

**UNC Workgroup 0674 Minutes
Performance Assurance Techniques and Controls
Monday 20 May 2019**

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Anne Jackson	(AJ)	Gemserv
Edd Fyfe*	(EF)	SGN
Emma Smith	(ES)	Xoserve
Fiona Cottam	(FC)	Xoserve
John Welch	(JW)	npower
Kirsty Dudley*	(KD)	E.ON Energy
Leanne Jackson	(LJ)	Xoserve
Lindsay Biginton*	(LB)	Utilita
Louise Hellyer	(LH)	Total Gas & Power
Luke Reeves*	(LR)	EDF Energy
Mark Bellman	(MB)	Scottish Power
Mark Jones	(MJ)	SSE
Rob Johnson*	(RJ)	Waters Wye Associates
Sallyann Blackett	(SB)	E.ON Energy
Stephanie Clements	(SC)	Scottish Power

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0674/200519>

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 September 2019.

1.0 Introduction and Status

1.1. Approval of minutes

The minutes from the previous meeting held on 29 April were approved.

2.0 Consideration of amended modification

The Modification has not been amended since the last Workgroup meeting.

3.0 Review of PAFA Strawman

Anne Jackson (AJ) took the workgroup through the Business Rule Development slides provided for the meeting, explaining that the new principles outlined on Slide 3 would be in addition to what is already in UNC. AJ asked participants to note that currently the UNC is not a principles driven Code, However, discussions with lawyers had advised that the new overarching principles are achievable.

AJ drew the Workgroup attention to the need to determine what the ancillary documents should be there to do and consider the forward plan. The Ancillary Documents to be considered are as follows:

- An amended Performance Assurance Framework

- Performance Improvement Techniques (PITS)
 - Due to conflicts with the use of PITs in definitions it was agreed at the meeting to alter this to Performance Assurance Techniques (PATs)
- PAC appointment requirements*
- Incentives and Sanctions*
- Appeal Procedure*
- Entry testing*

** Developed under separate UNCC approval process*

AJ asked for comments from the Workgroup on the Overriding Principles and Objectives in UNC that can be seen on Slide 5. There followed a short discussion on the usage of the word distort. Some attendees agreed that 'distort' can indicate positive or negative actions. Fiona Cottam (FC) said that distort could indicate it is a deliberate act. Sallyann Blackett (SB) added the definition of the word distort is to pull or twist out of shape, or, give a misleading or false account or impression of.

It was confirmed that the basic principles quoted can be put into UNC:

'negligence, poor performance or bad behaviours must not distort settlement even when such behaviours have not specifically been precluded through prescription within the UNC'

MB suggested wording to include: *PAC will monitor and track performance. Parties will be expected to respond quickly. Expect parties to show how they are monitoring this.*

Suggestions to the words were received, using 'poor data provision' instead of the words 'bad' and 'behaviour'.

'performance of Parties in their actions and processes will be managed, monitored and measured by parties themselves as they strive to meet the requirements specified in the UNC'

SB agreed that the word 'proactive' should be mentioned in this second principle as that is what the aim is.

AJ clarified that the purpose is for Parties to know what to do and to do the right thing proactively unfortunately there is a need for a principle to tell Parties to do that.

The Workgroup agreed to continue with this principle for the time being.

AJ suggested the general approach should be where Parties are trying to do the right thing (in Settlement) and moving away from a big list of what they should not be doing.

Workgroup agreed that the basic principles shown might benefit from being slightly more neutral, bad behaviours distorting settlement but might not be due to poor performance.

Kirsty Dudley (KD) said that PAC may need to review on a regular basis the metrics, the measures that are in Code. AJ confirmed that the principle will go into the UNC, how someone might be judged would perhaps go into an Ancillary document for regular review by PAC.

It was suggested that there should be a need to allow everyone to do what they can do but they must be clear that best practice is to be adopted where possible. The Industry needs to know what the requirements are for settlement accuracy.

It was agreed that best working practices could be developed. SB said it is feasible that parties are able to prove that they can provide what is being asked for, rather than being prescriptive in how it should be done.

Whereas there would be no reward for compliance, SB clarified that accurate bills would be provided as the end result.

AJ advised that meter reading requirements for Settlement might be different to r meter reading requirements for REC, not all reads might be required for settlement dependant on which Class is adopted.

BF commented that there are significant aspects of performance assurance and wondered how these would link this committee to REC. He added that the principles may need some reference to consumers.

It was clarified that REC is a Supplier obligation and a Shipper could have multiple Suppliers, how would the obligations flow through to them.

FC confirmed that the obligations for cyclic readings would remain in the UNC as REC is a switching process and transfer reads as opposed to anything to do with cyclic reads, must reads etc.

Moving on to discuss Business Requirements for PAC on Slide 6 AJ highlighted that the PAC decision making that is in UNC may need to be revisited. BF advised that if PAC is directing penalties there would need to be an appeal process.

UNC Business Requirements - PAC

Business Requirement - *Following the failure to make improvements as agreed, apply financial penalties or sanctions according to the relevant ancillary document.*

It was agreed that a process that sits behind this Business Rule needs to be developed

Business Requirement - *Request adhoc performance reports as they deem relevant, based on their experience and expertise.*

Workgroup suggested that this is based on the User experience and expertise. MB asked if the Performance Reports mentioned should be listed as they might be variations of those already produced.

Business Requirement - *Request the remedy of performance issues or party actions, where there is no explicit prescriptive performance standard or restriction specified in the code, where that issue or action is impacting settlement accuracy.*

There are no specific restrictions specified in Code. MB said that, with regards to performance, this could infer quite a wide scope for the word performance. Proposing any wider performance targets or limiting the scope to that already in Code and there is a need to determine the materiality of performance levels on the accuracy of settlement.

KD said that the suggested Business Rules are acceptable, some of the wording may need to be revisited. This is the first time that principles are being brought into UNC and it is not quite clear how it all fits together.

UNC Business Requirements - UNC Parties

Business Requirement - *Be subject to any commitments they make to the PAC in the course of any kind of performance intervention, such as in plans, timescales or remedial action.*

It was mentioned that if the User commits to 3 months, then the User has set their own standard. However, this would need to be tested to ensure it is a satisfactory plan.

BF added that, as the User is subject to Code already, Code obligations do not have the value or importance that they should have.

Workgroup agreed this is a reasonable set of requirements. They will be put into UNC and will be the framework providing empowerment for PAC, corresponding obligations on Users in UNC and the Ancillary documents tell you what the expectations are.

Mark Jones (MJ) suggested it might be worth adding another Business Requirement regarding timescales and attendance to PAC.

UNC Business Requirements - Protections

Business Requirement - *Any Party may appeal a PAC decision to impose financial reparations or sanctions under the Performance Assurance regime only.*

It was mentioned that, the individuality of this, the way it is designed PAC could not impose charges again, that would be a Modification change. PAC may have recommended it, the Modification has all the Modification governance.

When asked, it was confirmed that CDSP performance is covered in the DSC Contract Committee meetings and that CDSP obligations are within UNC.

BF asked Workgroup what the role of the Joint Office would be. He said that if PAC are having meetings to interview parties at PAC, this is not currently covered by the arrangements. It was mentioned that, there may need to be consideration as to who should be chairing PAC, there may be a need for an independent Chair. FC said that maybe same approach that is used now could be adopted and Joint Office could sign a confidentiality agreement.

It was highlighted that Appendix 1 of the Modification has the detailed PITs (PATs) which BF showed on screen.

4.0 Review of Timeline/Task list of Principles/Objectives

It was confirmed that the next time this Modification will be discussed will be at the Governance Workgroup on 26 June 2019.

This Modification would be discussed in a specific Workgroup run on its own day. There will then be two further Workgroups before going to UNC Panel in September.

It was agreed that the Modification needs to be finalised and all Ancillary documents ready in July.

AJ reiterated the elements of the Modification that require development:

- Identify business rules for UNC changes:
 - Adding Performance Assurance Principle(s) / Objective(s)
 - Extending PAC authority (with boundaries, rather than processes specified in UNCC Ancillary Documents)
 - Requirements on Parties to be subject to the Performance Assurance regime and PAC decisions and authority.
 - Adding protections to PAC and Parties in the performance assurance decision making process.
- Identify detail within Ancillary Documents:
 - Performance Improvement Techniques (PITs)
 - PAC Appointments, Responsibilities and Requirements
 - Incentives and Sanctions
 - Appeals Procedure
 - Market Entry Testing
- Adjust detail in existing Ancillary Documents
 - Performance Assurance Framework

BF commented that today's meeting was very high level with not too many comments and expressed the need for the Ancillary documents.

Dates agreed are as follows:

26 June 2019 Governance Workgroup

29 July 0674 Workgroup

21 August 0674 Workgroup

5.0 Consideration of Business Rules

These were discussed and covered in agenda item 3.0.

6.0 Review of Impacts and Costs

Not covered at this meeting.

7.0 Review of Relevant Objectives

Not covered at this meeting.

8.0 Consideration of Wider Industry Impacts

Not covered at this meeting.

9.0 Review of Outstanding Actions

Action 0401: Gemserv (AJ) to produce a Strawman of Task/Timeline Plan of topics to be addressed; principles and objectives and PAC authority in relation to the Ancillary Documents.

Update: This was provided and discussed as part of agenda item 3.0. **Closed**

10.0 Next Steps

It was confirmed that the next time this Modification will be discussed will be at the Governance Workgroup on 26 June 2019.

Dates agreed are as follows:

26 June 2019 Governance Workgroup

29 July 0674 Workgroup

21 August 0674 Workgroup

11.0 Any Other Business

None raised.

12.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Wednesday 26 June 2019	Governance Workgroup Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Agenda TBC
10:30 Monday 29 July 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Agenda TBC
10:30 Wednesday 21 August 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Agenda TBC

Action Table (as at 20 May 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0401	29/04/19	1.0	Gemserv (AJ) to produce a Strawman of Task/Timeline Plan of topics to be addressed; principles and objectives and PAC authority in relation to the Ancillary Documents.	Gemserv (AJ)	Closed