

Performance Assurance Framework (PAF) Document for the (Gas) Energy Settlement Performance Assurance Scheme

Prepared and maintained by the Uniform Network Code Committee or any relevant Sub-committee

Version History

Version	Date	Reason for update
1.0	May 2016	From UNC 0506V – as approved
1.1	July 16	PAC – Identified amendments for consideration
1.2	10 October 2016	PAC – Identified amendments for consideration
1.3	November 2016	Typos and grammar fixes accepted Replaced Gas Transporters with CDSP
1.4	November 2016	Additional comments R Pomroy
1.5	November 2016	Additional comments R Pomroy
1.6	December 2016	Post December meeting – includes alternative assurance letter (Doc 7)

Acronyms used in this document

PAC Performance Assurance Committee

PAFA Performance Assurance Framework Administrator

PAF Performance Assurance Framework (known formally as the Performance Assurance Scheme)

CDSP Central Data Services Provider

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3. Performance Assurance Framework
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Document 1 Performance Assurance Framework – Performance Report Register

Document 2 Report Specification Template

Document 3 Risk Register

Document 4 Performance Assurance Framework Administrator - Scope definition

Document 5 Performance Assurance Committee Member - Confidentiality Agreement

Document 6 Employer Assurance Document

[Document 7 Nominating Party Assurance Document \(where this is not the direct employer of the Member\)](#)

This document has been produced on the assumption that the Central Data Services Provider (CDSP) arrangements will be implemented in early 2017 and all previous references to Gas Transporters have been replaced with CDSP.

1. Definitions

The following terms shall have the following meanings:

- 'Change' means a proposal for the addition to, variation of, or removal of any of the services within the Performance Assurance Framework Administrator Scope
- 'Confidential Information' means all information provided to PAC unless otherwise stated
- 'Employer Assurance Document' means a document signed by an Office Bearer of the employer of the Performance Assurance Committee (PAC) Member assuring that the PAC Member can attend PAC meetings and that they are attending and voting at PAC meetings in the interest of the GB gas market and that they will not be representing any commercial interest or commercial body
- 'Energy Settlement' means the allocation and reconciliation of energy at supply point level
- 'Performance Assurance Committee Member - Confidentiality Agreement' means a document signed by the Performance Assurance Committee Member assuring that they are attending and voting at Performance Assurance Committee meetings in the interest of the GB gas market and that they will not be representing the commercial interest of any commercial body and that they will not divulge confidential matters nor confidential information.
- 'Performance Assurance Committee Document' means the series of documents detailed in Section 8 of this Framework Document, prepared and maintained to support the general operation of the Performance Assurance Scheme. These documents are governed by the Performance Assurance Committee
- 'Performance Assurance Framework' has the same meaning as 'Performance Assurance Scheme' as described in the legal text for UNC Modification 0506V;
- 'Performance Assurance Framework (PAF) Year' means the year commencing on 01 October each year
- 'Performance Assurance Framework Administrator Scope' means the scope of works set by the Performance Assurance Committee and agreed with the Performance Assurance Framework Administrator (PAFA) as set out in Document 4
- 'Performance Assurance Scheme Party' means the scheme party referred to or described in Section 4
- 'Performance Report(s)' means a report or reports defined in the Performance Report Register
- 'Performance Report Register' means the register of agreed reports defined in Document 1
- 'Report Specification' means the report specification defined in Document 2
- 'Risk Register' means the register of risks defined in Document 3.

2. Introduction

This Framework Document sets out the arrangements for the general administration of the (Gas) Energy Settlement Performance Assurance Scheme.

3. Performance Assurance Framework

3.1 General

The Performance Assurance Framework (the "Framework") is the overarching framework for the (Gas) Energy Settlement Performance Assurance Regime. This comprises the details of the Scheme's operation, the Performance Assurance Committee (PAC) and its operation, and the scope, operation and provision of services to be provided by the Performance Assurance Framework Administrator (PAFA).

3.2 Goal

The goal of the (Gas) Energy Settlement Performance Assurance Scheme is:

"A demonstrably effective settlement regime for the gas industry where no one party adversely impacts another party as a result of its failure to operate to the defined settlement regime".

3.3 Objectives

The Framework has the following objectives:

- To determine the appropriate reporting and analysis to measure energy settlement performance and risks to it
- To create a risk register and supporting analysis to assess risks and determine mitigation activities for energy settlement performance
- To report as necessary
- To create a regime incentivising the required performance if necessary by proposing modifications to the UNC.

These objectives may be updated by the PAC from time to time as the PAF develops.

3.4 Application and Operation

The Performance Assurance Framework applies to those UNC parties that directly contribute to Energy Settlement performance, i.e. those in direct control of the data inputs to Energy Settlement (the Performance Assurance Framework Party(ies)). For the avoidance of doubt this includes all Gas Transporters, the Transporter Agency (or Central Data Service Provider as its successor) and Shipper Users.

The Performance Assurance Framework will initially comprise reporting against certain performance indices and the management of a Risk Register comprising risks to Energy Settlement performance.

To meet the requirements of the Performance Assurance Framework, two new roles are created: the Performance Assurance Committee (see Section 4), and the Performance Assurance Framework Administrator (see Section 6).

The Performance Assurance Framework may extend to include:

- Management of a risk model developed by a third party

- The operation of an incentive regime requiring the creation and settlement of incentive charges
- The provision of training and awareness services to existing and new Users
- Other activities yet to be determined.

4. Performance Assurance Committee (PAC)

The PAC has the roles and responsibilities as defined within the Uniform Network Code Committee PAC Terms of Reference.

The PAC is defined as a sub-committee of the Uniform Network Code Committee, with certain rights and responsibilities relating to the management of the community's Performance Assurance Framework.

In the event of any conflict between the Uniform Network Code Committee Terms of Reference and the terms of the Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme then the Uniform Network Code Committee Terms of Reference shall prevail.

5. Procurement and Provision of Services not included in Schedule 2

From time to time the PAC may identify additional requirements which have not been scoped as a PAFA activity according to Schedule 2.

Where such a requirement arises, the PAC will make an initial assessment of the requirement and, where it determines that the additional requirement can be reasonably implemented, shall submit a Change Order to the CDSP in accordance with Schedule 3 Change Control Procedure.

Where the PAC determines that the advice of independent experts may be required, this will be by either:

- a) PAFA to directly supply the requested expertise; or
- b) PAFA to procure an independent expert (subject to PAC approval); or
- c) CDSP to procure an independent expert (subject to PAC approval).

A Change Order shall be submitted as above and in accordance with Schedule 3. Any appointed independent expert shall, by invitation, attend PAC meetings in a non-voting capacity and will be required to sign the relevant confidentiality agreements.

6. Responsibilities under the tender process, appointment process, review process, termination process and provision of data for the Performance Assurance Framework Administrator Scope

6.1 Performance Assurance Framework Administrator (PAFA) Appointment Criteria

- 6.1.1 Produce a clear scope of works and activities that the PAFA is required to perform, against which the CDSP can undertake a tender process. The scope of works is as detailed in Document 4.
- 6.1.2 The appointment is expected to be for a period of three years, with arrangements for a minimum 2 year initial period, with the option for a one-year extension;
- 6.1.3 The PAC shall produce a clear set of criteria for the appointment of the PAFA including (without limitation):
 - a) The ability of the PAFA to produce, publish and maintain a Performance Report Register and the creation, management and maintenance of the PAF Risk Register which shall be in line with the Terms of Reference plus any other criteria agreed by the PAC;

- b) The ability of the PAFA to deliver new services in the future;
- c) The consideration of the relevant knowledge and expertise of the candidates;
and
- d) Details of how much weight/percentage should be placed for each set of criteria.

6.1.4 CDSP to prepare the draft recitals/introduction for the PAFA contract.

6.2 Gas Transporter tender for and appointment of the Performance Assurance Framework Administrator

6.2.1 This is as set out in the UNC Transportation Principal Document Section V.

6.3 Performance Assurance Framework Administrator - Tender and appointment timescales and contract extension

6.3.1 The PAC shall provide to the CDSP the final version of the document in Section 6.1.

6.3.2 On receipt, the CDSP shall commence the tender process, using reasonable endeavours to appoint the PAFA.

6.3.3 At the end of each anniversary of the PAFA Contract appointment, the PAC shall seek feedback from the industry, including the PAFA, on the activities and performance of the PAFA for the provision of the PAFA Scope. The PAC shall provide a summary of feedback received and any actions determined to address it.

6.3.4 In sufficient time prior to the end of the PAFA Contract first term (two years) PAC will determine whether to extend the PAFA Contract for another year, or allow the PAFA Contract to terminate and commence another procurement process.

6.4 Performance Assurance Framework Administrator Contract termination

6.4.1 In the event that the PAFA Contract is required to be terminated, the termination will be at the sole discretion of the Gas Transporters.

6.5 Provision of data or information to the PAFA

6.5.1 Where the PAFA requests data/information/services from DNOs and Shipper Users, required for the provision of the PAFA Scope, DNOs and Shipper Users shall use reasonable endeavours to provide the data/information/services within the timescales requested, (such timescales having been previously notified to DNOs and Shipper Users).

7. Potential extension of this Performance Assurance Framework (PAF) Document as other UNC Modifications are developed

This Document has been prepared for the establishment of the PAC and PAFA arrangements. It is recognised that there will be both current and potential future modifications in development that may require the extension of this Document. This Document allows for future change.

8. Performance Assurance Committee Documents

The following Performance Assurance Committee Documents – hereafter referred to as "Documents"- will be used to support the general operation of the Performance Assurance

Framework. These example Documents will be governed by the Performance Assurance Committee and published on the Joint Office website (www.gasgovernance.co.uk/PAC). Changes to these Documents can be proposed by any UNC Party, the Performance Assurance Committee, and the Performance Assurance Framework Administrator. Changes to the Documents will be prepared by the Performance Assurance Framework Administrator and presented to the Performance Assurance Committee for approval.

NB: *For the avoidance of doubt, these Documents are for example purposes only and may be amended or removed by the PAC in the interests of the effective and efficient operation of the PAF. Any new Documents must be referred to and agreed by the UNCC, such agreement being made by a majority vote.*

Document 1 Performance Assurance Framework – Performance Reports Register

Document 2 Report Specification Template

Document 3 Risk Register

Document 4 Format of Performance Assurance Framework Administrator Scope

Document 5 Performance Assurance Committee Member Confidentiality Agreement

Document 6 Employer Assurance Document

[Document 7 Nominating Party Assurance Document \(where this is not the direct employer of the Member\)](#)

Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme

Document 1

Performance Assurance Framework - Performance Reports Register

The following is the register of reports to be provided under the Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme.

Version History

Version	Date	Reason for new version
1.0	May 2016	Final version from Workgroup Report 0520A

Performance Reports Register

Reference	Title	Frequency	Date of issue	Recipients/publication location
Report 1				
Report 2				
Report 3				
etc				

Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme

Document 2

Performance Report Specification Template

The following is the Report Specification Template provided under the Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme.

This is one of the documents governed under the Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme.

Version History

Version	Date	Reason for new version
1.0	June 2015	Final version for Workgroup Report 0506

Report Template

Report title	
Report reference	
Purpose of report	
Expected interpretation of report results	
Report structure (actual report headings and description of each heading)	
Data inputs to the report	
Number rounding convention	
History, e.g. report builds month on month	
Rules governing treatment of data inputs (the actual formula/specification to prepare the report)	
Design questions awaiting a response	
Frequency of report	
Sort criteria - alphabetical, ascending, etc.	
History/background	
Additional comments	
Estimated development cost	

Estimated ongoing cost	
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Example report format

Title				
Date				
Data	Data	Data	Data	Data
Data	Data	Data	Data	Data
Data	Data	Data	Data	Data

Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme

Document 3

Risk Register

The following is the Risk Register provided under the Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme.

Version History

Version	Date	Reason for new version
1.0	May 2016	Final version from Workgroup Report 0520A

Contents

- 1. Introduction**
- 2. Identification of a Risk**
- 3. Risk Register**
- 4. Risk Actions**
- 5. Risk Progress Report**
- 6. Closing a Risk**

Risk

Appendix 1 - Risk Template

Appendix 2 – Risk Template Guidance

Appendix 3 – Example Risk Template

Appendix 4 - Risk Register

Appendix 5 - Risk Register components

Appendix 6 – Example Risk register

Appendix 7 – Example Risk Scoring

Appendix 8 – Example Visual Globe Map

1. Introduction

This document sets out the supporting example templates and register.

A risk can be defined as an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. For Performance Assurance a risk is the probability that an event or action may adversely affect the performance and gas settlement arrangements. To highlight a risk for investigation is to ask the question “*what may be going wrong and what can be done about it?*”

Risk Management provides a framework within which business-critical risks can be identified, assessed, managed and reported in a visible, structured, consistent and continuous manner. Effective Risk Management will help to create and focus management action plans to mitigate against risk.

Below is an example of a risk process for discussion and development within the PAC.

2. Identification of Risk

Potential risks can be identified by a UNC party or statutory body and submitted to the PAFA. To do this a standard template is required. A Risk Template is shown in Appendix 1. A guidelines document for completion of the Risk Template is available in Appendix 2 and an example of a completed Template is available in Appendix 3.

The Risk Template should be populated with all the information necessary to aid the PAFA to register the risk and then provide this to the PAC for the next stage of the process. Should there be insufficient information to document the risk the PAFA will need to liaise with the Risk Originator to obtain the relevant information.

During this stage the PAFA will conduct an initial validation of the risk including its scoring to ensure the risk needs to be added to the Risk Register, for example ensuring that the risk identified is not a duplication of an existing risk on the Risk Register.

Once the necessary information is captured the PAFA will translate the risk onto the Risk Register.

3. Risk Register

The PAFA will translate the risk onto the Risk Register. A copy of the Risk Register is available in Appendix 4 and a definition of the components of the Risk Register can be found in Appendix 5. An example of a completed Risk Register is available in Appendix 6. All risks will be highlighted to the PAC to clarify and quantify the risk. The risk rating is scored based on the financial impacts, community impacts of the risk and the likelihood of the risk occurring. The PAC is responsible for assessing and agreeing on the score.

The risk scoring matrix looks at where this risk score is currently, what the worst case scenario could be should the risk not be addressed, and the target for the risk score following the expected mitigation actions.

Risks will be given a status based on the score (active/monitoring/closed). Where the risk is deemed to have little or no impacts it will be closed and the Risk Originator will be informed, along with a suitable explanation. Risks that are identified as having a low score with controls in place may require monitoring and therefore may remain open with a status of ‘monitoring’. As and when required, the PAC will update the risk score and determine the next steps, e.g. to escalate or close the risk.

The PAFA is responsible for administering and maintaining the Risk Register. The PAFA will update the Risk Register based on the outcomes of the PAC risk discussions, actions and controls, and where necessary will close the risks.

The Risk Register is expected to be published in a location as advised by the PAC.

4. Risk Actions

For every potential cause of a risk, a control needs to be identified. Where controls do not exist an action will be created to reduce the likelihood of occurrence of the risk. The PAC will decide on the course of action to be taken for the identified risk(s) and delegate these accordingly. All actions will have an assigned owner who is accountable for them with a defined target date. The PAFA will support the PAC to monitor and update the actions within the Risk Register and will therefore liaise with all parties and owners of actions. The PAFA will update the actions either monthly for high risks or quarterly for low risks and inform the PAC. Any actions incomplete will be subject to regular scrutiny from the PAC.

Risks are also deemed to have a control opinion. This is based on a green, amber, red system predicated on the levels of control in place. As actions are implemented and levels of control established the control opinion should reflect this.

5. Risk Progress Report

A risk review date is provided on the Risk Register. For high scoring risks, this will be monthly; all other risks will be reviewed quarterly.

All risks are submitted to the PAC and will be subject to a Risk Progress Report. The Risk Progress Report is to provide an update of planned actions and risk management activities to help shape the target risk score and action progress. The simplest technique for providing a visualisation of the total risk activity for the PAC will be a diagram that reflects the likelihood of occurrence, financial impacts and community impacts. Appendix 8 presents an example of a visual globe map. This will provide the PAC with a visual map of the risk profile. The PAFA will provide the Risk Progress Report to the PAC as required.

6. Closing a Risk

Risks are closed based on the result of the actions and the controls put in place. The Risk Progress Report may highlight that controls are in place and subsequently the PAC may amend a risk score. Where risk scores have reduced or have met the target and are no longer deemed to be a risk to gas settlement performance the PAC may choose to close the risk. The PAFA will update the Risk Register accordingly and notify the Risk Originator of the actions completed and the outcome of the risk they raised.

Appendix 1 – Risk Template

Performance Assurance: Risk Template

Please complete the template with as much information as possible that to aid the registration and initial investigation of the proposed risk. All fields are mandatory unless otherwise specified. Please refer to the guidance document.

Date		Raised by (include Contact Details)			
There is a risk that... (Risk Description)					
Because of... (Cause)					
Leading to... (consequence)					
Risk Scores		Financial	Reputation	Probability	Total
	Current				
	Target				
	Inherent				

Any current controls identified		Any additional information/ supporting information <i>(optional)</i>	
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Appendix 2 - Guidance for populating the Risk Template

The Risk Template is designed to provide sufficient information for the PAFA to update the Risk Register and to facilitate discussions within the PAC therefore please update to the best of your knowledge.

The following fields are mandatory and should be populated. Any fields that have not been populated will result in a delay to the updating of the Risk Register.

Date: Date the risk is raised.

Raised by: Your details, including a method for communication should the PAFA need additional information and for on-going communication regarding the progress of your risk.

There is a risk that... A description of the source of the risk, i.e. the event or situation that gives rise to the risk. A succinct sentence of what the risk is. For example, *“there is a risk that formulae year AQ is not being calculated for all Supply points”*.

Because of... Identify the cause of the risk, what could pose a risk. For example, *“because reads are not being submitted by 10 Shipper organisations”*.

Leading to ... The consequence of the risk should it occur. For example, *“allocation of gas is not accurate and incoming Shippers may be burdened with an incorrect AQ when there is a transfer of ownership”*.

Risk Scores – Score the risk based on:

- Impact: Financial Risk – [or throughput]
- Likelihood of occurrence.

The matrix (below) represents the risk ratings:

Rating	Financial Impact £m (annual)	Likelihood
1	[<£1million]	Description – Remote Probability – <10% chance
2	[£1m – £25m]	Description – Less Likely Probability – >10% and < 40% chance
3	[£25m – £50m]	Description – Equally unlikely as likely Probability – >40% and < 60% chance
4	[£50m – £75m]	Description – More likely Probability – >60% and < 90% chance
5	[>£75m]	Description – Almost certain Probability – >90% chance

Scores - The score is calculated by taking a score from each column based on the risk for each category. An example of this:

If a risk was identified that posed a financial risk of £5million, affected all Shippers and was deemed 50% likely to occur, the score could be:

[Financial] impact x Likelihood = 2 x 3 = 6

Rating	Financial £m (annual)	Likelihood
1	[<£1million]	Description – Remote Probability – <10% chance
2	[£1m – £25m]	Description – Less Likely Probability – >10% and < 40% chance
3	[£25m – £50m]	Description – Equally unlikely as likely Probability – >40% and < 60% chance
4	[£50m – £75m]	Description – More likely Probability – >60% and < 90% chance
5	[>£75m]	Description – Almost certain Probability – >90% chance

The score is calculated across 3 separate categories:

- Current risk - The current position of the risk based on the analysis you have undertaken.
- Target risk - Where you would like the risk to be in the future once controls have been put in place. For a risk to be minimised you would anticipate a control opinion of green even if the score is not zero.
- Inherent risk – The worst case scenario should the risk occur.

All scores are subject to review and amendment by the Performance Assurance Committee.

Any current controls identified – Any identified controls that already exist to mitigate against the risk.

Any additional information/supporting information (optional) - Additional information that can be presented to the PAC to aid discussions and form actions; this may include example scenarios of the risk.

Appendix 3 – Example Risk Template

Performance Assurance: Risk Template

Please complete the template with as much information as possible that to aid the registration and initial investigation of the proposed risk. All fields are mandatory unless otherwise specified. Please refer to the guidance document.

Date	20/04/15	Raised by (include Contact Details)	Rachel Hinsley, Service Development Consultant Address - Xoserve Limited, Telephone - (0121) 623 2854?		
There is a risk that... <i>(Risk Description)</i>	Meter Read performance is having a detrimental impact on rolling AQ				
Because of... <i>(Cause)</i>	Meter Read submissions are not as frequent as they should be for class 4 sites. 5 Shippers have not hit any of the UNC targets for their portfolios.				
Leading to... <i>(consequence)</i>	Where no reading is submitted the AQ cannot be updated therefore there is a risk to allocation and settlement				
Risk Scores		Financial	Reputation	Probability	Total
	Current	3	4	4	48
	Target	2	1	2	4
	Inherent	5	5	4	100

Appendix 4 – Risk Register

Risk number

Any current controls identified	Targets are set to mitigate against this risk: Monthly MRF: 90% per calendar month SSP Annual: 70% in 12 month period LSP Annual: 90% in 12 month period The PAC is already reporting on this but there needs to be an incentive linked to the performance to encourage the Shipping community to improve performance.	Any additional information/ supporting information <i>(optional)</i>	Please see the 'MRF' report 2.2
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Risk Number:	Risk Description:						
	There is a risk that.....						
Date:	Raised by:	Risk Status:			Control Opinion		
Risk Scores			Financial	Community	Probability	TOTAL	Risk Review Date
	Current						
	Target						
	Inherent						
Associated Risk:		Category:					
Potential Causes of the Risk	Potential Consequences of the Risk Event Occurring	Controls		Actions			Owner and Target Completion Date

Appendix 5 - Risk Register components

- **Risk Number** – unique Risk Number for identification
- **Risk Description** – a concise definition of what the risk is (not to be confused with what the risk consequence may be)
- **Date** – the date the issue is raised
- **Raised by** – the Originator of the risk to ensure they can be informed of progress
- **Risk status** – active/monitoring/closed
- **Control opinion** – this is based on the controls in place – categorised with a green, amber or red status based on the matrix (below):

Not Effective	Key controls have not been established or are deemed to be ineffective. Action plans to rectify the fundamental weakness have still to be fully identified and agreed.
Partially Effective	Key controls are in place but have either not been subject to suitable assurance activity or testing reveals that some control improvements, not deemed to be fundamental, are required.
Effective	Key controls are in place, are tested periodically as appropriate and are deemed satisfactory. This testing includes independent challenge where the risk is deemed significant (e.g. from Internal Audit or another independent assurance provider).

- **Risk Scores:**
 - Financial Risk
 - **Community Risk**
 - Likelihood of occurrence.

The matrix (below) represents the risk ratings:

RISK RATINGS			
Rating	Financial £m (annual)	Community	Likelihood
1	[<£1million]	[Risk to one Shipper organisation]	Description – Remote Probability – <10% chance
2	[£1m – £25m]	[Risk to whole Shipper community]	Description – Less Likely Probability – >10% and < 40% chance
3	[£25m – £50m]	[Risk to Shipper Community and one Network]	Description – Equally unlikely as likely Probability – >40% and < 60% chance
4	[£50m – £75m]	[Risk to Shipper Community and all Networks]	Description – More likely Probability – >60% and < 90% chance
5	[>£75m]	[Risk to Shipper Community, Networks, all parties and	Description – Almost certain Probability – >90% chance

		potential risk to End Consumers	
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Scores – Based on the financial impact should the risk occur x the community risk to the industry x the probability of occurrence:

- Any score above [100] requires action with frequent monitoring and monthly reporting to the PAC.
- Any score between [6] and [100] will be actioned and monitored but will only be reported into the PAC on a quarterly basis.
- Scores below [6] – risk will be closed.

The score is calculated across 3 separate categories:

- Current risk - The current position of the risk based on analysis
- Target risk - Where the PAC would like the risk to be in the future once controls have been put in place
- Inherent risk – The worst case scenario should the risk occur.

- **Risk Review Date** – A review date needs to be supplied for reviewing the risk.
- **Associated Risk** – If this links to any other risk(s) within the Risk Register this will list the linked Risk number(s).
- **Risk Category** – Proposal to categorise risks.
- **Potential causes of the Risk** – Identification of all the causes that may be creating the risk.
- **Potential Consequences of the Risk Event Occurring** – Detailing the consequences should the risk occur.
- **Controls** – For every potential cause of a risk a control needs to be identified to mitigate against the risk. Where there is no control an action will be created.
- **Actions** – The actions are identified to reduce the risk of occurrence based on controls identified. The actions are specific and have an identified owner and target date of completion. All actions are required to be reviewed and updated quarterly as a minimum. The result of a completed action is that a control has been implemented which in turn will reduce the risk score and may influence the risk status.
- **Owner** – Identification of an owner to complete the action. In some scenarios this may entail all industry parties; in other scenarios this may be one organisation or may be the PAFA.

Appendix 6 – Risk Register

Risk Number 2

Risk Number:	2	Risk Description: Incomplete Meter Read Submissions					
		There is a risk that..... Meter Read performance is having a detrimental impact on rolling AQ					
Date:	21/04/15	Raised by:	Rachel Hinsley	Risk Status:	Active	Control Opinion	Amber
Risk Scores			Financial	Community	Probability	TOTAL	Risk Review Date: Initial discussions to be held at the PAC on 5 th May and scores to be agreed
	Current		3	4	4	48	
	Target		2	1	2	4	
	Inherent		5	5	4	100	
Associated Risk:	NA		Category:			Settlement	
Potential Causes of the Risk	Potential Consequences of the Risk Event Occurring	Controls			Actions		Owner and Target Completion Date
Meter Read submissions are not as frequent as they should be for class 4 sites. 5 Shippers have not hit any of the UNC targets for their portfolios.	Where no reading is submitted the AQ cannot be updated therefore there is a risk to allocation and settlement	Targets are set to mitigate against this risk: Monthly MRF: 90% per calendar month SSP Annual: 70% in 12 month period LSP Annual: 90% in 12 month period The PAC is already reporting on this but there needs to be an incentive linked to the performance to encourage the Shipping community to improve performance.			To be agreed at meeting 05/05/15		To be agreed at meeting 05/05/15

Appendix 7 – Example Risk Scoring

Risk can be scored in different ways. The example scenario has rated scores based on financial impact, community impact and likelihood (probability) of occurrence. The rating categories need to be discussed and defined based on recommendations from the PAC. Alongside the options for risk ratings the PAC will also need to decide the method it wishes to adopt for scoring. The scoring needs to take into account the brackets for scoring a risk as high or low and the outcome of a risk score affecting the frequency with which a risk needs to be presented to the PAC.

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For example:

- Any score above [100] requires action with frequent monitoring and monthly reporting to the PAC.
- Any score between [6] and [100] will be actioned and monitored but will only be reported into the PAC on a quarterly basis.
- Scores below [6] – risk will be closed

Below are given two examples of different ways the scoring system could be used by the PAC:

Example 1:

RISK RATINGS			
Rating	Financial £m (annual)	Community	Likelihood
1	[<£1million]	[Risk to one Shipper organisation]	Description – Remote Probability – <10% chance
2	[£1m – £25m]	[Risk to whole Shipper community]	Description – Less Likely Probability – >10% and < 40% chance
3	[£25m – £50m]	[Risk to Shipper Community and one Network]	Description – Equally unlikely as likely Probability – >40% and < 60% chance
4	[£50m – £75m]	[Risk to Shipper Community and all Networks]	Description – More likely Probability – >60% and < 90% chance
5	[>£75m]	[Risk to Shipper Community, Networks, all parties and potential risk to End Consumers]	Description – Almost certain Probability – >90% chance

If a risk was identified that posed a financial risk of £5million, affected all Shippers and was deemed 50% likely to occur, the score could be:

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- a) Financial impact x Community Impact x Likelihood = 2 x 2 x 3 = 12 or;
- b) Financial impact + Community Impact + Likelihood = 2 + 2 + 3 = 7

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Example 2:

Alternatively, a simpler option could be formed where the impact is grouped together

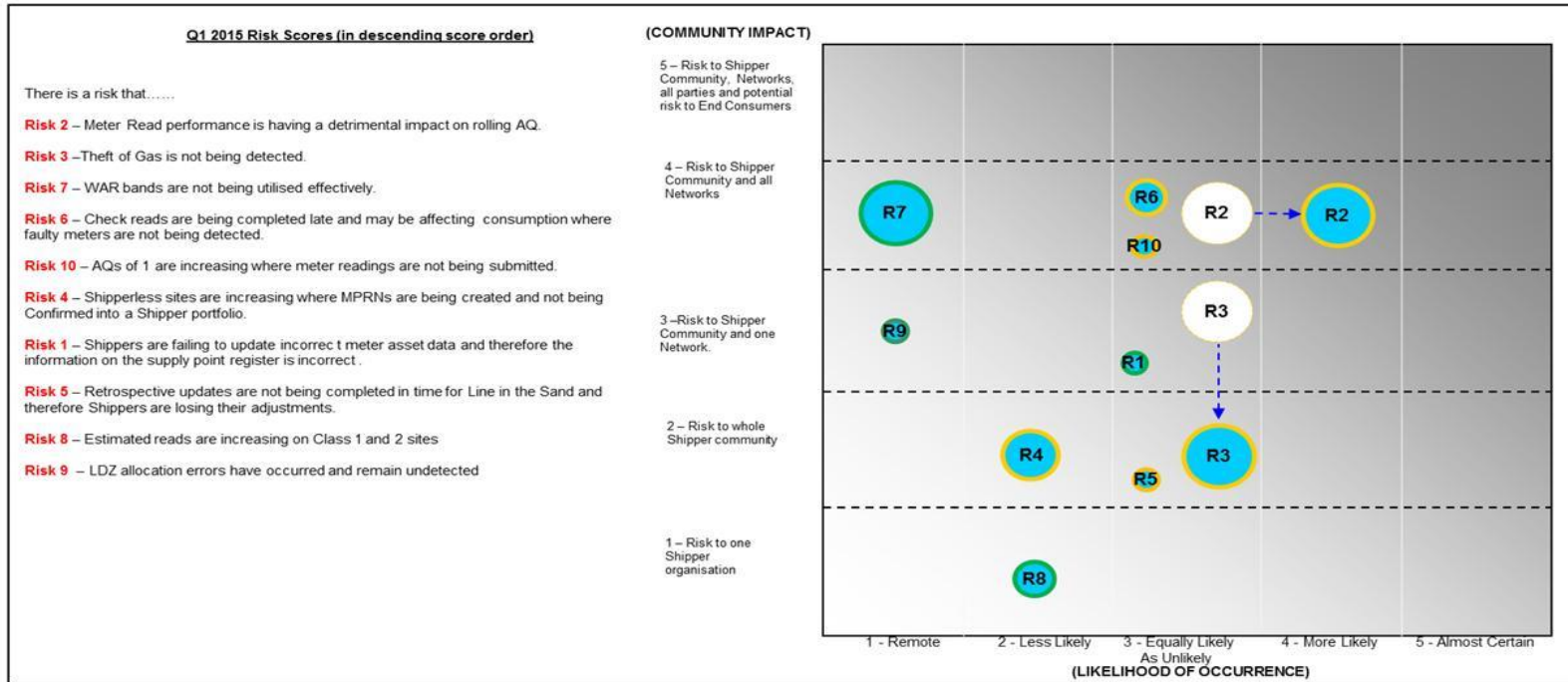
RISK RATINGS		
Rating	Cost £m (annual)	Impact
1	[<£1million]	[Risk to one Shipper organisation] Probability – <10% chance
2	[£1m – £25m]	[Risk to whole Shipper community] Probability – >10% and < 40% chance
3	[£25m – £50m]	[Risk to Shipper Community and one Network] Probability – >40% and < 60% chance
4	[£50m – £75m]	[Risk to Shipper Community and all Networks] Probability – >60% and < 90% chance
5	[>£75m]	[Risk to Shipper Community, Networks, all parties and potential risk to End Consumers] Probability – >90% chance

If a risk was identified that posed a financial risk of £5million, affected all Shippers and was deemed 50% likely to occur the score could be:

- a) Cost x Impact = 2 x 3 = 6 or;
- b) Cost + Impact = 2 + 3 = 5

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Appendix 8



GUIDANCE NOTES

Control Opinion (Colour of Globe Perimeter)	Financial Impact	Community Impact	Likelihood Impact
<p>Not effective</p> <p>Key controls have not been established or are deemed to be ineffective. Action plans to rectify the fundamental weakness have still to be fully implemented and agreed.</p>	<p>5 ≥ £75m</p>	<p>1 Risk to one Shipper organisation</p>	<p>1 Description – Remote Probability – <10% chance</p>
<p>Partially effective</p> <p>Key controls are in place but have either not been subject to suitable assurance, activity or testing reveals that some control improvements, not deemed to be fundamental, are required.</p>	<p>4 £50m - £75m</p>	<p>2 Risk to whole Shipper community.</p>	<p>2 Description – Less Likely Probability – >10% and <40% chance</p>
<p>Effective</p> <p>Key controls are in place, are tested periodically as appropriate and are deemed satisfactory. This testing includes independent challenge where the risk is deemed significant (eg. from Internal Audit or another independent assurance provider).</p>	<p>3 £25m - £50</p> <p>2 < £1m & £1m - £25m</p>	<p>3 Risk to Shipper Community and one Network.</p> <p>4 Risk to Shipper Community and all Networks</p> <p>5 Risk to Shipper Community, Networks, all parties and potential risk to End Consumers</p>	<p>3 Description – Equally unlikely as likely Probability – >40% and <80% chance</p> <p>4 Description – More likely Probability – >80% and <90% chance</p> <p>5 Description – Almost certain Probability – >90% chance</p>

Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme

Document 4

Performance Assurance Framework Administrator (PAFA) Scope

This is one of the Documents governed under the Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme.

For Performance Assurance Framework Year **[01 October 2016/17]**

Version	Status	Date
1.0	Final version from the PAC report	May 2016

Contents

Part 1 General

Schedule 1 Definitions and Interpretation

Schedule 2 Services

Schedule 3 Change Control Procedure

Schedule 4 Performance Indicators

Part 1 General

1. Introduction

This Performance Assurance Framework Administrator Scope (PAFA Scope) sets out the Services to be provided for the relevant year.

2. Definitions and Interpretation

This PAFA Scope shall be interpreted in accordance with Schedule 1.

3. Services

The Services to be provided within the PAFA Scope are detailed in Schedule 2.

4. Change Control Procedure

To initiate a Change to the services a Change Control Procedure is set out in Schedule 3.

5. Agreeing the PAFA Scope, cost estimates and cost reporting

The PAC shall submit a Draft PAFA Scope largely in the form of Schedule 2, setting out the scope of services for the forthcoming PAF Year to the Central Data Service Provider (CDSP) 4 months prior to the start of the PAF Year.

The CDSP and the PAC shall discuss the PAFA Scope and the CDSP shall provide a PAC Cost Estimate for the delivery of the PAFA Scope. The CDSP and the PAC shall agree the Final PAFA Scope 1 month prior to the start of the PAF Year.

The CDSP shall monitor actual costs against forecast costs and provide a monthly Budget Tracking Report to the PAC.

Where the CDSP identifies that actual or forecast costs vary, or are expected to vary by 10% of the relevant PAC Cost Estimate the CDSP shall submit a Budget Exception Report to the PAC explaining the situation, its impacts and any mitigation that may be possible.

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6. Performance Assurance Scheme Party obligations to the CDSP

Each Performance Assurance Scheme Party is expected to use reasonable endeavours to support the CDSP in the performance of the services. For example, the CDSP may have a requirement to request data from a Performance Assurance Scheme Party as part of the provision of a service.

7. Monitoring of Performance

The CDSP shall be responsible for reporting their performance of the services and any other obligations under this PAFA Scope to the PAC in accordance with Schedule 4, on a monthly basis. If the CDSP fails to provide the services in accordance with the Performance Indicators the CDSP shall:

- identify the cause of any failure to provide the services in accordance with a specific Service Standard or Performance Indicator;

- inform the PAC of such action necessary to correct such failure and prevent it from recurring;
and
- keep the PAC advised of the status of remedial efforts and any rectification being undertaken.

Schedule 1 Definitions

1. Interpretation and Definitions

1.1 Definitions

The following terms shall have the following meanings:

Budget Exception Report means the report described in Section 5 in a form largely as set out in Appendix 1

Budget Tracking Report means the report described in Section 5 in a form largely as set out in Appendix 1

Business Evaluation Order (“BEO”) means a form submitted to the CDSP by the PAC approving an Evaluation Quotation Report (EQR) and requesting a Business Evaluation Report (BER) in relation to a specific Change Order

Business Evaluation Report (“BER”) means a report issued by the CDSP in response to a BEO, setting out such matters as are referred to in Schedule 3

Change Order means a request for a service change

Draft PAFA Scope means the proposed scope of services for the forthcoming PAF Year

Evaluation Quotation Report (“EQR”) means a report issued by the CDSP in response to a Change Order, setting out such matters as are referred to in Schedule 3

Final PAFA Scope means the agreed scope of services for the forthcoming PAF Year

PAC Cost Estimate means the report described in Section Schedule? 5 in a form largely as set out in Appendix 1

Performance Indicators means the specific standards to which the CDSP must provide the services and which are set out in Schedule 4

Services means the service requirements described or referred to in Schedule 2.

1.2 Interpretation

Capitalised terms that are not defined above shall have the meanings given to them in the Uniform Network Code (UNC), Performance Assurance Committee Terms of Reference, or the Performance Assurance Framework Document for the (Gas) Energy Settlement Performance Assurance Scheme.

Schedule 2 Services Schedule (example)

Part 1 Provision of administration services to the Performance Assurance Committee					
Service description – The provision of administration services to the Performance Assurance Committee to support the delivery of the Performance Assurance Committee's requirements					
	Service Requirement Description	Service Requirement Trigger	Service Requirement Output	Recipient	Timing of delivery of service requirement output
1	Maintenance and publication of the Performance Reports Register	Ongoing, maintain as changes require	The publication of the Performance Reports Register	The industry, published at:	
2	Review of Performance Reports and consideration of effectiveness, providing recommendations to the PAC as required	Annually	A report to the PAC	PAC	
3	Maintenance of each Report Specification	Ongoing	The publication of each Report Specification	The industry, published at:	
4	Attend meetings of the PAC as required	Ongoing	Attendance at PAC	PAC	
5	Provision of PAC Cost Estimate for the provision of the PAFA Scope as provided by the PAC	On receipt of the PAFA Scope for the forthcoming PAF Year from the PAC	Cost estimate	PAC	
6	Provision of Budget Tracking Report to the	[Monthly]	A report of actual against forecast	PAC	

	PAC		costs		
7	Provision of a Budget Exception Report	As required when actual to forecast costs, or forecast costs, vary, or are expected to vary from the relevant PAC Cost Estimate	A Budget Exception Report	PAC	
Part 2 Provision and maintenance of the PAF Risk Register					
Service description - Creation, management, maintenance and reporting (including publication) of the PAF Risk Register and operation of the PAF Risk Register process					
	Service Requirement Description	Service Requirement Trigger	Service Requirement Output	Recipient	Timing of delivery of service requirement output
1	Publication of the PAF Risk Register process and any supporting documents/templates, etc	Ongoing, maintain as changes require	The publication of the PAF Risk Register Process	The industry, published at:	
2	Operation of the PAF Risk Register Process	Ongoing	As required by the PAF Risk Register Process	As required by the PAF Risk Register Process	

Part 3 Provision of reports to industry					
Service description – The provision of reports to the industry (individual organisations, the Performance Assurance Committee, and others as required)					
	Service Requirement Description	Service Requirement Trigger	Service Requirement Output	Recipient	Timing of delivery of service requirement output
1	Performance Report Register report 1	As per Performance Report Register report 1	As per Performance Report Register report 1	As per Performance Report Register report 1	As per Performance Report Register report 1
2	Performance Report Register report 2	As per Performance Report Register report 2	As per Performance Report Register report 2	As per Performance Report Register report 2	As per Performance Report Register report 2

Schedule 3 Change Control Procedure

1. Principles

A suggestion for a change may be made by any UNC party or statutory body and will be processed in accordance with this Change Control Procedure.

The supporting templates are shown in Appendix 1 of this Schedule 3.

2. Procedure

2.1 Change Order

Any party wishing to make a Change to the PAFA Scope shall issue a written request to the PAC. A request for a Change shall be submitted by a Change Order, in the format shown in Appendix 1 of this Change Control Procedure, by email to the Joint Office of Gas Transporters (enquiries@gasgovernance.co.uk) for inclusion in the papers for the next PAC meeting.

The Joint Office shall provide an acknowledgement of receipt of the Change Order to the Originator.

2.2 Change Order Evaluation at Performance Assurance Committee

The PAC shall review the Change Order and where, in the view of the PAC, the service change cannot reasonably be implemented, the PAC shall reject the Change Order and inform the Originator of the reasons thereof. Any party may then, should it choose to do so, submit a new or revised Change Order pursuant to the provisions of paragraph 2.1 above and the services schedule change control procedure will recommence.

Where the PAC determines, in its initial view, that a service change can reasonably be implemented, it shall submit the Change Order to the CDSP for further assessment.

The CDSP shall return the Change Order to the PAC with an outline report of its assessment of the change (including a ROM), as soon as reasonably practical after receipt of the Change Order.

The CDSP and the PAC shall discuss the Change Order to determine the next actions to be undertaken.

The PAC shall provide a response to the Originator advising the outcome of the PAC review.

2.2.1 Performance Assurance Committee Review Outcomes

The PAC review outcomes are as follows:

- a) Reject Change Order; or
- b) Accept Change Order and proceed to the next stage; or
- c) Suspend Change Order. Request that the CDSP and the Originator discuss the Change Order further to enable the PAC to make an informed final decision.

2.3 Evaluation Quotation Report

Where the PAC accepts the Change Order, the CDSP shall prepare an Evaluation Quotation Report (EQR). Once it is complete, the CDSP shall submit the EQR to the PAC. The EQR will set out:

- the details of the service change (i.e. describe the new service requirements) and the expected beneficiaries, based on the CDSP's understanding of the Change Order;
- the CDSP's initial view of whether and (if relevant) how the service change can reasonably be implemented; and
- if the CDSP's initial view is that the service change could reasonably be implemented, the EQR will also set out:
 - the CDSP's impact assessment of what analysis work is required in order to develop the Business Evaluation Report (BER) which may include a Detailed Cost Analysis (DCA);
 - if the CDSP has determined that it needs to recover the costs of preparing the BER, a quotation for such costs; and
 - any initial view that the CDSP may have of potential likely changes to the Services Schedule and the PAFA costs.

2.4 Agreeing the Evaluation Quotation Report

- 2.4.1 If the EQR states that, in the CDSP's view, the service change cannot reasonably be implemented then the relevant Change Order will be referred back to the PAC for rejection.
- 2.4.2 If the EQR states that, in the CDSP's initial view, the service change may reasonably be implemented then the PAC will then consider the EQR. The Change Order will not progress until the PAC has agreed and approved the EQR (including any quotation for the funding required by the CDSP to complete the BER) in accordance with its then prevailing terms of reference. The PAC will notify the CDSP that it has approved the EQR by submitting, in accordance with its then prevailing terms of reference, a Business Evaluation Order (BEO) to the CDSP.

2.5 Preparation of Business Evaluation Report (BER)

Once the PAC has, in accordance with its then prevailing terms of reference, provided the CDSP with the BEO, the CDSP will prepare the Business Evaluation Report (BER), which may include a DCA. Once the BER is complete, the CDSP shall submit it to the PAC.

The BER will set out:

- whether, after further business analysis, the CDSP still considers that the change can reasonably be implemented;
- and if the CDSP still considers that the change can reasonably be implemented, the BER will also set out:
 - the various design options for how the service change may be delivered by the CDSP (including timescales) ("Design Options");
 - the estimated development and implementation costs of each Design Option (a ROM or DCA as required);

- the estimated ongoing service costs/price of each Design Option (a ROM or DCA as required);
- any amendments which will be required to the wording of the Services Schedule; and
- any necessary changes to the Agency Charging Statement (ACS) which would need to be submitted to the Gas and Electricity Markets Authority ("Ofgem") pursuant to the provisions of Standard Special Condition A15 of the Transporter's Licence.

2.6 Agreeing the Business Evaluation Report

If the BER states that in the CDSP's view, after further business analysis, the service change cannot reasonably be implemented (and giving reasons therefor), then the relevant Change Order will be referred back to the PAC. Any party may then, should it choose to do so, submit a new or revised Change Order pursuant to the provisions of paragraph 2.1 above and the services schedule change control procedure will recommence.

If the BER states that in the CDSP's view, after further business analysis, the service change may reasonably be implemented, the PAC will then consider the BER and shall either agree on one of the proposed Design Options and approve the BER on that basis, or elect to cancel the Change Order.

The Change Order or change control procedure? will not progress until the PAC has agreed and approved the BER in accordance with its then prevailing terms of reference.

2.7 Development and Implementation

If the PAC agrees and approves the BER, the CDSP will commence work to develop and implement the chosen Design Option.

If the PAC agrees and approves the BER, but there are required changes to the Agency Charging Statement then the revised Agency Charging Statement will be submitted to Ofgem pursuant to the provisions of Standard Special Condition A15 of the Transporter's Licence.

Once (if required) the Agency Charging Statement has been modified pursuant to the provisions of Standard Special Condition A15 of the Transporter's Licence, the CDSP will proceed to implement the chosen Design Option and the changes to the Service Schedules as set out in the BER shall be made.

The CDSP will provide ongoing progress reports to the PAC as the development and implementation of the chosen Design Option progresses. This will include performance against planned timescales and budgets.

Appendix 1 of this Schedule 3

Change Order Template

**Performance Assurance Framework
Change Order Form
for {Title}**

Please send this completed form to [enquiries@gasgovernance.co.uk]

Admin Details	
Change Title	
Submission date	
Originator organisation	
Organisation representative	
Change reference number	[provided by PAFA]
<i>1.1.1.1.1.1 Change Details</i>	
Change description	
<p>{Provide a full description of the change from a requirement perspective – where possible the solution should not be provided, the change is a description of the matter requiring resolution not a description of the solution. Where possible include:</p> <ul style="list-style-type: none">- Issue that has led to the change requirement- Expected benefits of the change- Any other related topics relevant to the change- Any timescale or other critical drivers.}	

Evaluation Quotation Report (EQR) Template

Performance Assurance Scheme? Services Evaluation Quotation Report (EQR) for Change Order [ref] [title]

Commented [MF1]: Does change process relate solely to changes to the PAFA scope? If so, this should be titled 'PAFA Services EQR...'

Document Purpose and Summary

The purposes of this report are...

- To provide a quotation for the Gas Transporters to evaluate the business change outlined in the relevant Change Order, i.e. a quote to provide a Business Evaluation Report (BER).
- To identify the impacted areas that will be analysed during the evaluation.

Evaluation service offered:

Analysis of the change order to produce a Business Evaluation Report that will include estimated costs for delivery of the business change.

During business evaluation the Gas Transporters may provide other appropriate deliverables.

Quotation Dependencies

1. There are no changes in the scope or complexity of the change between provision of this EQR and delivery of the BER.
2. The BER delivery time scale quoted is elapsed time. Actual start date depends upon [a] when the BEO is received and [b] the relative priorities and availability of resource at that time.

Disclaimer

This Evaluation Quotation Report has been prepared pursuant to Schedule 3 of the PAFA Scope.

It has been prepared in good faith, and has been prepared using data and information provided by third parties, and whilst the Gas Transporters have used reasonable endeavours to ensure that it is accurate and appropriate, no representation or warranty is made as to its accuracy or completeness of the information contained herein, nor its fitness for purpose, even where any such purpose has been advised. By its very nature it is only able to contain indicative information and estimates (including without limitation those of time, resource and cost) based on the circumstances known to the Gas Transporters at the time of its preparation. Nothing in this document is intended to have any contractual or legal force.

Change type	Change Order PAF Services
Service Change details (describe new requirements and expected beneficiaries):	
Gas Transporters' initial view of if and how service Change can be reasonably be implemented:	
Gas Transporters' impact assessment of what analysis work is required in order to deliver BER:	
Estimated BER delivery cost and whether recoverable:	
Potential changes to any regulatory documents, e.g. Agency Charging Statement:	
Period for which EQR is valid:	
Lead Xoserve [CDSP?] operational manager name and contact details:	

Business Evaluation Order (BEO) Template

Business Evaluation Order (BEO) for Performance Assurance Scheme? Services Change Order
[ref] [title]

The purposes of the Business Evaluation Order are...

- To approve an Evaluation Quotation Report for the Change Order.
- To inform the Gas Transporters of the next action the sponsor requires for the Change Order.

Change Order Reference:	
Change Order Title:	
Customer:	
Customer Representative:	
EQR version:	Version: n Date:
EQR approval: <i>Unless approved without comment, please provide reasons in the comment section below.</i>	<ol style="list-style-type: none"> 1. Approved 2. Approve with comments 3. Clarification required 4. Rejected
Next action required:	<ol style="list-style-type: none"> 1. Proceed with evaluation 2. Provide clarifications 3. Revise the EQR 4. Nothing – change being reassessed 5. Nothing – change suspended 6. Nothing – change cancelled
Date Change Order received:	
Date EQR received:	
Date BEO provided:	
Date BEO expires:	
Funding Approval	<i>Detail proposed funding methodology.</i>

No	Section Ref	Reviewer comment	Author response
1			
2			
etc			

Note: The Gas Transporters reserve the right to reject the BEO and provide a new EQR if the scope of the service requested or scope of the change differs from that specified in relevant version the EQR for the relevant Change Order.

Business Evaluation Report (BER) Template

Performance Assurance Scheme? Services - Business Evaluation Report (BER) for Change Order [ref] [title]

Disclaimer:

This Business Evaluation Report (BER) has been prepared in good faith by the Gas Transporters but by its very nature is only able to contain indicative information and estimates (including without limitation those of time, resource and cost) based on the circumstances known to the Gas Transporters at the time of its preparation. The Gas Transporters accordingly make no representations of accuracy or completeness and any representations as may be implied are expressly excluded (except always for fraudulent misrepresentation).

This BER does not, and is not intended to, create any contractual or other legal obligation on the Gas Transporters.

Details of Service Change	
Do the Gas Transporters consider the service Change can reasonably be implemented?	
Design Options (including timescales)	
Estimated development and implementation costs of each Design Option	
Estimated ongoing service costs/price (and cost recovery mechanisms) of each Design Option	
Any system constraints	
Any amendments which will be required to the wording of the PAFA scope document	
Any required changes to regulatory documents, e.g. Agency Charging Statement	
Period for which BER is valid	
Lead Xoserve (CDSP?) operational manager name and contact details	

Schedule 4 Performance Indicators

1. Performance Indicators

- 1.1 The Performance Indicators and the Services to which they apply are set out in the following table.
- 1.2 The CDSP shall produce an exception report on a monthly basis, which provides relevant information relating to the non-achievement of the Performance Indicators in accordance with Part 1 paragraph 7.
- 1.3 The introduction, change or removal of Performance Indicators can only occur as a result of a Change Order. Any such introductions, changes or removals will come into force in the month immediately following their agreement unless otherwise agreed with the Performance Assurance Committee.
- 1.4 In the case of introduction or substitution of a Performance Indicator, where no historic performance and management information is available, a period of at least six months must elapse (or such other period as may be agreed between the CDSP and the Performance Assurance Committee) before a new performance standard can be set for the Performance Indicator.

Performance Indicators				
To be developed based upon Schedule 2 and, where required, Schedule 3				

Document 5

LETTER OF CONFIRMATION
BY PERFORMANCE ASSURANCE COMMITTEE MEMBER

To: The Joint Office of Gas Transporters

Consort House
6 Homer Road
Solihull
B91 3QQ

(for the benefit of all Parties to the Code)

Dated as of *[insert date]*

Dear Sirs,

In connection with my proposed appointment as a member of the Performance Assurance Committee established under the Uniform Network Code (the "Code"), I am writing to confirm, in accordance with TPD Section V16.1.1(d) of the Code, that I will:

- (a) Act as a Performance Assurance Committee Member in accordance with the Code, and I acknowledge the requirements of General Terms B4.3.6 of the Code;
- (b) Keep confidential such matters or information or reports (including but not limited to reports provided to the PAC under UNC TPD V16.1.3 Performance Assurance Reports Schedules 1B and 2B) notified to PAC as confidential;
- (c) Not disclose any discussions at PAC relating to confidential matters; and
- (d) In relation to confidential matters act in good faith and act properly in relation to anything done in or in connection with my office under the Code.

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Yours faithfully,

Document 6

LETTER OF AGREEMENT FROM COMPANY
EMPLOYING A PERFORMANCE ASSURANCE COMMITTEE MEMBER

To: The Joint Office of Gas Transporters, in its role as Secretary to the Performance Assurance Committee

Dated as of *[insert date]*

Dear Sirs,

We are aware that *[name of candidate for Performance Assurance Committee Membership]* has been appointed as a member of the Performance Assurance Committee established under the Uniform Network Code (the "Code").

We agree that *[name of candidate for Performance Assurance Committee Membership]* may act as a Performance Assurance Committee Member, and that when *[he/she]* is acting in their capacity as such Member the requirement in General Terms B4.3.6 shall prevail over *[his/her]* duties as an employee.

(A copy of General Terms B4.3.6 of the Code is attached to this letter.)

Yours faithfully,

[insert Name of Employing Company]

Document 7

LETTER OF AGREEMENT FROM COMPANY
NOMINATING A PERFORMANCE ASSURANCE COMMITTEE MEMBER
(where that person is not a direct employee of the proposer)

To: The Joint Office of Gas Transporters, in its role as Secretary to the Performance Assurance Committee

Dated as of *[Date]*

Dear Sirs:

We are aware that *[name of candidate for PAC Membership]* has been appointed as a member of the Performance Assurance Committee established under the Uniform Network Code (the "Code").

We agree that *[name of candidate for PAC Membership]* may act as a PAC Member, and that when *[he/she]* is acting in their capacity as such a Member the requirement in General Terms B 4.3.6 of the Code shall prevail over *[his/her]* obligations to *[name of nominating organisation]*.

Yours faithfully,

[Name of Nominating Company]

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