

UNC Performance Assurance Committee Minutes
Tuesday 12 September 2023
via Microsoft Teams

Attendees		
Kate Elleman (Chair)	(KE)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Shipper Members (Voting)		
Alison Wiggett	(AW)	Corona Energy
Andy Knowles	(AK)	Utilita Energy
Claire Louise Roberts	(CLR)	ScottishPower
Graeme Cunningham	(GC)	Centrica
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Paul Murphy	(PM)	ESB Generation & Trading (Alternate)
Sallyann Blackett	(SB)	E.ON
Steve Mulinganie	(SM)	SEFE Energy Ltd
Transporter Members (Voting)		
Jenny Rawlinson	(JR)	BU UK
Sally Hardman	(SH)	SGN
Tom Stuart	(TS)	Northern Gas Networks (Alternate)
Observers (Non-Voting)		
Deborah Sherlock	(DS)	CDSP – <i>for item 3.1 only</i>
Ellie Rogers	(ER)	CDSP
Fiona Cottam	(FC)	CDSP
Helen Bevan	(HB)	PAFA/Gemserv
Josie Lewis	(JL)	CDSP
Lee Greenwood	(LG)	British Gas
Neil Cole	(NC)	CDSP
Rachel Clarke	(RC)	PAFA/Gemserv
Peter Ratledge	(PR)	PAFA/Gemserv
Sandi Bradshaw	(SBr)	CDSP – <i>for item 3.1 only</i>
<p><i>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.</i></p> <p><i>Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: https://www.gasgovernance.co.uk/PAC/120923</i></p>		

1. Introduction

Kate Elleman (KE) welcomed all parties to the meeting.

1.1 Apologies for absence

Anne Jackson, PAFA

Tracey Saunders, Transporter Member

1.2 Note of Alternates

Paul Murphy for Anthony Diccico

Tom Stuart for Tracey Saunders

1.3 Quoracy Status

The Committee meeting was confirmed as being quorate (at the commencement of the meeting).

1.4 Approval of Minutes (15 August 2023)

The minutes from the previous meetings were approved.

1.5 Approval of Late Papers

None to consider.

1.6 Review of Outstanding Actions

PAC0601: *Reference Request for Information (RFI) Analysis – PC3 & PC4 Meter Reading Submission* – CDSP (FC) and PAFA (AJ) to consider refining the provided information and how best to incorporate this into suitable training materials.

Update: KE clarified this action is where parties, in response to the RFI, declared they were unaware of their obligations. It was agreed that the Performance Assurance Industry Engagement Session being held on 22 September 2023 would be a suitable place to help educate parties on their obligations.

FC advised she will take this action offline and liaise with the PAFA to see if they can reach out individually to the people who made the original comments for them to be advised of the session on 22 September 2023 and encourage attendance.

RC confirmed that invitations will be issued this week. Please see the link to the meeting on the Joint Office website here: <https://www.gasgovernance.co.uk/PAC/220923>. **Closed**

New Action PAC0901: <i>Reference Request for Information (RFI) Analysis – PC3 & PC4 Meter Reading Submission</i> – CDSP (FC) and PAFA (AJ) to consider how best to signpost the Performance Assurance Industry Engagement Session being held on 22 September 2023 to those that need it based on the RFI.
--

PAC0701: *Reference Performance Plans – Entry / Exit Criteria* – All PAC Members to consider the information provided in the presentation and provide any views/comments back at the August meeting ahead of consideration of the Entry requirements at the same meeting.

Update: This action will be considered as part of agenda item 2.1.3. **Closed**

PAC0801: *Reference PAC Sub-Group RFI Analysis & Feedback Assessment* – PAFA (AJ), CDSP (FC) and PAC Committee Member volunteers to hold a PAC Sub-group meeting to discuss next steps from the RFI analysis and feedback findings at the September 2023 PAC meeting.

Update: Rachel Clarke (RC) provided proposed dates and clarified that PAC members Steve Mulinganie; Sallyann Blackett; Andy Knowles and Graeme Cunningham volunteered to attend the Sub-Group.

When KE asked which date works best, the agreed attendees decided that Tuesday 19 September between 13:00 and 15:00 would be the best date and PAFA will issue the invitation. **Closed**

PAC0802: *Reference PAFA Contract Mod 0674 Impact Assessment Version 2 document* – Joint Office (KE) to look to undertake an ex-Committee vote to approve the variation document.

Update: KE confirmed that the variation document was approved post-meeting. **Closed**

PAC0803: *Reference New Tender Contract Requirements* – Joint Office (KE) to look to set up a separate PAC Sub-group meeting to consider new tender requirements based on the latest PAFD (inc. 0674V) provisions + some additional items.

Update: FC confirmed this session took place on 11 September 2023. FC confirmed the invitation was issued to PAC members, who then suggested the invitation was widened to non-members. The session recorded good attendance. CDSP are now assessing the key themes and comments and assessing whether any of them should be included or removed from the scope ahead of the PAFA tender process.

FC confirmed the output of the meeting will be shared with the Joint Office. KE requested that the Joint Office be copied into such invitations going forward who will then assess if their attendance is appropriate. An extra ordinary PAC meeting will be held on Monday 18 September 2023 to review the output from the 11 September 2023 session. **Closed**

PAC0804: *Reference the Annual Review 2023 Report – PAFA (AJ)* to update the report to reflect feedback provided by PAC Members.

Update: This action will be considered as part of agenda item 3.2. **Closed**

2. **Monthly Performance Assurance Review Items**

2.1 **PARR Report Review – Shipper Performance Analysis (*Holistic Matrix*)**

Holistic Performance Assurance Matrix (HPM):

PAFA provided an update in terms of the output of the HPM in the four Product Class categories and also provided an update in respect of Performance Improvement Plans (PIPs).

- No new parties have hit or fallen below the Performance Improvement Plan criteria.
- One Shipper issued with a request for a PIP for PC2 and PC3 is in communication with PAFA regarding combining both plans and issuing for review.
- Four other Shippers issued with plan requests within PC3 have now submitted their plans. PAFA recommended the plans are accepted and approved.
- One Shipper issued with a plan request within PC4 has now submitted their plan.
- PAFA recommended their plan is accepted and approved.

New Action PAC0902: PAFA to draft a letter to be issued to Shippers to advise them of PAC's decision to approve their Performance Improvement Plans and what to expect. The draft is to be emailed to the PAC for approval.

2.1.1. Stranded Supply Points – Monitor

Xoserve provided an update in regard to the main affected party to confirm that they are still in the process of setting themselves up as a Shipper. Xoserve will keep PAC updated with progress.

2.1.2. RFI Update – Product Classes 3 & 4

This item was covered as part of Action PAC0601.

2.1.3. Performance Plans – Entry Requirements

PAFA presented Performance Improvement Plan (PIP) application considerations and feedback on the same from PAC members, including when to request and when to cease these plans. Discussions were undertaken between PAC members on the best ways forward and look to make decisions at October's PAC meeting.

2.1.4. Non Respondents to PAC Requests

PAFA presented an update in regard to Non-Respondents from the Mandatory Request for Information (RFI) letters emailed to parties for Product Classes 3 and 4 Read Submissions. PAC concluded that there had been a good response to these requests with only one non-respondent still outstanding

2.2 Risk & Issues Register Update

Performance Assurance Committee (PAC) members were presented with an update in respect of five risks. The PAFA presented the following, for their attention:

- **AQ Corrections:** PR reported a decrease in Value at Risk (VAR) by 6.26% across 2022 -2023. The main factor in the slight reduction in VAR is driven by a decrease in the average AQ movement for reason code 3 (Commencement of New Business Activity) corrections. In essence this means that the energy volume of AQ decreases has reduced over the reporting period.
 - The risk rating in the register is 3 (medium priority) and will remain so. PAFA is aware of the implementation of UNC Modification 0816S – Update to AQ Correction Process and will continue to monitor AQ Corrections on an ongoing basis. The risk will be reviewed at next refresh point (December 2023).
- **Drift (Check Read Provision):** PR reported a decrease in Value at Risk (VAR) by 21% across 2022 - 2023. The count of Class 1 and 2 Check Reads not received within the reporting period has decreased, but, the count of Class 3 and 4 Check Reads has increased. However, there has been a decrease in the associated average AQ for all classes. The net effect of the above is reflected in the decrease in energy impact of the risk.
 - The risk rating in the register is 2 (lower priority). No immediate action is required at this juncture. The risk will be reviewed at next refresh point (November 2023).
- **Line in the Sand (LIS):** PR reported a decrease in Value at Risk (VAR) by 19% across 2022 - 2023. There has been an improvement and decrease in the percentage of 'no reads submitted by 4 years' in the reporting period and in the average AQ of MPRNs with 'reads not submitted by year 4 across classes 3 and 4', which is reflected in the decrease in the energy impact of the risk.
 - The risk rating in the register is 5 (highest priority). PAFA is monitoring Line in the Sand on an ongoing basis. The risk will be reviewed at next refresh point (December 2023).
- **Transfer Read Performance:** PR reported a decrease in Value at Risk (VAR) by 42% across 2022 - 2023. This difference is primarily impacted by the decrease in the average number of transfers occurring across the reporting period by 35% and an increase in transfer reads submitted by 6%. This combined net effect is reflected in the decrease in energy impact of the risk.
 - The risk rating in the register is 1 (lowest priority). No immediate actions are required at this juncture. This will be reviewed at next refresh point (December 2023).
- **Replaced Reads:** PR reported a decrease in Value at Risk (VAR) by 45% across 2022 - 2023. The average use of replacement readings has decreased by 38% which is reflected in the decrease in energy impact of the risk.
 - The risk rating in the register is 1 (lowest priority). No immediate actions are required at this juncture. This will be reviewed at next refresh point (December 2023).

Any questions/feedback on the content of the slides presented, please email PAFA@gemserv.com.

2.3 Transporter Performance Monitoring

2.3.1. Offtake Meter Performance report

KE advised that Cadent provided an Offtake Meter Performance Report directly to Joint Office and asked PAFA to upload it to GPAP for PAC members to have sight of and for PAC to review at the next meeting in October 2023.

KE clarified that Cadent are not due to report back to PAC until November 2023.

3. Matters for Committee Attention

3.1 PAFA Contract Tender Update

** PAFA Representatives left the meeting **

For information on this part of the meeting please contact Joint Office.

End of CONFIDENTIAL MEETING

3.2 Annual Review 2023 Sign Off

RC shared the 2023 Annual Review and proceeded to clarify the minor changes that have been made based on feedback from Xoserve, which include:

- The Gemserv branding being removed;
- Data shown on overall shipper read performance;
- The industry structure diagram shows a slight change in the hierarchy to show the CDSP feeds the data to PAFA with instructions to provide the reports;
- Check Reads and AQ have been added to the Year in Review showing a more holistic approach;
- Slides 28 to 40 now note more detail in the information provided;

RC clarified that no other feedback has been received.

Next steps

RC advised that a formal consultation has to happen which is usually for 6 weeks. PAFA has set up Survey Monkey online and the consultation will commence this week and close on 30 October 2023.

KE asked if the Annual Review references the 22 September 2023 Industry Engagement session, RC advised she would insert a slide into the Executive Summary of the Annual Review.

RC advised an Annual Review session is being set up for 03 October 2023 which will provide an overview of the regime, provide the focus for the next 12 months, Request for Information feedback, 2022/23 Annual Review and will provide an opportunity for feedback, Q&A and Panels.

RC noted that the same session held last year was made up of a panel PAC and CDSP members facilitated by Rebecca Hailes and advised this worked well and would be the preference.

PAC members were asked to confirm their approval for the PAFA to issue the Annual Review, the vote was taken, and a unanimous result was recorded as follows:

Vote: Are PAC happy for PAFA to issue the Annual Review?		
Shipper Representatives	Voting Count	For/Against
Alison Wiggett	1	For
Andy Knowles	1	For
Claire Louise Roberts	1	For
Graeme Cunningham	1	For
Louise Hellyer	1	For
Paul Murphy	1	For
Sallyann Blackett	1	For
Steve Mulinganie	1	For
Total	8	For
Transporters Representatives	Voting Count	For/Against
Jenny Rawlinson		Not Present
Sally Hardman	1	For
Tom Stuart	1	For
Total	2	For
Voting Outcome: Unanimous vote for PAFA to issue the Annual Review.		

3.3 0851R – PAFA attendance at Workgroup

KE informed Committee members they are required to vote to approve that PAFA should attend Workgroup 0851R - Extending the Annually Read PC4 Supply Meter Point (SMP) read submission window, on behalf of PAC, the vote was taken, and a unanimous result was recorded as follows:

Vote: PAFA to attend Workgroup 0851R on behalf of PAC		
Shipper Representatives	Voting Count	For/Against
Alison Wiggett	1	For
Andy Knowles	1	For
Claire Louise Roberts	1	For
Graeme Cunningham	1	For
Louise Hellyer	1	For
Paul Murphy	1	For
Sallyann Blackett	1	For
Steve Mulinganie	1	For
Total	8	For
Transporters Representatives	Voting Count	For/Against
Jenny Rawlinson		Not Present
Sally Hardman	1	For
Tom Stuart	1	For
Total	3	For
Voting Outcome: Unanimous vote to approve that PAFA should attend Workgroup 0851R on behalf of PAC.		

4. Update on Potential Changes to Performance Assurance Reporting and PARR

4.1 Shrinkage Model

KE introduced David Morley (DMo) who joined the call to discuss PAC's role in monitoring Shrinkage as part of its remit and reminded the Committee of the previous communication back in May 2023 where it was noted that *there is a limited PAC role as the broader subject matter relates to the age of the pipes in the ground and the subsequent related 'aged' data which is something that PAC incentivise Unidentified Gas (UIG) reduction via Performance Assurance Techniques (PATs).*

DMo went on to explain his view that PAC not analysing and/or enforcing underlying data within Shrinkage is a direct contradiction of its Terms of Reference (ToR), namely:

Reviewing relevant Settlement performance data, and, where deficiencies are identified, proposing (and, where within the PAC's control, implementing), methods of resolution to improve Settlement performance).

DMo asked PAC if they believe the ToR should be amended to state that PAC is compelled to examine Shrinkage.

A Committee discussion took place and is summarised as follows:

SM noted that the Networks state they correctly calculate Shrinkage, therefore, he asked DMO what PAC's role would specifically be to do what. He added that the Transporters have a Licence condition to ensure Shrinkage is calculated correctly.

DMo clarified that Shrinkage feeds directly into Settlement and should be looked at as part of PAC's remit and he would expect PAC to come up with solutions.

SM challenged this and clarified that, based on the rules as they stand, PAC does not have to look at Shrinkage.

Sallyann Blackett (SB) highlighted that the route to query Shrinkage calculations is through the Shrinkage Forum, <https://www.gasgovernance.co.uk/sf>.

Anne Jackson (AJ) joined the call and explained that the Allocation of Unidentified Gas Expert (AUGE) puts an element of Shrinkage into UIG which is classed as IGT Shrinkage and that the Shrinkage calculation is as agreed by the regulator, Ofgem.

AJ went on to note that if IGT Shrinkage is part of UIG, then it is in the remit of PAC and that Settlement is defined as the processes that are left after deductions have been made.

Referring back to the question being asked, SM highlighted that Shrinkage is a matter determined by Ofgem, with an approved methodology, the outcome of which is a figure that is used.

Fiona Cottam (FC) clarified that Settlement is defined under the performance objective, the daily sharing out of gas, and there is no denying that the Shrinkage figure affects how much gas is shared out.

Andy Knowles (AK) provided an example that within the Retail Energy Code (REC), there are obligations within the Licence to not have Erroneous Transfers, REC has a process for rectifying Erroneous Transfers, not preventing Erroneous Transfers.

KE asked DMO if the concern is around the methodology used or if it is the process not being followed correctly. DMO advised it is neither, it is that there is a ToR that says PAC should be looking at Shrinkage as it is part of Settlement and in terms of penalties being enforced, this could be by way of Performance Assurance Techniques, Performance Improvement Plans or Escalation.

The Committee queried what they would be escalating and that checking calculations can be done, but it would be a very limited check, and would be a material error.

KE shared the Shrinkage Forum ToR which states that the Shrinkage Forum should review the output of the Shrinkage Model Report:

<https://www.gasgovernance.co.uk/sites/default/files/ggf/page/2023-03/Shrinkage%20Forum%20Terms%20of%20Reference%20V3.0.pdf>

DMO confirmed that if PAC does not believe Shrinkage is within the scope of PAC, then he would be raising a Modification.

SM clarified that he believes that because PAC cannot directly influence Shrinkage, he does not see Shrinkage as a matter for PAC. Paul Murphy (PM) agreed with this view.

Alison Wiggett (AW) highlighted two of the performance/accuracy-related items that are covered in the Shrinkage Forum:

1. Review of actual shrinkage performance against forecasts;
2. Review and recommend any projects which will improve the accuracy of the evaluation of shrinkage.

In conclusion, Committee members could not agree with DMO's view that PAC should be looking at Shrinkage as part of their ToR and agreed to vote as to whether the PAC ToR should be updated to explicitly say that Shrinkage should be a part of PAC's remit, the vote was taken, and the result was recorded as follows:

Vote: Should Shrinkage explicitly be a part of PAC's remit/ToR		
Shipper Representatives	Voting Count	For/Against
Alison Wiggett	1	Against
Andy Knowles	1	Abstain
Claire Louise Roberts	1	Abstain
Graeme Cunningham	1	Against
Louise Hellyer	1	Against
Paul Murphy	1	Against
Sallyann Blackett	1	For
Steve Mulinganie	1	Against
Total	8	1 For 5 Against 2 Abstain
Transporters Representatives	Voting Count	For/Against
Jenny Rawlinson		Not present
Sally Hardman	1	Against
Tom Stuart	1	Against
Total	2	2 Against

KE confirmed to DMO that this concludes his opportunity to talk to the PAC and hopes that this assists him with his next step.

SM noted that as the vote taken passed with a majority vote, the ToR should now be amended in order to remove the ambiguity that Shrinkage is not mentioned.

KE advised she will update the ToR and PAC will review it at the October 2023 meeting.

New Action PAC0903: Joint Office (KE) to update the PAC ToR for PAC to review at the October 2023 meeting.

It was noted that the Shrinkage Forum also need to be updated with the suggestion that their ToR align with PAC ToR.

SM suggested the following avoidance of doubt statement is included in the ToR:

PAC has voted that matters relating to the determination of Shrinkage is outside of its vires.

4.2 Review of New Modifications

KE provided a brief overview of the current batch of UNC Modifications with potential interest for the PAC:

Modification 0855 - Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident

This Modification relates to the CDSP P1 incident and will drive new reporting that PAC will want to monitor.

AJ confirmed that PAFA will get monthly statistics on how many issues are being triggered and, if they are high in volume, PAFA will highlight to PAC. AJ also confirmed she is liaising with David Addison, CDSP, and has it logged as a risk.

Modification 0819 - Establishing/Amending a Gas Vacant Site Process

ER noted that there was some discussion at the Distribution Workgroup where an action was taken as follows:

Joint Office and CDSP to seek PAC view as to the value of adding PARR considerations in the Workgroup Report.

ER confirmed that any reporting requirements will be added to the PARR through the normal route and KE advised she will check with the chair of the Distribution Workgroup to see if there is anything else that PAC need to consider.

Lee Greenwood (LG) the Proposer of Modification 0819 confirmed that in the Modification it states that the Workgroup recognise that PAC may want to monitor and may want some additional reporting.

ER clarified that she would feed back to the 0819 Workgroup.

5. Any Other Business

5.1 User Representative Appointment Process Update

KE confirmed that all 9 memberships for PAC have been filled and the members as of 01 October 2023 will be:

Shipper Member	
Alison Wiggett	Corona Energy
Andy Knowles	Utilita
Colin Paine	ENGIE Gas Shipper Ltd
Graeme Cunningham	British Gas
Katie Ballard	Brook Green Trading Limited
Louise Hellyer	TotalEnergies Gas & Power
Paul Murphy	ESB Independent
Sallyann Blackett	E.ON
Steve Mulinganie	SEFE
Transporter	
Jenny Rawlinson	BU UK
Sally Hardman	SGN
Tom Stuart	Wales & West Utilities

KE noted that this session, 12 September 2023, would be the last meeting for Claire Louise Roberts and thanked her for her membership over the last 12 months.

5.2 Engagement Session

KE clarified that the information for this agenda item had already been shared in a previous agenda item.

6. Key Messages

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

7. Diary Planning

Please note that 2024 meeting dates are currently being finalised.

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

Time/Date	Paper Publication Deadline	Venue	Programme
10:00, Tuesday 17 October 2023	17:00 Monday 09 October 2023	Teleconference / Face-to-Face	Standard Agenda
10:00, Tuesday 14 November 2023	17:00 Monday 06 November 2023	Teleconference / Face-to-Face	Standard Agenda
10:00, Tuesday 12 December 2023	17:00 Monday 04 December 2023	Teleconference / Face-to-Face	Standard Agenda

PAC Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAC0601	13/06/23	2.2	Reference Request for Information (RFI) Analysis – PC3 & PC4 Meter Reading Submission – CDSP (FC) and PAFA (AJ) to consider refining the provided information and	CDSP (FC) &	Closed

			how best to incorporate this into suitable training materials.	PAFA (AJ)	
PAC0701	18/07/23	2.1	<i>Reference Performance Plans – Entry / Exit Criteria</i> – All PAC Members to consider that information provided in the presentation and provide any views / comments back at the August meeting ahead of consideration of the Entry requirements at the same meeting.	All	Closed
PAC0801	15/08/23	2.1	<i>Reference PAC Sub-Group RFI Analysis & Feedback Assessment</i> – PAFA (AJ), CDSP (FC) and PAC Committee Member volunteers to hold a PAC Sub-group meeting to discuss next steps from the RFI analysis and feedback findings at September 2023 PAC meeting.	PAFA (AJ), CDSP (FC) & PAC Members	Closed
PAC0802	15/08/23	3.1	<i>Reference PAFA Contract Mod 0674 Impact Assessment Version 2 document</i> – Joint Office (KE) to look to undertake an ex-Committee vote to approve the variation document.	Joint Office (KE)	Closed
PAC0803	15/08/23	3.1	<i>Reference New Tender Contract Requirements</i> – Joint Office (KE) to look to set up a separate PAC Sub-group meeting to consider new tender requirements based on the latest PAFD (inc. 0674V) provisions + some additional items.	Joint Office (KE)	Closed
PAC0804	15/08/23	3.2	<i>Reference the Annual Review 2023 Report</i> – PAFA (AJ) to update the report to reflect feedback provided by PAC Members.	PAFA (AJ)	Closed
PAC0901	12/09/23	1.6 (PAC0601)	<i>Reference Request for Information (RFI) Analysis – PC3 & PC4 Meter Reading Submission</i> - CDSP (FC) and PAFA (AJ) to consider how best to signpost the Performance Assurance Industry Engagement Session being held on 22 September 2023 to those that need it based on the RFI.	CDSP (FC) and PAFA (AJ)	Pending
PAC0902	12/09/23	2.1	PAFA to draft a letter to be issued to Shippers to advise them of PAC's decision to approve their Performance Improvement Plans and what to expect. The draft is to be emailed to the PAC for approval.	PAFA	Pending
PAC0902	12/09/23	4.1	Joint Office (KE) to update the PAC ToR for PAC to review at the October 2023 meeting.	Joint Office (KE)	Pending