



**Approach to Procurement of a Performance Assurance Framework Administrator (PAFA) for July 2020**

PAC 10 September 2019

# Background

- The “Performance Assurance **Framework** Document for the (Gas) Energy Settlement Performance Assurance Scheme” specifies that the PAFA is appointed **for a minimum 2 year initial period, with the option for a one-year extension**
- **The current PAFA was appointed in June 2017**
- PAC was consulted in September 2018 and as a result **the contract was extended for an additional year in 2019**
- A new appointment is required from late June 2020
- Following slides set out key considerations and a first draft timeline

# Approach to Procurement

- UNC Section V states that the CDSP will appoint a PAFA via competitive tender (V16.3)
- Also states that the CDSP may seek guidance from PAC (V16.3.3)
- Previous procurement in 2017 was supported by a Stakeholder Evaluation Panel made up of three PAC members
- Stakeholders reviewed proposals, attended vendor presentations and scored each bid as part of final selection
- Would PAC like to adopt this approach again?

# Involvement of a Stakeholder Evaluation Panel

- High level of involvement of regulated parties in the process would mean that **The Utilities Contracts Regulations 2016** would apply to this procurement
- Timescales for key steps are set out in regulations, begins with an **OJEU notice** (Official Journal of the European Union)
- Stakeholder Panel members would need to sign an additional Confidentiality Agreement for the procurement process
- Would need to be able to support Xoserve at key times in the procurement – c. 5 days effort in total
- Indicative timeline set out on slide 8

# Procurement Event – DSC Implications

- Existing DSC Service Line: Performance Assurance - Appointment of an organisation to the position of Performance Assurance Framework Administrator (DS-CS SA3 – 10)
- Therefore no requirement for a Change Proposal to cover a procurement event
- Reporting of progress would be to Stakeholder Evaluation Panel (if established – full details) and to PAC (high level status of milestones, no commercially sensitive info)

# Implications of Brexit

- All EU procurement regulations are currently part of UK Legislation
- Brexit (with or without a deal) does not change UK legislation on Day 1
- Separate Bill would be required to remove the EU regs from UK Legislation
- Need to continue to follow an OJEU approach for now

# Indicative Timeline

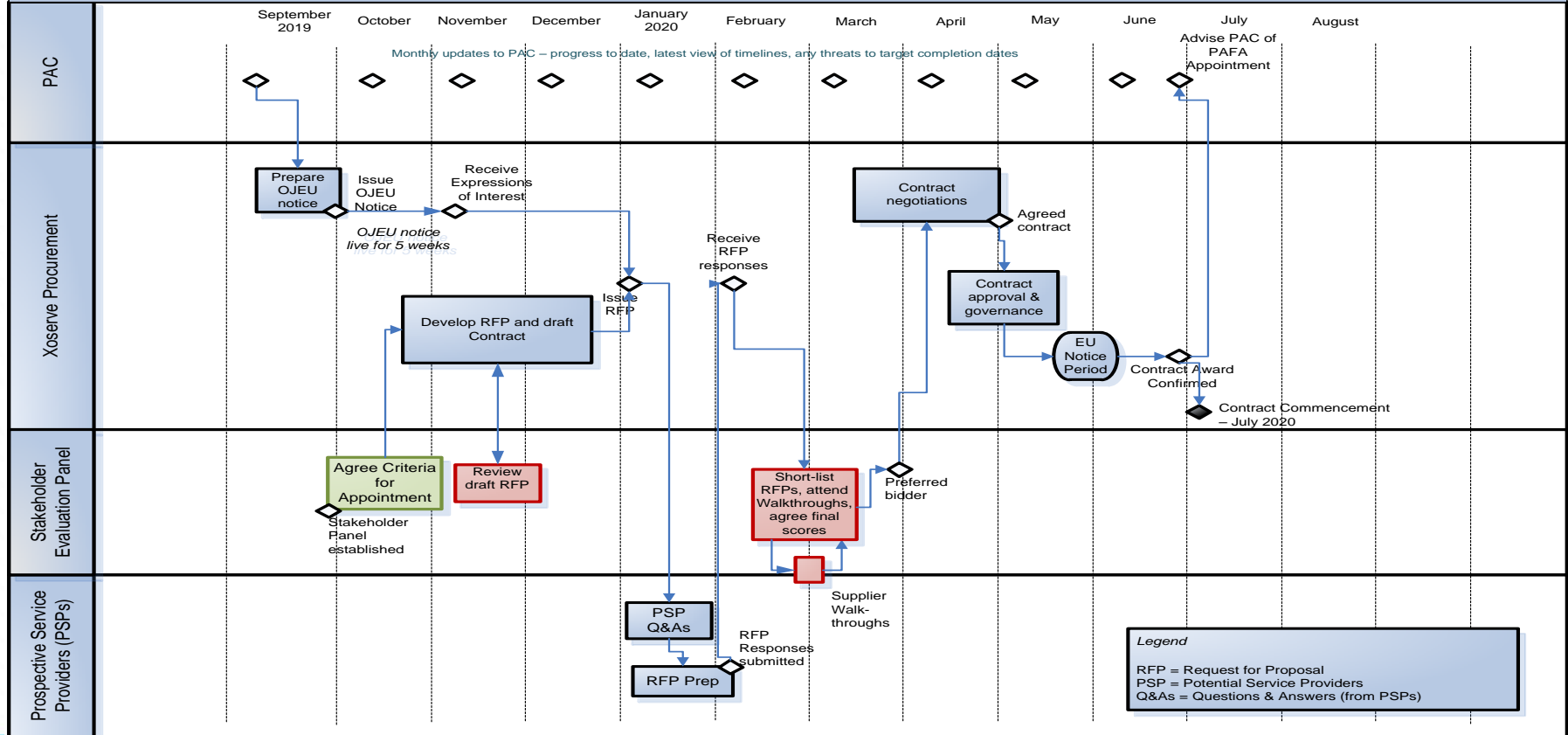
- The following slide sets out an indicative timeline
- Based on following regulated process
- Dates still subject to review depending on:
  - Date of creation of Stakeholder Evaluation Panel (SEP)
  - Receipt of signed confidentiality letters from SEP members
  - Availability of SEP members to develop key documents, including Pre-Qualification Questionnaire, Invitation to Tender, including draft contract

# Indicative timeline – First Draft

PAFA Re-Procurement – Indicative Timeline – Provisional

Version 0.1 02/09/2019

(Subject to Change – assumes Stakeholder Evaluation Panel involvement)





# Alternative Approaches

- If PAC wished to extend the current contract for a further year this would require:
  - Agreement of current PAFA
  - Re-negotiation of contract terms
  - Change to the Framework document
- Other changes to the approach would probably need a UNC Modification (e.g. CDSP undertaking the role of PAFA)

# PAFA Procurement – Next Steps

- PAC to confirm approach to a new procurement
- PAC to establish a Stakeholder Evaluation Panel?
- Suggested attributes of SEP members:
  - Ideally a small group to operate effectively – no more than 3 or 4 members
  - Understanding of the PAF Framework and processes
  - Sufficient time to dedicate to the procurement – average of 0.5 days per week, but may be concentrated periods of activity
  - Willing to sign and adhere to a letter of confidentiality
  - Procurement expertise is not essential – Xoserve will facilitate all procurement activities

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