



Bob Fletcher
Chair Performance Assurance Committee
Joint Office of Gas Transporters

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ICoSS Letter regarding Performance Assurance Committee

The Industrial & Commercial Shippers & Suppliers (ICoSS) is the trade body representing the majority of the GB non-domestic energy market. Our members¹, who are all independent Suppliers, in total supply in excess of three quarters of the gas and half the electricity provided in the highly competitive non-domestic market.

We are writing to give some feedback on members' experiences of the activities of the Performance Assurance Committee (PAC), as well as setting out our hopes and expectations of the group's activities.

ICoSS and its members, like all other UNC parties, have a natural interest in ensuring that the provisions of the UNC are adhered to and that gas settlement is accurate and predictable. An essential part of any performance regime is an effective and comprehensive Performance Assurance Framework.

ICoSS therefore believes that there should be a Performance Assurance Regime in the UNC and that it should seek to ensure appropriate behaviour by both shipper and transporter parties. We believe that there a number of improvements to increase the effectiveness of the Performance Assurance that should be considered as a matter of urgency:

- It is imperative that the PAC bases its assessments on timely and accurate data – we have noted instances where individual shipper performance has been escalated by the PAC based on information several months old – by the time of the PAC engagement the performance has improved and the issue is no longer pressing.
- The PAC must be even-handed when assessing performance in the market. There currently seems to be an emphasis on certain market sectors, over others. In particular we note that there is a sustained focus on very large industrial sites, with far less emphasis on the performance of smaller sites. All areas of the market can contribute to settlement error or other market





issues and so all areas must be equally scrutinised. UIG is a critical industry issue, but it must not be pursued to the exclusion of all other aspects of market performance.

- PAC engagement with the industry must be proportionate and focussed. ICoSS members have received communications from PAC that do not fully reflect market circumstances or exaggerate the likely impact on the market. They are in many cases sent at a senior level to those who are not directly engaged in resolving the issue. This limits the effectiveness of these communications. There are also difficulties with obligations being placed at shipper level, when performance is dependant on supplier ownership and response for such obligations, over which the shipper has no control.

To address these issues we suggest the following:

- Increased frequency of data collation and assessment to allow a true and accurate picture of shipper performance. We support the work being done by Xoserve to deliver this information, which needs to be progressed as a matter of urgency.
- Consistent coverage of all market sectors, recognising that all aspects of the market contribute towards settlement accuracy.
- Effective and proportionate communication with shippers with a view to improving their performance.

Should you wish to discuss any aspect of this response please get in touch

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