**(Gas) Energy Settlement Performance Assurance Committee:**

**Annual Work Plan and Budget 2020**

**1. Associated Documents**

[**http://www.gasgovernance.co.uk/PAC**](http://www.gasgovernance.co.uk/PAC)

**2. Background**

In this document, the Performance Assurance Committee sets out the areas of focus for the year ahead. A wider project plan is maintained by the PAFA (Performance Assurance Framework Administrator) which can be found at the link above.

**3. Activity**

**Performance Reports**

The PARR (Performance Assurance Report Register) continues to be maintained and developed. Schedule 2 reports are being delivered to the industry and to PAC but limitations in the scoping of the reports have been identified. A change request (XRN4795) was raised in October 18, and amendments to the reports were delivered, in part, in November 2019.

CDSP will be delivering the Data Delivery Platform (DDP) throughout 2020, the roll out of which will include the provision of data to the PAFA and therefore the PAC. Work will continue to confirm and validate the accuracy of all reports and ensure that they continue to remain fit for purpose.

The outputs from the PARR development workshop held in October 2019, during which PAC members discussed the PARR reports in full and identified areas for further development, will be implemented throughout 2020. PAFA will be working with CDSP to include the roll out of these changes into the DDP implementation though the agile release process.

PAFA will, on behalf of the PAC, continue to take performance assurance actions, writing to those industry parties that are performing below the expectations of the UNC. This will continue throughout 2020.

The PAC, supported by the PAFA will begin to develop improvements to the performance improvement processes throughout 2020, looking at the creation of an incentive regime that could operate within the permissions available.

**Risk and Issue Register**

The PAC Risk Register was approved by the PAC at the 10th December 2019 meeting. It is expected to be sent out for the latest industry consultation by the PAFA in early 2019.

**Risk model**

Following the data update of the risk model in September 2019, PAC agreed that the model was no-longer fit for purpose as many of the key assumptions within the model were made before the delivery of the new UK Link system.

The PAFA are to present the proposal for a new risk model format to PAC Q2 2020.

It is currently planned that the updated Risk Model will be available for industry review in Q1 2021.

**PAC Modifications**

PAC supported modifications are taken forward by a sponsored party from within the PAC membership (PAC as an entity is not a code party so cannot progress modifications without sponsorship). Three PAC supported UNC modifications were raised in 2018, progress shown below:

* **Mod 0657S (raised 17/05/18)** –Adding AQ reporting to the PARR schedule reporting suite: implemented 12 October 2018. PARR reports to include AQ reporting are being developed – reports to be delivered January 2020.
* **Mod 0660S (raised 17/08/18)** – Amendment to PARR permissions to allow PAC to updates with UNCC approval: implemented 07 December 2018
* **Mod 0664 (raised 28/08/18)** – Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4: Adopted by new sponsor in June 2019, currently in development

Further PAC supported modifications were raised in 2019 will continue to be developed in 2020:

* **Mod 0674 (raised 29/04/19)** – Performance Assurance Techniques and Controls: in development
* **Mod 0707s (raised 08/11/19)** – Introducing ‘Performance Assurance Framework Administrator’ as a new User type to the Data Permissions Matrix’ – self-governance: in development

**PAF Development**

UNC 674 proposes to make significant changes to the way in which the PAF currently operates. PAC are continuing to support the progress of this modification which is planned to go to industry consultation in March 2020.

**PAC Incentive Modification**

The successful implementation of 0674, will give the PAC more powers to develop and implement incentive regimes.

In the meantime, PAFA are developing further incentive mechanism options including the publication of industry benchmarking reports and rankings. These options will be developed during 2020 and UNC modifications suggested where appropriate.

**4. Horizon Scanning**

**Introduction**

PAC will undertake periodic ‘horizon scanning’ to ensure settlement risks and issues linked to key industry changes and developments are captured and monitored.

**Current headline horizon items with brief commentary**

**UIG Task Force**

The work of the UIG task force is drawing to a close, but PAC will continue to both monitor the UNC modifications proposed as part of the outcomes from the group and any PARR reports created.

**Smart meter roll-out**

PAC has added a risk related to the smart meter roll-out to the risk register, to ensure the large number of meter exchanges due to take place does not pose a risk to gas settlement. PAFA are working to include the identification of smart meters into the current reporting suite.

**Faster switching**

PAC will continue to monitor developments in this area and ensure risks are raised if appropriate.

**Retail Energy Code**

PAC will continue to monitor developments in this area and ensure risks are raised if appropriate.

**Meter asset provision and Meter reading**

PAC to being seeking evidence of poor performance by parties external to the UNC (including MAMs and meter reading providers and the impact on Gas settlement.



**6. Risk Register**

The existing risk register will be updated and expanded to capture any new risks identified.

A more holistic approach to risk management will be used in 2020, with risks being grouped into ‘topics’ and the relationships between each being explored.

**Link:** [**http://www.gasgovernance.co.uk/PAC**](http://www.gasgovernance.co.uk/PAC)

**Current risk register items**





**7. Communication Plan**

PAC will continue to distribute Key Messages from each meeting. In addition, this document is being circulated for views and comments by the industry, as is the Risk Register via a separate consultation process.

PAC will also host an annual event to discuss its work and outputs over the past 12 months. This event will form the basis of the PAC/PAFA annual review consultation process, which will being in May of each year.

Proposed communications in 2020:

* Key messages – Distributed monthly
* Work plan distribution – Q1 2020
* Risk Register Consultation – Q1 2020
* Annual review event May 2020
* Annual review consultation July 2020

**8. Code changes / Industry Developments likely to affect settlement**

PAC monitors all UNC modifications, considering the impact on the settlement regime and the requirement for PARR report creation. Work with the CDSP and Joint Office of Gas Transporters, has resulted in PARR considerations being a required discussion point at development meetings. A list of the proposals currently being considered is below:





While no specific action is necessarily planned, PAC would consider actions such as writing to UNCC if the need arose.

**9. Indicative Budget**

PAC currently holds a DSC budget pot of £50,000 for 2018/19.