

UNC Performance Assurance Committee Minutes
Tuesday 16 July 2024
via Microsoft Teams

Attendees		
Mark Cockayne (Chair)	(MC)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Shipper Members (Voting)		
Catriona Ballard	(CB)	Brook Green Trading Limited
Colin Paine	(CP)	ENGIE Gas Shipper Ltd
Graeme Cunningham	(GC)	Centrica
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Sallyann Blackett	(SB)	E.ON
Steve Mulinganie	(SM)	SEFE Energy Limited
Transporter Members (Voting)		
Tom Jenkins - Alternate for Jenny Rawlinson	(TJ)	ESPUG
Sally Hardman	(SH)	SGN
Tom Stuart	(TSt)	Wales & West Utilities
Observers (Non-Voting)		
Andy Knowles	(AK)	PAFA/Gemserv
Anne Jackson	(AJ)	PAFA/Gemserv
Fiona Cottam	(FC)	CDSP
Helen Bevan	(HBe)	PAFA/Gemserv
Josie Lewis	(JL)	CDSP
Neil Cole	(NC)	CDSP
Oorlagh Chapman	(OC)	Centrica
<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/160724.</i></p>		

1. PAFA Contract (09:30 – 10:00)

Separate minutes are available for PAC Members.

2. Introduction

Mark Cockayne (MC) welcomed all parties to the meeting.

2.1 Apologies for absence, Note of Alternates, Quoracy Status

Apologies	Jenny Rawlinson Kate Elleman Rachel Clarke
Alternates	Tom Jenkins for Jenny Rawlinson
Quoracy	Quorate from the start of the meeting

2.2 Approval of Minutes (11 June 2024)

The minutes from the previous meetings were reviewed, Fiona Cottam (FC) noted some suggested changes that have been sent to Joint Office for which there were no objections.

2.3 Approval of Late Papers

No late papers.

2.4 Review of Outstanding Actions

PAC0601: CDSP to provide analysis of the potential impact should PAC alter the **Applicable Percentage** using a sliding scale of potential values from the current 25%.

Update: This is being addressed as part of Agenda item 3.1. **Closed**

PAC0602: JO (KE) to provide awareness item on Applicable Percentage in 27 June Distribution Workgroup meeting.

Update: MC confirmed this was provided. **Closed**

PAC0603: JO (KE) to ensure 0851R WGR acknowledges the beneficial nature of the close work performed between the WG, PAFA and PAC in producing the RFI.

Update: MC provided confirmation has been received from the Chair of Distribution Workgroup, Dan Simons, the Workgroup Report for 0851R has been updated accordingly. **Closed**

PAC0604: CDSP to provide PAFA with Senior contact details for the party that did not respond to RFI. PAFA then to produce letter on behalf of PAC in accordance with requirements defined in 11 June PAC meeting.

Update: Fiona Cottam (FC) confirmed the details have been provided to PAFA and the draft of the letter will be discussed as part of Agenda item 4.2. **Closed**

PAC0605: The PAFA to propose potential dates and location for the PAC Workshop.

Update: AJ provided an update and advised this is likely to be September 2024 and added that the date for this meeting should be considered in line with the Annual Plan timeline Agenda item 4.1.

Post meeting update:

Following the meeting, Joint Office provided a choice of 4 dates to PAC members via email and asked them to confirm their preference:

- Thursday 29 August
- Monday 09 September
- Monday 16 September
- Wednesday 25 September

Carried Forward

PAC0606: CDSP to provide high-level ROM for changes to PARR suggested by PAFA.

Update: Josie Lewis (JL) confirmed that a Rough Order of Magnitude (ROM) has been requested internally and an update will be provided at the next meeting in August. **Carried Forward**

PAC0607: The PAFA to draft a letter to send to Shippers who have fallen within the 'Early Engagement' window after previously being taken off 'Active Monitoring' and distribute to PAC members for review.

Update: This will be covered as part of agenda item 4.2. **Closed**

3. Matters for Committee Attention

3.1 Modification 0664VV Minimum Performance Measure Review

Action update 0601: CDSP to provide analysis of the potential impact should PAC alter the Applicable Percentage using a sliding scale of potential values from the current 25%.

Action 0601 was raised as a result of discussion during the June 2024 PAC meeting.

JL provided a summary and noted that as per *TPD Section M – Supply Point Metering 5.17 – Performance Assurance: Class 2 and 3 Supply Meter Points paragraph 2*, PAC need to consider the Applicable Percentage that will come into effect at the start of the next gas year in October and is to be notified to Users by the end of August.

5.17.2 The Performance Assurance Committee will in respect of a Gas Year by no later than 31 August in the Preceding Year notify Users and the CDSP of:

(a) the applicable percentage (an “Applicable Percentage”) which shall apply in relation to each Class of Relevant Supply Meter Point for the purposes of determining if a User has satisfied:

(i) the Aggregate Valid Meter Reading Requirement;

(ii) the Supplier Valid Meter Reading Requirement;

(iii) the Individual Valid Meter Reading Requirement, in a Performance Period during the Gas Year; and

(b) the number of calendar months in each Performance Period commencing from the first calendar month of the Gas Year.

Key Points to Note:

- **Threshold Compliance:** Maintaining a read submission rate of at least 25% is critical to avoid reclassification.
- **Shipper's Autonomy:** Shippers can manage and reclassify their sites to avoid automatic reclassification.
- **Annual Review:** The PAC's yearly review ensures the threshold remains appropriate and can be adjusted based on performance and industry needs.

This structured approach ensures a balance between maintaining data integrity through minimum read submissions and provides flexibility to Shippers to manage their classifications effectively.

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/160724>

JL provided a view of Class 2 Read Performance, March to May which shows:

- **Average Read Performance:** For approximately 800 Class 2 sites, the average read performance was 83%.
- **Sites Below Threshold:** 19 sites were below the 25% read submission threshold for all three months and are subject to reclassification, depending on the overall Shipper read performance.
- **Impact of Changing Threshold:**
 - At 30%, 21 sites would be reclassified.
 - At 40%, 29 sites would be reclassified.
 - At 50%, 34 sites would be reclassified.

This indicates that raising the threshold would result in more sites being reclassified.

When Steve Mulinganie (SM) asked, for added flexibility, if a different threshold % could be set for Class 2 and Class 3, FC clarified that Section M refers to just one applicable % covering Class 2 and 3 sites, in line with Code the PARR reports have a single reference to the applicable %. FC confirmed that a UNC Code Modification would be needed to have an applicable individual % according to each class (2 or 3).

AJ noted that any UNC Code Modifications would need to be raised well ahead of May 2025 when this process needs to be completed again.

JL went on to provide a similar breakdown for Class 3 Read Performance – March to May which shows:

- **Average Read Performance:** 95% of 3.5 million Class 3 sites met the 25% threshold each month from March to May.
- **Below Threshold:** 58,500 sites were below the 25% threshold for all three months and would be reclassified, depending on overall Shipper read performance.
- **Threshold Impact:**
 - **30% Threshold:** 1,900 additional sites would be reclassified.
 - **40% Threshold:** 4,600 additional sites would be reclassified.
 - **50% Threshold:** 7,000 additional sites would be reclassified.

Raising the threshold would increase the number of sites subject to reclassification.

Some PAC members agreed that, based on the figures provided, aiming for setting the threshold at 50% would be preferable.

SM asked for some further information to be provided based on the volume that would be moved because even if it is smaller in number, this could equate to a lot of volume being moved.

CP commented that whatever the volume or AQ profile is now, there is no way of knowing what it might be in the future using a 50% threshold.

JL provided a view of reclassifications to date (since July 2023) which shows 9 Class 2 sites reclassified by CDSP and 232,000 Class 3 sites reclassified by CDSP and clarified that to move a site the whole portfolio needs not to be hitting the threshold.

The Committee discussed the movement of sites between the various classes 2, 3 and 4 and SM referenced [Modification 0879R - Review of current Supply Meter Point Classes \(Class 1, 2, 3 and 4\)](#) raised by Centrica and that discussions within that Workgroup will help movement decisions between classes going forward.

It was suggested that to assess this on an annual basis, the granularity of data for all the sites should be considered to gauge settlement accuracy.

Louise Hellyer (LH) asked what the impact would be to the Holistic Performance Matrix, AJ advised that movement between classes would result in less targeting in the matrix too.

FC noted that before the implementation of [0664VVS - Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4](#), there were circa 4 million sites in Class 3 which saw sites being moved back to Class 4 voluntarily.

When considering sites with no meter recorded, FC clarified that the number of these sites decreased by 29% over the last year or so.

New Action 0701: <i>Minimum Performance Measure Review</i> - CDSP (FC/JL) to provide volumes for the class 2 sites.
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Post Meeting Note Action 0701:

In terms of the amount of volume transferring from Class 2 to Class 3 using the 50% threshold, 7.8% of the PC2 AQ is failing at the 50% target which equates to 663 GWh.

New Action 0702: *Minimum Performance Measure Review - PAFA (AJ) to consider what additional monitoring/reporting can be implemented to track if this is encouraging the correct behaviours.*

JL confirmed that any changes to the Threshold need to be in place by 31 August 2024.

Andy Knowles (AK) suggested PAC may want to revisit this in 6 months to see what sites have moved between the Classes.

Vote:			
Do PAC members approve moving the current threshold of 25% to a revised 50% threshold for both class 2 and class 3			
Shipper Representatives		Voting Count	For/Against
1	Alison Wiggett	NP	-
2	Catriona Ballard	1	For
3	Colin Paine	1	For
4	Graeme Cunningham	1	For
5	Louise Hellyer	1	For
6	Paul Murphy	NP	-
7	Sallyann Blackett	1	For
8	Steve Mulinganie	1	For
9	VACANCY	NP	-
Total			For 6
Transporters Representatives		Voting Count	For/Against
1	Jenny Rawlinson	1	For
2	Sally Hardman	1	For
3	Tom Stuart	1	For
Total			For 3
Voting Outcome:			
Unanimous support			

4. Monthly Performance Assurance Review Items

4.1 PAC Letter Templates

4.1.1. Post Active Monitoring – observation letter

The PAFA presented a letter template to be sent to parties that had previously been taken off 'Active Monitoring' following a performance improvement, but which have not seen continued improvement or where performance had started to decline again close to the score threshold at which a Performance Improvement Plan is requested. The PAC approved the letter to be issued to parties, following a few minor amendments.

4.1.2. PAC RFI – no response letter

The PAFA presented a letter template to be sent to parties that failed to submit a response to the recent mandatory Request for Information (RFI) sent to parties on behalf of the proposer of UNC0851R – Extending the Annually Read PC4 Supply Meter Point (SMP) Read Submission Window. The PAC approved the letters to be issued to Senior contacts within the organisations that had failed to respond and to include Ofgem in these communications.

4.2 PARR - Shipper Performance Analysis (Holistic Matrix)

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).

- There were no new parties highlighted as falling within the Engagement Window this month for all classes, therefore, no new Performance Improvement Plans to be issued and no Early Engagement letters.
- Any Performance Assurance Techniques (PATs) for Product Class 4 remain on hold whilst investigations are being undertaken in regard to the issue with AQ Read Performance.

The PAC were shown graphs of the distribution of Shipper scores in the HPM in each Product Class. In each graph, the proportion of shippers meeting UNC requirements for the factors incorporated in the HPM is shown on the extreme right and the poor-performing Shipper outliers are shown towards the left. The line on the far right of the graph highlights the maximum score that shippers could achieve thereby meeting UNC requirements.

POOR PERFORMERS IN EACH MARKET



4.3 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:

- **PC1 Reads:** AJ reported a decrease in the Value at Risk (VAR) by 7% across 2023 – 2024. Whilst the average number of sites has increased, both Read Performance and the average AQ have decreased across the reporting period, of which is reflected in the decrease in energy impact of the risk.

The risk rating in the register remains at 5 (highest priority). No immediate actions are currently recommended, and the risk will be reviewed at the next refresh point (October 2024).

- **PC2 Reads:** AJ reported a decrease in the Value at Risk (VAR) by 45% across 2023 – 2024. Average Read Performance and the average number of sites have both increased across the reporting period, whilst the average AQ has seen a decrease, of which is reflected in the decrease in energy impact of the risk.

The risk rating in the register remains at 3 (medium priority). No immediate actions are currently recommended, and the risk will be reviewed at the next refresh point (October 2024).

- **No Meter Recorded:** AJ reported a decrease in the Value at Risk (VAR) by 29% across 2023 – 2024. This decrease is primarily due to the decreasing volume of SPs with no meter recorded.

The risk rating in the register remains at 2 (lower priority). The CDSP is proactively working with Shipper parties whereby dataflows are being submitted and no meter is recorded. The risk will be reviewed at the next refresh point (October 2024).

- **SMART Meter Exchanges:** AJ reported that there has been no change in the Value at Risk (VAR) across 2023 – 2024. There has been a large decrease in terms of the average number of exchanges within the reporting period, however, the average number of days between exchange and asset update has seen a slight increase. The net effect of these changes has resulted in the VAR remaining unchanged.

The risk rating in the register remains at 1 (lowest priority). No immediate actions are currently recommended, and the risk will be reviewed at the next refresh point (January 2025).

- **NDM Sites at DM Threshold:** AJ reported a decrease in the Value at Risk (VAR) by 55% across 2023 – 2024. Both the average number of SPs in the ‘Met’ and ‘Not Met’ categories and the average associated AQ across these categories have seen a decrease, which is reflected in the sizeable decrease in VAR across the reporting period.

The risk rating in the register remains at 4 (higher priority). No immediate actions are currently recommended, and the risk will be reviewed at the next refresh point (January 2025).

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

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

5.1 Review of Modifications with Potential Impacts on Settlement

MC shared a view of a spreadsheet listing the currently live modifications and highlighted New Request 0879R – Review of current Supply Meter Point Classes (Class 1, 2, 3 and 4). The Committee agreed that Request 0879R has no Settlement impact because it is a Review, but any Modifications that are born out of 0879R may have. Therefore, it was agreed that PAFA, representing PAC, should attend the 0879R Workgroup meetings and provide a review at PAC.

A Formal Vote was taken to that effect:

Vote:			
Do PAC members approve the proposal that PAFA represents PAC at the 0879R Workgroup meetings			
Shipper Representatives		Voting Count	For/Against
1	Alison Wiggett	NP	-
2	Catriona Ballard	1	For
3	Colin Paine	NP	-
4	Graeme Cunningham	1	For
5	Louise Hellyer	1	For
6	Paul Murphy	NP	-
7	Sallyann Blackett	1	For
8	Steve Mulinganie	1	For

9	VACANCY	NP	-
Total			For 5
Transporters Representatives		Voting Count	For/Against
1	Tom Jenkins	1	For
2	Sally Hardman	NP	-
3	Tom Stuart	1	For
Total			For 2
Voting Outcome: Unanimous support			

The remaining new Modifications that were reviewed by the Panel at the June UNC Modification Panel meeting were considered for any impacts and the report was updated accordingly. The report is published alongside these minutes here: www.gasgovernance.co.uk/PAC/160724.

MC confirmed that new proposed Modifications will not go on the report until after they have been submitted to Panel and that the report would be used as a working document and reviewed monthly.

6. AOB

6.1 Performance Measures

SM stated that if PAC is to start exercising its right to change performance thresholds to influence shipper behaviour, how often should reviews take place and what notice should be given to affected parties

AJ confirmed this was discussed at the June 2024 PAC where it was agreed the possibility of reviewing thresholds could be included in the Workshop that is being planned for August/September. SM noted, to give sufficient notice, PAC need to look at this sooner than the Workshop, and the Workshop could be more for communicating the decision.

PAC and PAFA agreed that some analysis is needed to reach the right decision from a review of the thresholds, therefore, an October implementation might not be feasible.

AJ noted that the Workshop will be used to look at ongoing mechanisms, frequency, reporting factors, weighting factors and evidence.

New Action 0703: *Performance Measures* - PAFA (AJ) to provide analysis to the August 2024 PAC.

6.2 Holistic Reporting Matrix

GC asked for clarification that Shippers are to get a copy of the holistic reporting matrix. AJ confirmed that the plan is that it will be published for all to view.

6.3 AQ read performance dashboard update

A Committee member asked for an update on the AQ Read Performance Dashboard, FC advised that the main communication interactions are being provided to DSC Contract Management Committee and updates are being provided to PAC so that PAFA get the right view of the world.

FC clarified the dashboard is now ready and the historic data is being uploaded.

7. Key Messages

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

8. Diary Planning

PAC meetings are listed at: <https://www.gasgovernance.co.uk/PAC>

All other Joint Office events are available via: www.gasgovernance.co.uk/events-calendar/month

Time/Date	Paper Publication Deadline	Venue	Programme
10:00, Tuesday 13 August 2024	17:00 Monday 02 August 2024	Microsoft Teams	Standard Agenda

PAC Action Table					
Action Ref	Meeting Date	Min Ref	Action	Owner	Status Update
PAC0601	11/06/24	3.1	CDSP to provide analysis of the potential impact should PAC alter the Applicable Percentage using a sliding scale of potential values from the current 25%	CDSP	Closed
PAC0602	11/06/24	3.1	JO (KE) to provide awareness item on Applicable Percentage in 27 June Distribution Workgroup meeting	JO (KE)	Closed
PAC0603	11/06/24	3.2	JO (KE) to ensure 0851R WGR acknowledges the beneficial nature of the close work performed between the WG, PAFA and PAC in producing the RFI	JO (KE)	Closed
PAC0604	11/06/24	3.2	CDSP to provide PAFA with Senior contact details for party that did not respond to RFI. PAFA then to produce letter on behalf of PAC in accordance with requirements defined in 11 June PAC meeting.	CDSP & PAFA	Closed
PAC0605	11/06/24	4.1	The PAFA to propose potential dates and location for the PAC Workshop	PAFA	Carried Forward
PAC0606	11/06/24	4.2	CDSP to provide high-level ROM for changes to PARR suggested by PAFA	CDSP/PAFA	Carried Forward
PAC0607	11/06/24	4.3	The PAFA to draft a letter to send to Shippers who have fallen within the 'Early Engagement' window after previously being taken off 'Active Monitoring' and distribute to PAC members for review.	PAFA	Closed

PAC0701	16/07/24	3.1	<i>Minimum Performance Measure Review - CDSP (FC/JL) to provide volumes for the class 2 sites.</i>		Closed
PAC0702	16/07/24	3.1	<i>Minimum Performance Measure Review - PAFA (AJ) to consider what additional monitoring/reporting can be implemented to track if this is encouraging the correct behaviours.</i>		Pending
PAC0703	16/07/24	6.1	<i>Thresholds/raising the bar - PAFA (AJ) to provide analysis to the August 2024 PAC.</i>		Pending