance Assurance Objective-related Modifications is included in the Modification. The view of the Workgroup is that this would be a positive move as it would demonstrate to industry participants in the development and consultation phases of the governance process that, from the outset, a proposal had broad support from the custodians of the assurance framework.

It should also signal that a proposal raised in such a way is non-partisan, that is to say it serves the interests of the industry, not the narrow interests of a single UNC Party proposer.

Also, given the nature of some performance improvement measures, it was viewed as potentially unfair that an individual shipper should bear solely the responsibility for raising and developing a proposal throughout the governance process.

There was some discussion at the Workgroup over potential disadvantages of allowing Mods to be raised by committee, such as being able to accommodate a potential spectrum of views and being able to ensure that activities normally undertaken by the proposer during the Modification process, such as presenting to the Panel, could be allocated. The view was that for certain key tasks, an individual would need to take the lead, but that would not undermine the essence of a PAC-endorsed Modification being a collective proposal.

Given the relative significance of the pros and cons, on balance the view was that permitting PAC-endorsed Modifications would be beneficial, although at the final meeting due to the of the Workgroup two participants expressed a degree of concern in relation to the ability to raise modifications, largely due to the PAC's proposed high level of autonomy and the nature of qualifying proposals as they would be drafted in the context of having to better facilitate the achievement of the Performance Assurance Objective. During the discussion it was noted that PAC could only raise a Modification where the majority of both Shipper and Transporter members of the PAC approved, and that any proposal so raised would still be fully bound by the Modification Rules under UNC Mod Panel governance.

A Workgroup member also noted that this was consistent with Retail Energy Code, (REC) Performance Assurance Board who will have the ability to raise a REC Modification.

## 7 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

d) It is believed that these proposals will reduce settlement costs by reducing volume uncertainty at nomination and allocation, thereby reducing the likelihood of Shippers building in risk premiums into budgets and customer contracts. It should also level the playing field between shippers in the costs of meeting UNC obligations and ensure that one party's commercial decisions do not adversely impact other parties. Together these will improve competition between Shippers (and potentially Suppliers) and reduce a potential barrier to entry for new Shippers. The Workgroup noted that the absolute benefit would be difficult to quantify. The Proposer also noted that the Modification provides PAC with the powers to increase settlement accuracy through compliance and performance improvements at no up-front system or process costs.

f) The current PAF is having limited effect and therefore the value from associated expenditure is sub-optimal. It is believed that these proposals will improve the effectiveness of PAF and therefore promote more efficient implementation and administration of the Code.

In terms of the second objective, at the March Workgroup a counter-point was made that, given the lack of oversight, the PAC may make sub-optimal operational decisions, which could result in less efficient operation of the Code. However the Proposer believes that for any Committee of industry-elected members, legitimate decisions are made in accordance with the ToR that best meet its objectives and that this is not generally subjected at every step to ratification by another committee.

## 8 Implementation

At the March meeting of the Workgroup, to align provide an implementation window to the new arrangements, it is proposed that the implementation should be no less than 3 months after an Authority decision,

It was suggested, if the proposal were directed on 01 July 2021, an implementation of 01 October 2021 would be feasible, and similarly, a direction by 01 August 2021 would facilitate a 01 November 2021 implementation date. Should those direction dates not be realised, there would generally be a circa 3-month interval between a decision and effective implementation.

It was also noted that this would need to align with the IGT UNC implementation date.

There was some discussion regarding transition from one regime to another, with some support for an arrangement that allowed an existing remedial action plan to continue under the new framework rather than restarting a plan by applying a new PAT. After implementation, new performance failures would be addressed using the PATs set-out in the PAFD and not less than 6 weeks after implementation.

It was previously noted that implementation would benefit from a statement on transition and the March WG were advised that this was in PAFD at Section 20.12. The Proposer noted that this included proposals for an industry awareness exercise to be carried out before any new PATs were applied.

## 9 Legal Text and Supporting Documentation

### Text Commentary

[Link to Text Commentary](#) – drafted to reference v15.0 of the Modification.

### Text

[Link to Legal Text v12.0](#) – drafted to reference v15.0 of the Modification.

Supporting Documentation:

- [Link to Performance Assurance Framework Document v4.5, \(which now includes the PARR\)](#)

Having reviewed the legal text a number of times, in line with the incremental development of the proposal, at the meeting on 24 March 2021, the Workgroup made no final comments or requests to amend version 12 of the legal text or version 4.5 of the PAFD.

## 10 Recommendations

### Workgroup's Recommendation to Panel

The Workgroup asks Panel:

- to agree that this Modification should be proceed to consultation,
- to review the comments in the Section 8 (Implementation), and consider a question in the consultation requesting views on transitional arrangements, and
- to consider the view of the Workgroup that an extended consultation period may be in order.

## 11 Legal Text Navigator

This modification represents a significant change to the authority, powers, and governance of the PAC.

In order to assess and comment on this wide-ranging Modification, 5 thematic areas have been formed to the group the proposed changes into assessable sections. The 5 themes are described below:

1. The introduction of a Performance Assurance Objective against which all relevant Party's actions, in relation to settlement, would be assessed.
2. The Codification of the PAC Terms of Reference<sup>4</sup> and other constitutional matters.
3. An overhaul of the authority invested in PAC and of the governance relationship with the UNCC, amended in order to provide the PAC with a greater degree of autonomy.
4. The introduction of the ability to address performance failings of Parties using a number of techniques and remedies, which are set out in the Performance Assurance Framework Document
5. Supporting Provisions.

In terms of the themes, further detail is included below to capture Workgroup views & comments:

### 1. Performance Assurance Objective, (PAO)

A POA would be established and relation to a Parties obligation and commitments to facilitating timely & accurate settlement.

### 2. Codification of the Terms of Reference

In conjunction with the changes to the governance and powers of the PAC, certain aspects of the PAC's constitutional arrangements would be drafted into the Code and accordingly, the existing Terms of Reference would be withdrawn. The Code would therefore contain the rules for the following aspects for establishing and functioning of the Committee, such as:

- The composition of the Committee: including the number of members from each of the industry User groups. (V16.3.1)
- The shipper member appointment process, with reference to the relevant guidelines document<sup>5</sup>. (V16.3.2)
- The use of Alternates. (V16.6.1 pointing to MR4.5)
- The voting and quoracy arrangements. (V16.5 & V16.6.2)
- The Secretariat arrangements. (V16.3.3 & V16.3.4)

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<sup>4</sup> [Performance Assurance Committee Terms of Reference v5.0 \(14 December 2020\)](#)

<sup>5</sup> [Guidelines for the User Representatives Appointment Process](#)

- Some further cross-references the Modification Rules<sup>6</sup> and the application certain provisions covering the arrangement of meetings, etc.  
(V16.6.1 pointing to parts of MR5)
- The attendance, and conditions of attendance, by persons other than Committee Members.  
(V16.6.3 to V16.6.6)
- A requirement for an attendee to sign certain document(s) before receiving PAC material.  
(V16.6.7)
- The provisions to cover occasions where a member may have a conflict of interest.  
(V16.6.8 & V16.6.9)
- An obligation on a member not to disclose confidential PAC information to their employer and more generally.  
(V16.6.10 & V16.6.11)

### **3. Governance, Functions and Powers**

As part of the amendment to PACs constitutional arrangements, it is also proposed that the oversight and over-reach of the UNCC is revised, along with the governance of other PAC related documentation. The changes include:

- Establishing PAC autonomy from the UNCC with clarification that the UNCC would neither be able to overrule a Committee decision, reduce the scope of the Committee, nor dissolve the Committee.  
(V16.2 & GT B4.3.1)
- Amending UNC GT B covering the provision on request of information to PAC.  
(GT B4.4.2)
- Amending the Modification Rules so that the PAC could, in specific circumstances, raise a Modification.  
(MR 6.1.1)
- With the exception of requesting a view on an Appeal relating to a decision to refer a Party to the Authority, the PAC would not refer any decisions or matters of governance to the UNCC.  
(V16.8.6 to V16.8.9)
- Setting out the requirements for the CDSP to procure and appoint a Performance Assurance Framework Administer (PAFA) by way of competitive tender.  
(V16.9)
- Establishing the Committee's authority to delegate certain activities.  
(V16.4.4)

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<sup>6</sup> [UNC Modification Rules \(MR\)](#)

- Confirming that the Committee would not be able to impose costs on Parties. (V16.4.5)
- The role & purpose of the Committee is set out in Section V16.4 and includes:
  - The basic functions of the Committee set out in terms of achieving the PAO. (V16.4.1(b), V16.4.1(c) & V16.4.1(d))
  - Determining the scope of the PAFA and the approval of the PAFA contract. (V16.4.1(f))
  - Determining the application & administration of the Performance Assurance Techniques, (PATs). (V16.4.1(e))
  - Amending the governance of documents pertinent to PAC activities:
    - Committee member joining documentation. (V16.4.1(h))
    - The Performance Assurance Framework Document would become a PAC Controlled Document as opposed to being a UNC Related Document. (V16.4.1(a))
      - Including managing the process by which the PAFD may be modified. (V.16.7.2)
    - The Performance Assurance Reports Register, (PARR), would become a PAC Controlled Document, effected by being appended to the Performance Assurance Framework Document, (PAFD). (V16.4.1(g))
    - Production of an Annual Review documenting past activities and providing a Delivery Plan of future activities. (V16.4.1(j), V16.4.2 & V16.4.3)
- The PAFD v4.5 would contain the elements specified in V16.7 to provide detailed operating procedures on matters such as:
  - The extent and the basis on which a party would be required to interact and participate in the PAC procedures. (V16.7.1(a))
  - The information a Party could be required to provide to the PAC and the process for doing so. (V16.7.1(b) & V16.7.1(c))
  - The scope & content of the PARR. (V16.7.1(d))
  - The PATs available to the PAC. (V16.7.1(e))

- The procedure for the appointment of the PAFA, specifically, with respect to the appointment criteria, contract scope, management of contract variations and other matters relating to the PAFA Contract.  
(V16.7.1(f), V16.7.1(g), V16.10 & PAFD 07)
- The content of the member joining documentation.  
(V16.7.1(h))

#### **4. Performance Assurance Techniques and Appeals**

The description and operation of the PATs are set out in the PAFD and include:

- Monitoring,
- Party Communication,
- Training,
- Request for a Resolution Plan,
- Request for Attendance at PAC,
- Publication,
- Audit,
- Referral to the Authority,
- Dispute Procedures, and  
(V16.4.1(e) & PAFD 20)
- setting out PAC's responsibility for developing and amending the PATs in line with achieving the PAO.  
(V16.7.3)

Where a Party is referred to the Authority, additional provisions would be drafted into the Code setting out the basis and procedure for that Party to appeal a PAC decision to refer.

(V16.8 & PAFD 21)

#### **5. Supporting Provisions**

These include:

- The requirement for each Party to Appoint a Performance Assurance Representative, (PA Representative), to act as the principal point of contact between the PA Representative's organisation and the PAC.  
(V16.11)
- UNC provisions to ensure Committee Members are individually provided with an indemnity covering them while operating as part of the PAC.  
(V16.12)
- Responsibility for providing data and information to the PAC and for producing the reports defined in the PARR.  
(V16.13)
- Disclosure of Information to PAC and Confidentiality Arrangements.  
(V16.14)

**Note:**

This above breakdown is intended to be a summary of the key features of the Modification and grouped so to generate discussion and to assist with collation Workgroup comments.

Consultation respondents should refer to the Solution and Legal Drafting to establish the full extent and materiality of the changes being proposed.