

## UNC Variation Request

### Modification 0674 – Performance Assurance Techniques and Controls

**Date:** 09 February 2022

The Proposer, Mark Bellman of Scottish Power, requests a variation to this modification, pursuant to UNC Modification Rules Section 6.5.1(c) of the UNC.

#### Background

Modification 0674 has been in development since April 2019 and has undergone a number of iterations before version 15.0 was consulted on in April 2021.

In response to the consultation, a number of representations contained comments that the Panel deemed to be new issues and as such, in its view, the proposal should be to be returned to Workgroup for the issues to be considered and for the Modification to undergo a further stage of development.

The list of issues identified for further consideration can be found in the table at the front of the Supplemental Report.

Following a sequence of meetings, where each point was discussed, a list of amendments to the modification were identified and these have been incorporated into version 16.0 of the proposal.

#### Reason and Nature of Individual Variations

The changes to Modification are listed in Business Rule(s) (BR) order and where they link to a specific Workgroup action requesting that the Proposer should consider varying a rule, these have been referenced, and similarly, where there has been a change to the Legal text, this has also been referenced. Note: not all changes listed below to the BR were captured as Workgroup actions, (some have been effected to reflect conversations during the Supplemental meetings), and not all changes to the Modification's BR have resulted in changes to the legal text.

- BR 1, which defines the Performance Assurance Objective (PAO), has been amended to provide that it does not require more than is in the Code

Workgroup Action: n/a

Legal Text amended: Yes - Section V16.1.1(b)

- BR 2(a), 2(b) & 2(c) have been amended to remove erroneous references to Mod Panel, UNCC and sub committees and to acknowledge that the performance of parties' sub-contractors can impact positively or negatively on the PAO.

Workgroup Action: 904

Legal Text amended: Yes – Section V16.1.1(c)(i)

- BR 2(e) has been amended to align with the Legal Text so as to clarify that the information requested from Parties by Performance Assurance Committee (PAC) relates to settlement performance related data only and the request must be reasonable in that context.

Workgroup Action: 906

Legal Text amended: No

There are a number of changes to BR 5(e), In sequences these are:

- BR 5(e): The avoidance of doubt statement regarding the quoracy rules has been removed to avoid confusion regarding the quoracy arrangements. To clarify, the quoracy arrangements of the PAC will operate as they do now.

Workgroup Action: 907

Legal Text amended: No

- BR 5(e) permits PAC meetings information to be transferred by “secure means” rather than being limited to “web-portal”.

Workgroup Action: n/a

Legal Text amended: No

- BR 5(e) has also been amended to reinforce the fact that PAC meeting will fall into two formalised sessions: an open session where non-confidential PAC business will be discussed, including changes to the PAFD, and a confidential session where performance matters relating to individual shippers and other confidential matters will be discussed. The Legal Text has also been amended to recognise that documentation circulated during the non-confidential PAC session is exempt from the confidentiality requirement set out in Section V16.6.11.

Workgroup Action: 801

Legal Text amended: Yes – Sections V16.6.5 & V16.6.12

- BR 6(d) has been amended to increase the scope of the appeal process to include where PAC determines that a Party should undergo a performance audit ; the party would be able to lodge an appeal in the same way as they would be if it was referred to the Authority.

Workgroup Action: n/a

Legal Text amended: Yes – Section V16.8.1(b)

- BR 7(iv) & BR 7(v) have been amended to remove to option for PAC to co-opt PAFA representatives to chair and provided secretarial support for PAC meetings.

Workgroup Action: 905

Legal Text amended: Yes – Sections V16.3.3 & V16.3.4

- BR 8(a) has been amended to align a PAC endorsed modification with all other modifications, principally by recognising that a “PAC modification” would not be proposed by the Committee but by an individual User, with the necessary support from PAC members and the PAFA at appropriate junctures.

Workgroup Action: 903

Legal Text amended: Yes - Insert MR6.2.1(s) & delete previously proposed MR6.1.1(e)

- BR 9(f) has been amended to provide better assurances to shippers.

Workgroup Action: n/a

Legal Text amended: No – (Note: Dentons advise that currently the UNC does not allow PAC to levy charges on Parties so an additional provision to prohibit is not required.)

- BR 9(i) has been added to provide assurances to shippers that the PAFD may not be amended without the matter having first been discussed in the open session of a PAC meeting.

It should also be noted that a process flow chart<sup>1</sup> has also been produced to compliment this amendment to BR 9(i).

Workgroup Action: 802, (and 803 & 804<sup>1</sup>)

Legal Text amended: Yes – Section V16.7.2

## Proposer

The Proposer is grateful for the opportunity to clarify some elements of this modification to Panel members and others who did not attend the workgroups and outline how this modification will impact on industry participants.

It's hoped that this extended engagement will help allay some of the concerns expressed during consultation about the scope and impact of PAC's activities under these arrangements should Ofgem approve Modification 0674.

The Proposer notes that there remain many risks that PAC is trying to mitigate in a structured, efficient and proportionate way and believes the extension of the existing PAF by Modification 0674 will allow more effective support to the shipper & transporter communities in the pursuit of more accurate and less uncertain settlement for all Parties.

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<sup>1</sup> [PAFD amendment process flow chart](#)