

# Performance Assurance Framework Document

Prepared and maintained by PAFA, on behalf of the  
Performance Assurance Committee

V5.0

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## 1.0 Change History

Version	Date	Reason for update
0.1	April 2019	Created to support UNC0674
1.0	May 2019	Updated following UNC0674 workgroup
2.0	May 2020	Updated following UNC0674 development
3.0	May 2020	Updated following May 2020 UNC0674 Workgroup
4.0	June 2020	Updated with post Workgroup comments
4.2	August 2020	To reflect outcomes of July UNC0674 Working group
4.3	20 Aug 2020	UNC0674 Proposer tidy-up prior to Sep 2020 workgroup
4.4	24 Dec 2020	Updated following UNC0674 review group 23/09/20; and subsequent discussions
4.5	7 Jan 2021	Updated following UNC0674 review group 7/1/21; and incorporating UNCC's Nov-20 approval of PARR
4.6	October 2022	Updated to align PAFD with UNC0674V legal drafting plus housekeeping issues ready for implementation date.
5.0	1 Nov 2022	PAFD baselined for UNC0674V implementation

## 2.0 Document Controls

Reviewer	Role	Responsibility	Date
Mark Bellman	UNC0674 Proposer	Produce draft for inclusion in UNC0674 consultation	Jan 2021
PAC	Approver	Approve draft for UNC0674 consultation	September 2020
PAC	Approver	Approve PAFD for implementation of UNC0674V on 1 November 2022.	1 Nov 2022 PAC meeting

## 3.0 Acronyms and Definitions

### 3.1 Acronyms used in this document:

CDSP	Central Data Services Provider
DM	Daily Metered
GT	Gas Transporter
IGT	Independent Gas Transporter
NDM	Non-Daily Metered
NTS	National Transmission System
PA	Performance Audit
PAC	Performance Assurance Committee
PAF	Performance Assurance Framework
PAFA	Performance Assurance Framework Administrator
PAFD	Performance Assurance Framework Document
PAO	Performance Assurance Objective
PAP	Performance Assurance Party
PARR	Performance Assurance Reports Register
PAT	Performance Assurance Technique
TPA	Targeted Performance Audit
UNC	Uniform Network Code
UNCC	Uniform Network Code Committee
UIG	Unidentified Gas

### 3.2 Definitions used in this document:

The following terms shall have the following meanings:

‘Confidential Information’

means all information provided to PAC unless otherwise stated.

‘Customer Care Team’

means the CDSP's central customer liaison and relationship management team

**'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.

**'Gas Settlement'**

means the allocation and reconciliation of gas 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 Framework Document'**

Is a Performance Assurance Committee controlled document that sets out methods by which the PAC will work to achieve its objectives.

**'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 section 7.1 of this document.

**'Performance Assurance Objective'**

has the meaning as defined in UNC TPD V16.1

‘Performance Assurance Party’ (also ‘PAP’)

means the party subject to performance assurance as described in V16.1.1.

‘Performance Report(s)’

means a report or reports discussed in Section 18 of this document and defined in the Performance Assurance Reports Register.

‘Performance Assurance Reports Register’

means the register of agreed reports defined in PAFD Appendix 1 which is appended to this document.

‘Relevant Third Party’

shall have the meaning as defined in UNC TPD V16.1.1(c).

‘Report Specification’

means the report specification defined in PAFD Appendix 1 which is appended to this document.

‘Risk Register’

means the register of identified risks which can be found at <https://www.gasgovernance.co.uk/PAC>

‘Shipper’

has the meaning of ‘Shipper User’ as described in UNC General Terms (GT) Section B2.2.1(a).

‘Transporter’

has the meaning as described in UNC GT B2.1.3.

‘TPD’

has the meaning ‘Transportation Principal Document’ being part of the Uniform Network Code (“UNC”).

Any other defined terms used in this document shall be construed as having the meaning attributed to it in UNC TPD.

## 4.0 Objectives

The Framework will facilitate the achievement of the Performance Assurance Objective as defined in the UNC TPD in section V16.1.1. (b) by working to:

- Maintain appropriate reporting and analysis to measure energy settlement performance and the risks to it
- Maintain a risk register and supporting analysis to assess risks, evaluate and determine mitigation activities for energy settlement performance
- Report as necessary
- Create a regime incentivising the required performance, if necessary, by proposing modifications to the UNC
- Produce and publish a schedule of reports and to provide access arrangements where necessary.
- Determine performance improvements required and where relevant, by whom.
- Specify improvements needed to performance and agree, where relevant, specific and identified targets.
- Provide assurance to UNC Parties with regards to the settlement regime.

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

## 5.0 Application and Operation

The Performance Assurance Framework applies to each party who, under the provisions of UNC and IGT UNC, directly contributes to Energy Settlement performance, i.e. those parties in control of the data inputs to Energy Settlement (the “Performance Assurance Party”).

For the avoidance of doubt this includes all Gas Transporters (including the Independent Gas Transporters (IGTs)), the Transporter Agency (or Central Data Service Provider as its successor and pursuant to both UNC General Terms Section D 2.3.1 and DSC Section 3.5) and Shipper Users (of both GT and IGT pipelines).

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

The Performance Assurance Framework includes:

- Management of a risk model
- The provision of training and awareness services to existing and new Users
- Dynamic access to performance data on matters impacting settlement.

The provision of advisory or mentoring services for PAPs in fulfilling code obligations and understanding their consequences on settlement risk.

Other activities yet to be determined.



## 6.0 Performance Assurance Committee

The Performance Assurance Committee is established and operated under the rules outlined in section Transportation Principal Document (TPD) Section V16 of the UNC.

The relevant clauses of V16 are as follows:

- V16.2 Performance Assurance Committee
- V16.3 Constitution of the Performance Assurance Committee
- V16.4 Functions of the Performance Assurance Committee
- V16.5 Voting Arrangements of the Performance Assurance Committee
- V16.6 Proceedings of the Performance Assurance Committee

### 6.1 Confidentiality documents

As defined in UNC TPD V16.6.7, upon appointment to the Performance Assurance Committee, members will be required to submit the relevant documents in accordance with the PAC Terms of Reference. The documents can be found at:

<https://www.gasgovernance.co.uk/PAC>

## 7.0 Procurement and Provision of Services

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

### 7.1 PAFA Scope

The role of the PAFA is to provide the following services:

- Management of a Register of Risks to Gas Settlement
- Development/maintenance (including periodic updates) of a Gas Settlement Risk Model
- Collation, validation, publication and interpretation of a suite of reports on Shipper Performance, with appropriate versions for each channel
- Provision of expert advice on Gas Settlement and associated risks
- Administration of the service
- Management of changes to the service
- Liaison with UNC parties in relation to areas of Settlement performance
- Use of Performance Assurance Techniques (PATs) as requested by PAC
- Co-ordination of the Annual PAF Review (ref 17.2)

On request from PAC the PAFA will provide the role of champion to UNC Modifications that are relevant to Settlement and/or Performance Assurance, where the Modification Proposer is unable to do so. The scope will be subject to periodic updates as requested by PAC. CDSP will use reasonable endeavours to put place suitable terms with PAFA for the delivery of any such change in scope as soon as practicable.

PAC will update the PAFD as appropriate and publish. To the extent that any such changes would reasonably be thought to materially affect PAPs, PAC must give at least 3 months'

notice from the date of PAC approval of the change, except where a change occurs through the implementation of a UNC Modification or IGT UNC Modification.

## 7.2 Overview of the activities

<b>ACTIVITY</b>	<b>TIMING/ TRIGGER</b>	<b>INPUTS</b>	<b>OUTPUTS</b>	<b>RECIPIENTS</b>
Management of a Register of Risks to Gas Settlement	Monthly	Risk templates from any UNC Party, scores, action updates from owners	Risk reports to PAC, including visual representations	PAC, other UNC Parties, Government and Regulatory Bodies
Maintenance Development/ maintenance (including periodic updates) of a Gas Settlement Risk Model	Quarterly	Risk Register, data from the CDSP and other UNC Parties	Model (and overview of subsequent changes), possibly a Dashboard	PAC, other UNC Parties, Government and Regulatory Bodies
Collation, validation, publication and interpretation of a suite of reports on Shipper Performance	Monthly	PARR requirements, Data from the CDSP (and others) Shipper Code Names (for anonymous view) Further report requirements as identified by PAC	Report publication via appropriate channels for each audience, balancing ease of access, efficiency and confidentiality, including fully anonymised dashboards for wider industry use	PAC, other UNC Parties, Government and Regulatory Bodies
Provision of expert advice on Gas Settlement and associated risks	As requested /as identified	Requests for advice on Settlement and/or Risks to Settlement. Own identification of opportunities to provide expertise	Impartial advice and guidance, Impact Assessment Recommendations for additional risks/reports	PAC, other UNC Parties, Government and Regulatory Bodies, CDSP
Administration of the service	Monthly	Internal and external cost information Feedback from stakeholders	Timely and accurate periodic budgetary reports. Reports on Scheme effectiveness and	PAC, other UNC Parties, Government and Regulatory Bodies, CDSP

			recommendations for improvement	
Management of changes to the service	Ad hoc	Requests from PAC or CDSP for assessment of possible changes	Impact assessment to current service, including financial implications	PAC, CDSP
Liaison with UNC Parties in relation to areas of Settlement performance	As requested by PAC	Request by PAC, based on PAFA's analysis of individual party's performance	Contact with parties, e.g. Shippers, Transporters, to highlight current performance levels, UNC obligations and areas of concern raised by PAC (including but not limited to email, letter, telephone, face-to-face meeting)	PAC, other UNC Parties, CDSP, Relevant Third Parties

### 7.3 PAFA Appointment Criteria

- a) The PAC should 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 7.1 of this framework document.
- b) The appointment is expected to be for a period of four years, with arrangements for a minimum 2 year initial period, with the option for two subsequent consecutive one-year extensions;
- c) The PAC shall produce a clear set of criteria for the appointment of the PAFA including (without limitation):
  - 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;
  - The ability of the PAFA to deliver new services in the future;
  - The consideration of the relevant knowledge and expertise of the candidates; and
  - Details of how much weight/percentage should be placed for each set of criteria.

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

## 8.0 CDSP tender for and appointment of the PAFA

This is as set out in the UNC Transportation Principal Document Section V16.9.

## 9.0 Procurement and Provision of Services not included in PAFA Scope

### 9.1 Change control principles

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

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 PAFA Scope change request form to the CDSP. Any additions to the scope of the PAFA should be relevant to the overarching objectives of the Performance Assurance Framework.

### 9.2 Change control process overview

- PAC should approve each change request to the PAFA Scope in accordance with its voting arrangements prior to submission to the CDSP.
- The CDSP will liaise with the PAFA as required and update the Request Form with a response. Wherever possible the CDSP should respond within 15 Business Days.
- PAC will consider the CDSP's response and decide whether or not to progress with the change in accordance with its voting arrangements. If PAC cannot reach a decision, the change will not be progressed.

Requests should be submitted in the following format, wherever possible.

<b>Performance Assurance Framework PAFA Scope Change Request Form</b>	
Request date	
Request Prepared By	
Service Change details (specify whether addition, removal or amendment to existing):	
When is the changed service required (from/to)	
Beneficiaries of the change, and overview of the expected benefits	
Any dependencies, e.g. Legislation/Licence changes, UNC Modifications, updates to Framework Document	
Date Request approved at PAC	
<b>CDSP Comment</b>	
Date response prepared (Target within 3 business weeks of receipt of Request)	
Any implementation options (if appropriate)	

Estimated cost of the change, including timeframe (e.g. one-off/annual) [increase/(decrease)]	
Estimated lead time – how soon/when could the change be implemented	
Other consequences, e.g. impacts on other PAFA/CDSP deliverables	
Any likely system impacts, including PAFA, CDSP, Shippers (if known)	
Period for which this Response is valid	
Confidence level in the accuracy of the response, e.g. costs, lead times, other impacts	
<b>PAC Decision</b>	
Date Response considered at PAC	
Outcome of PAC consideration: Accept/Decline/Pause/Re-Submit Request with Amendment/Other	
Selected implementation option (if appropriate)	

### 9.3 Development and Implementation

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

If the PAC agrees and approves the Change, but changes are required to the Data Services Contract then the DSC Service Changes process will be followed. Once (if required) the Data Services Contract has been amended, the CDSP will proceed to implement the chosen implementation Option (if applicable) and the changes to the service as set out in the Change shall be made.

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

## 10.0 Monitoring of PAFA performance

The CDSP shall be responsible for reporting the PAFA's performance of the services and any other obligations under this PAFA Scope to the PAC in accordance with the PAFA Scope and the overview of activities, on a quarterly basis. If the PAFA 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.

## 10.1 PAFA Performance indicators

The Performance Indicators and the Services to which they apply are set out in the following table.

- The CDSP shall produce an exception report on a quarterly basis, which provides relevant information relating to the non-achievement of the Performance Indicators.
- 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 implementation unless otherwise agreed with the Performance Assurance Committee.
- 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.

<b>Performance Indicators</b>			
Based upon the PAFA Scope and the Overview of activities and to be updated where required, in line with section 7 of this document			
Service Line	Timing/Trigger	Outputs	Performance Measure
Management of a Register of Risks to Gas Settlement	Monthly	Risk reports to PAC, including visual representations	Provision of Updated Risk Register to PAC in line with Joint Office publication deadlines
Development/maintenance (including periodic updates) of a Gas Settlement Risk Model	Quarterly	Model (and overview of subsequent changes), possibly a dashboard	Provision of Risk Model to PAC in line with Joint Office publication deadlines
Collation, validation, publication and interpretation of a suite of reports on Shipper Performance, including fully anonymised dashboards for wider industry use	Monthly	Report publication via appropriate channels for each audience, balancing ease of access, efficiency and confidentiality	Publication of Reports and Dashboards in line with Joint Office publication deadlines

Provision of expert advice on Gas Settlement and associated risks	As requested/as identified	Impartial advice and guidance, Impact Assessment Recommendations for additional risks/reports	Provision of advice in a timely manner, customer satisfaction with the advice provided
Administration of the service	Monthly	Timely and accurate periodic budgetary reports. Reports on Scheme effectiveness and recommendations for improvement	Provision of reports in a timely manner
Management of changes to the service	Ad hoc	Impact assessment to current service, including financial implications	Responding to requests from the CDSP within 10 business days
Liaison with UNC Parties in relation to areas of Settlement performance	As requested by PAC	Contact with parties, e.g. Shippers, Transporters, to highlight current performance levels, UNC obligations and areas of concern raised by PAC	Contacting parties in a timely manner, level of response and engagement from parties, proportion of parties demonstrating an improvement following contact

## 11.0 PAFA Contract termination

In the event that the PAFA Contract is required to be terminated, the termination will be at the sole discretion of the CDSP, following appropriate consultation with and notice to the PAC and in compliance with the terms of the PAFA contract.

## 12.0 Provision of data or information to the PAFA

For the avoidance of doubt the PAFA and PAC may request any data that reasonably relates to Gas Settlement performance, without anonymization pursuant to TPD V16.14.

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).

CDSP shall provide data to the PAFA, PAC members and to Shippers in an appropriate format, to time and to quality, accordance with V16.10.3 and V16.13.1. This applies to but is not limited to the delivery of:

- The PARR data as defined in Appendix 1 'The Performance Assurance Reports Register'
- Data Discovery Platform (DDP)
- Monthly PAC reports to support the PARR
- Data as requested to update the Risk Model
- Ad-hoc data requests

## 13.0 Potential extension of this Performance Assurance Framework Document (PAFD)

This Document has been prepared to facilitate the PAC, PAF and PAFA arrangements.

This Document will be developed and maintained up-to-date by PAFA (under instruction from PAC) to reflect the evolving UNC obligations, changing market and risk profiles and future requirements for performance assurance under UNC.

Such changes will arise from, for example:

- a) experience of the existing arrangements as highlighted from time to time
- b) the Annual PAF Review
- c) the consequence of approved Modifications.

Changes to the Performance Assurance Framework Document can be proposed by PAC, PAFA or any party subject to the Performance Assurance Framework (namely Performance Assurance Parties, which at the time of writing is any Party, CDSP or Relevant Third Party).

The proposal will be reviewed at a meeting of PAC. The proposer may attend the PAC meeting to present and discuss the proposed change. PAC will then deliberate in open session. The change will be approved or rejected by PAC.

PAC can approve either the proposed change or an amended version as it reasonably considers necessary in the light of the objectives of PAF as outlined in PAFD v5.0.

In the event that PAC approves an amended version of the proposal it will seek to obtain the prior agreement of the proposer to such a change but this will not be a prerequisite to PAC approval.

The proposed change arising will then be incorporated into PAFD if approved by PAC and with the effective implementation date so approved by PAC.

Following PAC approval, PAFA will then write to all Parties, CDSP, UNCC and OFGEM confirming that a new change has been approved by PAC, the effective implementation date, summarising the change and noting the location of the revised PAFD.

PAC will update the PAFD as appropriate and publish. To the extent that any such changes would reasonably be thought to materially affect PAFs, the effective implementation date will be at least 3 months from the date of PAC approval of the change, except where a change occurs through the implementation of a UNC Modification or IGT UNC Modification.



## 14.0 PAC Budget and reporting

### 14.1 PAC budget

Although PAC does not directly own a specific budget, it is expected that any proper decisions by PAC on expenditure required under this PAF would be expedited in good faith by the appropriate DSC committee.

For the avoidance of doubt, this seeks to ensure that the PAC is able to investigate the root causes of inaccurate settlement, by any method that it sees fit, included but not limited to:

- The development/amendment of performance reports
- The provision of reports from a third party
- The instruction of a third party to conduct research or analysis
- The audit of industry processes or activities

and recognises that the PAC activities are not subservient to any other committee. PAC therefore have the ability to seek additional funding.

It is anticipated that DSC committees will ensure that all requested expenditure is efficient and properly justified (for instance via a PAC risk or Workplan line).

### 14.2 PAC budget tracking report

The CDSP will provide a quarterly confidential report to PAC detailing the expected and actual costs to date of the PAFA service in the Financial Year in question.

The CDSP will provide a quarterly report to PAC on the usage of the PAC's budget for additional reporting.

If the PAC requests any other third party costs in connection with the PAFA service, the CDSP will monitor those in the same format.

<b>PAC Quarterly Budget Tracking Report</b>				
<b>Quarter: XX/YYYY £000s</b>	<b>Original Cost Estimate</b>	<b>Latest Cost Estimate</b>	<b>Actual Costs for Quarter</b>	<b>Commentary on Variances</b>
PAFA Costs				
CDSP Report Development				
Any other (Third Party) costs				

## 15.0 Not used

## 16.0 Support for UNC Parties

The CDSP's Customer Care Team will provide support to the performance assurance process by providing a liaison between the PAC/PAFA and the PAPs. This could include:

- Provision of generic or customised training
- Support from the Team to understand PAC processes and areas of focus
- Access to Subject Matter Experts
- Access to the underlying data to support the performance statistics

PAFA will meet with the Customer Care Team representative(s) on a regular basis to discuss Shipper performance, the application of PATs and progress of those Shippers that are currently having a PAT applied.

PAFA will provide a secure platform on which PAFA and the Team may store and share information on Shipper performance.

The Customer Care Team representative(s) may be requested by PAC to attend the PAC meetings to present on Shipper performance or relevant issues.

## 17.0 Annual PAF Delivery Plan, Review and Consultation

*The main **tools** at the PAC's disposal are documented in the PAFD and in summary include (but are not limited to) the Risk Register, Risk Reports, Performance Assurance Techniques and the PAFA.*

*In addition, as part of the PAF, PAC will, from time to time, separately develop and publish **processes** to:*

- *Identify changes occurring in the market and consequently in the risk profile of gas settlement.*
- *Plan and budget for the activities needed to effectively mitigate gas settlement risk*
- *Recognise and learn from its own successes and failures*
- *Engage clearly and consistently with its stakeholders*
- *Communicate effectively and timeously to industry participants any changes to the PAF.*

*To ensure that PAF is effective, stakeholder engagement will be at the core to ensure both that **Parties know what to expect** and that **PAC assesses what works** and makes adjustments where necessary.*

*The objective of stakeholder engagement will be to ensure that Parties know*

- *what these tools and processes are, how they work and to what end they are intended*
- *what performance assurance activities the PAC, PAFA and CDSP will engage in the upcoming year and how they will affect PAFs*

*To assess what works PAC will draw on industry experience of the PAF by consulting with PAFs each year on their experience of the PAF and what risks they believe should be in focus.*

Two important stakeholder engagement mechanisms to achieve this are the **Annual PAF Review** and the **Annual PAF Delivery Plan**.

An industry-wide consultation (“**The Annual PAF Review**”) will be held each year to address the questions of:

- i) How effective these tools have been

- ii) What changes are required (to the PAFD, to Code, to PAFA, etc), and
- iii) What performance management activities will be delivered during the upcoming year (“**The Annual PAF Delivery Plan**”).

The consultation will take the form of a written questionnaire accompanied by

- i) an assessment of the effectiveness of the tools
- ii) proposed changes to PAF and PAFD (including PATs, reports, processes)
- iii) proposed PAF budget
- iv) evaluation of settlement risks and any expected changes
- v) a draft Annual PAF Delivery Plan.

The consultation will commence 3 months before the start of the Gas Year.

Following the consultation PAC will determine The Annual PAF Delivery Plan and revise the PAFD accordingly.

Both will be published simultaneously 1 month before the start of the Gas Year.

The PAF management activities outlined in the Annual PAF Delivery Plan will not limit the PAF or the PAC’s discretion on what constitutes material risk to gas Settlement or appropriate mitigation of those risks within any given year. Risks can materialise or the profile of known risks can change inside any given year in ways which cannot be forecast. The PAF needs to be able to address emergent Settlement risk in a timely fashion and if necessary, PAC will update PAFD to accommodate such developments as appropriate upon not less than three (3) months’ notice to Parties. For the avoidance of doubt such intra-year changes may or may not result from further industry consultation and will be effective from the date agreed by PAC and which will be advised on publication.

More details on the process for the consultation and publication are shown in the sections 17.1 and 17.2 below.

### **17.1 Annual PAF Delivery Plan**

Three (3) months prior to the commencement of the Gas Year, the PAFA shall produce, in line with PAC recommendations, a draft Annual PAF Delivery Plan supported by appropriate analysis of settlement risks and PAF progress to date.

The plan will communicate what the PAF will deliver over the coming year and what benefit to Settlement accuracy is anticipated in doing so. It shall be supported by amongst other things:

- The PAC’s view of the gas Settlement risk profile for the subsequent year
- The consequent mitigation approach and planned activities under the PAF
- The budget needed for those activities i.e. controllable expenditure such as reports, consultancy, technical audits, PAFA
- An indicator / estimated measure of the quantity of Settlement inaccuracy being targeted
- An assessment of risks and their impact

At the PAC’s discretion, the plan may include additional content.

A draft version of the Annual PAF Delivery Plan shall be consulted upon with Performance Assurance Parties.

The final version of the plan, approved by PAC, will be published for PAPs one (1) month prior to commencement of the year to which it applies. A template for the plan, with suggested headings is provided below; this is indicative and PAC will determine the content each year appropriate to the upcoming circumstances and challenges:

PAC Annual Plan	Status	Date	Date Complete	20XX												20XX	
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	
<b>Steering and Control</b>																	
PAC member elections		Q3 20XX															
End of PAF year review		Q3 20XX															
End of year evaluation of the PAFA		Q2 20XX															
<b>Performance Reports</b>																	
Review Performance Reports and whether they are still fit for purpose		Dec XX - Jan XX															
Present changes to the PARR reports to the PAC		Jan XX															
<b>Risk Register</b>																	
Quarterly PAC review and update		quarterly															
Industry consultation		Q1 20XX															
<b>Risk Model</b>																	
Risk Model data update		quarterly															
Finalisation of the risk model																	
Industry consultation on updated Risk Model																	
<b>PAC Development</b>																	
PATs review		Q3 20XX															
<b>UNC Mod Development</b>																	
[Insert mod detail here]																	
[Insert mod detail here]																	

## 17.2 Annual PAF Review

At the end of each gas year a review shall be carried out by PAFA and consulted upon. The review will assess the effectiveness of assurance delivery over the previous year.

The Annual PAF Review will follow the process below:

- PAFA to write an annual review document that highlights the work of the PAC/PAFA over the past 12 months
- The review should include a written consultation to the wider industry seeking general views on the PAC/PAFA performance, the effectiveness of PAF and PATs, as well as some targeted questions on particular areas where PAC feels the need for more insight from Parties e.g. meter read performance issues

The PAFA shall seek feedback from industry on the activities and success of:

- the PAF arrangements and PATs,
- the PAFA in their role as administrator of the arrangements,
- the PAC in their role as managers of the Performance Assurance Framework and;
- CDSP for the provision of information.

Responses to the review should be formatted into either a subject matter focus or area of concern and templates for responses will be published by PAC from time to time.

The PAFA should then write a further document in which each response / area of concern is addressed and plans for improvement/future work are detailed. The document should include achievements, statistics on interventions and positive / negative reflections.

The PAC has discretion to determine the scope of the review beyond the items above.

The draft Annual PAF Review shall be issued for consultation with Performance Assurance Parties for 15 Business Days.

A final version of the report shall be produced by PAFA and submitted to PAC for approval, which reflects PAP feedback on the draft version. This PAC-approved final version shall be made available to all Performance Assurance Parties no later than one (1) month prior to the start of the Gas Year.

The report shall inform the Annual PAF Delivery Plan for the subsequent year.

Indicative Annual review timetable below:

<b>Annual review process</b>	
PAFA begin to collate data and draft document	APRIL
Draft review document is circulated to PAC for comment	APRIL PAC
Update document with PAC comments	MAY
PARR data and graphs updated within the document to ensure data is as accurate as possible	MAY
Final document to PAC for approval	JUNE PAC
Circulation to wider industry	JUNE
Responses submitted to PAFA	JULY
PAFA to collate and summaries industry responses and propose resolutions to any issues raised.	JULY PAC
Industry response document draft to PAC for approval.	AUGUST PAC
PAFA Annual review response circulated to wider industry	AUGUST

## 18.0 Performance Assurance Reporting

The PARR is a suite of reports, one of a number of sources of data, using which, the PAC monitors industry performance.

The PARR is owned and maintained by the PAC. Any amendments, additions or removal of reports shall be made at the discretion of the PAC.

For the avoidance of doubt any PARR reports that are developed and implemented as part of a UNC modification will automatically be added to the register and will be delivered in line with the timeframes specified in the modification.

The data items required to successfully deliver the PARR and enable the PAC to work to meet its objectives will be delivered in accordance with UNC TPD V16.10.3 and V16.13.1.

The PARR which includes a list of performance reports and their technical specifications are detailed in Appendix 1 which is appended to this document.

## 19.0 Performance Assurance risk 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?”

### 19.1 Identification of a Risk

Potential risks can be identified by a UNC Party, CDSP, the PAC, PAFA or a statutory body or other interested party. To enable a risk to be identified a standard template is required. The Risk Template is designed to provide sufficient information for the PAFA to update the Risk Register and to facilitate discussions within the PAC.

The Risk Template is shown below:

Date	Raised by (include contact details)				
Proposed Risk title					
There is a risk that... (Risk Description)					
Because of... (Cause)					
Is related reporting available to support investigation into this risk?		Is this risk being considered in other industry fora?		Any additional information / Supporting information (optional)	

To complete the template, the risk identifier should populate the following:

- Date: Date the risk is raised
- Raised by: Identifier details, including a method for communication should the PAFA need additional information and for on-going communication regarding the progress of the risk
- Proposed Risk Title: Ensuring that the title gives a high level indication of where the proposed risk lies. For example: ‘Site specific winter annual ratio’
- 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 potential cause of the risk, or where the proposal for an additional inclusion on the risk register was initiated. For example, “Because reads are not being submitted by 10 Shipper organisations”.

Consideration should also be given to the following questions, and any additional information provided:

- Is related reporting available to support investigation into this risk?
- Has this risk been highlighted via presentation of reports at other industry forums?
- Is this risk being considered in other industry forums?
- Has this been passed to PAC as an outcome from other workgroups e.g. UIG taskforce
- Any additional information / supporting information (optional).

An example of a completed Risk Template is below:

Date	20/04/2015	Raised by (include contact details)	Stephanie Stephenson, Theoretical Gas Ltd. Tel: 0700 100 000		
Proposed Risk title	Meter read performance and rolling AQ				
There is a risk that... (Risk Description)	Poor meter reading performance for class 4 sites is leading to the erosion of the quality of the rolling AQ process				
Because of... (Cause)	Shippers are not meeting the UNC meter reading requirements therefore there are inadequate meter reads available for the rolling AQ process to be accurately completed.				
Is related reporting available to support investigation into this risk?	no - new reports should be assted to the PARR suite	Is this risk being considered in other industry fora?	no	Any additional information / Supporting information (optional)	

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 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.

## 19.2 Risk Register

The Risk Register will constitute Document 3: Risk Register, and can also be found at:

<https://www.gasgovernance.co.uk/PAC>.

The PAFA will give the risk a RAG (Red/Amber/Green) status and will attempt using the data that is available to estimate the value of the risk and be labelled as DRAFT.

The PAC is responsible for assessing and agreeing the RAG Status, the estimated value of the risk, approving the risk title, description, and the category that this risk should be considered under.

The PAC may also determine that this risk is actually an 'issue' – something that has already occurred and that it should be labelled as such.

When formal PAC agreement is reached, and a determination is made at a Performance Assurance Committee meeting, the risk will move from DRAFT to LIVE.

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.

Example of a completed Risk Register entry is below:

<b>Risk Number</b>	PACR0012	<b>Risk Title:</b>	Required meter read frequency for product class 4 meters						
		<b>Risk Description:</b>	The differing required frequency in meter read provision between product class 3 and 4 sites						
		<b>There is a risk that...</b>	The frequency of submission of meter readings for Product class 4 meter points could adversely impact the accuracy of the derived AQ consumption along with the frequency of reconciliation						
<b>Effective From</b>	25/09/2017	<b>Category</b>	METER READ PERFORMANCE	<b>RAG STATUS</b>	Estimated AQ at risk (kwh)	1,057,761	Estimated value of risk (GBP)000's	11,280	
<b>Last Review</b>	01/08/2019	<b>Risk Status (Active/Monitoring/Closed)</b>	ACTIVE						
<b>Related reporting</b>									
2A.5 Meter reads.									
<b>Industry activity</b>									
<b>Workgroup/meeting/code change</b>		<b>comments</b>							
Code change		0700: Enabling large scale utilisation of class 3							
<b>PAC activity / mitigating actions</b>									
<b>DATE</b>	<b>ACTIVITY</b>	<b>comment</b>							
ongoing	monitoring	2.A5 meter reads							
01/10/2019	monitoring	Implementation of 0700 could lead to a reduction of value of this risk as large number of sites moving into PC3.							

### 19.3 Risk Reporting, industry activity and mitigating actions

For every potential cause of a risk, a monitoring activity and mitigating action needs to be identified. Where these do not exist, a monitoring activity and/or 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. The PAFA will support the PAC to monitor and update the actions within the Risk Register. The PAFA will update the actions either quarterly for high risks or twice per year for low risks and inform the PAC. Any actions incomplete will be subject to regular scrutiny from the PAC.

### 19.4 Risk Progress Report

A risk review date is provided on the Risk Register. For high scoring risks, this will be quarterly for all other risks will be reviewed twice per year.

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 PAFA will provide the Risk Progress Report to the PAC as required.

### 19.5 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 RAG status. Where risk RAG status is reduced, or risks 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.



## 20.0 Performance Assurance Techniques (PATs)

### 20.1 Purpose and usage

*The objective of performance assurance is not to achieve a given level of performance for its own sake, but to guide the development and execution of those PAPs' processes that impact on settlement records to a standard that avoids any adverse economic impact on other PAPs.*

*In pursuit of the Performance Assurance Objective and in accordance with its terms of reference, both under UNC TPD Section V16, PAC will consider risks that lead to errors in the allocation of settlement, the parties and processes causing the error and what techniques are required to prevent or remedy the error.*

In making decisions about how and when the PATs shall be applied to a PAP, PAC may take into consideration some, all or none of the following and not in any particular order:

- Statistical performance measures
- Current and historical management of performance in the area of issue
- Willingness and speed in remedying the issue
- General co-operation in reviewing their case
- Any other holistic information that would reasonably inform a prediction of the extent of performance improvements.

The PATs available under the PAFD are set out below, with an explanation of what they are, how the PAC will generally use them and any specific procedural steps relevant to a given PAT.

The general principle under which the PATs are listed here is that the PAC can, unless specifically proscribed from doing so through the content of the PAF technical documents, apply the PATs in any way that it deems appropriate to achieve the mission and objectives of the PAF.

PAC may also:

- Apply further techniques described in the PAFD, following the failure of any PAP to make improvements as agreed
- Determine the materiality of performance issues affecting the achievement of the PAO even where there may be no explicit UNC obligation. In such instances PAC and PAFA will not treat the issue as non-compliance but will ask PAPs to address any such impact on the PAO
- Access any standard performance reports that are provided by CDSP to PAPs; or any other standard reports as it deems relevant.

### 20.2 Monitoring

*Monitoring facilitates the detection and management of Settlement errors, by using the retrieval and analysis of data to quantify error, track changes in it over time, facilitate resolution and inform PAC's use of other PATs.*

PAC may undertake market monitoring as it deems necessary to fulfil the objectives of the PAC. Such monitoring shall occur on a frequency and for a duration to be determined by PAC. It shall apply to the whole market or to a segment of the market or an individual PAP as PAC deems appropriate.

If PAC determines that a particular form of monitoring is required, it will specify the data items, purpose, source and any provision deadlines for the monitoring, along with any other information it believes is necessary for PAPs understanding of the intent of the monitoring and any obligations they have in relation to it. PAC may publish this information to all PAPs if it believes doing so is necessary to achieving the stated purpose of the monitoring.

The appropriate data provider is for PAC, with PAFA support where appropriate, to determine on a case-by-case-basis. Data providers may include, without being limited to:

- CDSP
- The Performance Assurance Party themselves – “self-reporting”
- Other UNC Parties
- Retail Energy Code Limited

Where PAC requests data from a Performance Assurance Party which is subject to a deadline for provision, it will advise the PAP of its request and the deadline for it in writing. PAC may, subject to the PAF appeals process, determine that any failure to provide requested monitoring by the deadline it has stipulated is a further risk to Settlement, and apply other PATs to mitigate that risk.

### 20.3 Party Communication

*Communication allows the PAC to formally set out for a PAP:*

- *Its concerns regarding a PAP’s contribution(s) to one or more Settlement risks, including the impact the PAP’s (in)action is having upon Settlement accuracy*
- *Its expectations of the PAP in relation to risk identification, quantification, resolution or other relevant performance matters*
- *Provide timescales for any action it expects the PAP to undertake*
- *Explain the consequences of failing to comply with the PAC’s request*

The CDSP will ask Parties to provide the name and contact details for their nominated “**PA Representative**” who will act as first point of contact and be able to represent the Party in Performance Assurance matters.

Each Party shall in addition be asked to identify more senior representatives (including up to board director level) to whom performance assurance matters may be escalated if required by the Performance Assurance Committee.

From time-to-time PAC will instruct PAFA to send letters to such other employee or officer of the organisation who, in PAC’s view, has the seniority, knowledge and authority to address the subject of the communication. Generally, this will be the contacts nominated by the Party in accordance with the above paragraph, but PAC’s discretion to select a more appropriate contact shall not be fettered by this convenience.

### 20.4 Relevant Third Party Engagement

*The PAFA and PAC may communicate with and seek performance improvements from Relevant Third Parties, as part of its work to analyse and identify areas of performance that may impact the Performance Assurance Objective.*

If during investigations into Settlement accuracy, using all information reasonably available to them, the PAC identify an area of potential concern, the PAC may engage with Relevant

Third Parties to seek further detail regarding the identified issue and seek improvements in performance.

The PAC may write to the Relevant Third Party, explaining the grounds for contact and outlining any performance concerns, including the potential impacts to the Performance Assurance Objective.

The PAC communication should seek to facilitate the agreement for an exchange of information or for the provision of a performance improvement plan from the Relevant Third Party, which will result in performance expectations being met.

The PAC would expect acknowledging of any communications within 5 Business Days and the provision of the required information within 1 month of the date of the original request.

Any information provided will be assessed by the PAC who will respond to the Relevant Third Party within 5 Business Days.

Should any further action be necessary the PAC may:

- Enter into further discussions to establish an additional improvement plan
- Conduct wider analysis
- Escalate

## 20.5 Training

*Training is a way of remedying the root causes of a Settlement error or of mitigating a Settlement risk. It ensures PAPs and their employees are aware of what can lead to Settlement error and how to either prevent or correct it.*

PAC, having regard for the proportionality of potential cost versus benefits, may decide to mandate a PAP to undertake training on any topic it believes is relevant to mitigating a Settlement risk or reducing Settlement error. It may do this at any time and without any prerequisite steps or PATs being needed.

PAC shall set out in writing the training it expects the PAP to undertake, the reasons for it mandating that the training occur, the segment of PAP's employees it expects to receive the training, its expected provider for the training and the success criteria.

PAC shall advise the PAP, in writing, of a reasonable deadline by which it expects the training to be complete.

Upon receipt of PAC's written request for training to be undertaken, the PAP shall respond to PAC within 15 Business Days, advising it of when it expects the training to be complete.

The cost of training will be the responsibility of the PAP being asked to undertake the training.

## 20.6 Request for a Resolution Plan

*A resolution plan provides a baseline for the approach and timescales a PAP intends to adopt when resolving a Settlement issue or mitigating a Settlement risk. The structure of the plan can be a useful guide for the PAP's improvement plans, the plan also allows dialogue with CDSP and PAC that could yield improvement suggestions. It gives the PAC a point of reference from which to monitor a PAP's progress in resolving performance issues and gives the PAP clear expectations to work from when addressing performance issues. It is a quasi-*

*contract between the PAC and the PAP which provides mutual clarity on expectations and the basis for shared tracking of progress.*

The PAC may request a Resolution Plan from a PAP when, having regard to the mission and objectives of the PAF, it believes one is necessary to adequately mitigate a settlement risk or issue.

If the PAC requests a Resolution Plan it shall set out its reasons for the request to the PAP, in writing, along with what sort of content and timescales it expects to see in the plan and the date for the PAP by which the plan should be returned. Response deadlines are specified in request letters and are 1 month from the date of the letter, unless otherwise specified. If the PAP believes that additional time to submit the plan is needed due to complexity and scale of actions, this should be communicated promptly.

Upon receipt of a request, a PAP shall prepare the plan in the form appended below and accompanying narrative to highlight milestones from which the PAC may judge progress and achievements. It will be assumed by the PAC that any Resolution Plan submitted is achievable, and PAPs will be expected to deliver to the plan they have provided.

Upon timely receipt of a Resolution Plan, the PAC shall review the plan and consider whether the delivery outcomes and timetable offset the specific issue identified and in the expected timescale. The PAC will confirm that the plan has been received and accepted.

#### **Resolution Plan template**

<b>SECTION A – RESOLUTION PLAN CONTROL</b>			
<b>Error/Failure Title</b>			
<b>Associated PAC Issue Number</b> (where appropriate)		<b>PAFA Ref</b> (for PAFA to complete)	
<b>Date Error/Failure Originally Identified</b>		<b>Date of Action Plan Submission</b>	
<b>Performance Assurance Party (PAP)</b>			
<b>Resolution Plan Contact and Contact Details</b>			
<b>Senior Manager Committing to Successful Delivery of the Resolution Plan</b>			

<b>SECTION B – ERROR / FAILURE DESCRIPTION &amp; PERFORMANCE RESOLUTION DESCRIPTION</b>	
<b>Error/Failure Description</b>	
<b>Resolution Description</b>	

<b>SECTION C – MILESTONES</b>		
<b>Milestone</b>	<b>Milestone Description</b>	<b>Target Date</b>

<b>SECTION D – AGREED LEVEL OF MONITORING</b>	
<b>Agreed Method of Monitoring</b>	
<b>Agreed Frequency of Monitoring</b>	

## Resolution Plan Guidelines

These guidelines are to be used to assist in the completion of the Performance Resolution Plan. They give a brief description, with some examples, of the information that should be given for each item. Unless otherwise indicated, all fields must be filled in by the PAP.

### SECTION A – RESOLUTION PLAN CONTROL

- **Performance Assurance Party**
  - Name of Performance Assurance Party responsible for delivering this plan
- **Senior Manager Committing to Successful Delivery of the Resolution Plan**
  - This provides assurance to PAC that there is commitment to the Resolution Plan and shows that there has been an internal review to ensure that the plans are signed off and have management support.

### SECTION B – ERROR(S)/FAILURE(S) and RESOLUTION DESCRIPTIONS

- **Error / Failure Description; For example:**
  - A description of the Error(s) / Failure(s)
  - Associated metrics / root cause analysis
  - Impact of the Error(s) / Failure(s) (on Settlement, on processes, on the business, on others)
  - Age of the Error(s) / Failure(s) – what plans have been submitted in the past, what has worked and what has not?
- **Resolution Description; for example:**
  - Solution for each root cause
  - Solution for the impact (correcting the symptoms) including any retrospective amendments
  - Prioritisation of the resolution if necessary
  - Process improvements / training
  - Responsibility of action / solution
  - Resources
  - Involvement of other shippers, agents, or other Relevant Third Parties
  - What is a practicable and achievable work in progress level? – How has this been calculated? How will it be measured? Ensure that the error stops at or beneath this level in future.
  - What are the risks to the action plan? How will these be mitigated?
  - Details of any audit trail
  - Internal reporting / monitoring

### SECTION C – MILESTONES

- **Milestone Description; for example:**
  - Key stages of the Resolution Plan (analysis completed, resolution actions, monitoring)
  - Actions for which any evidence can be provided to PAC to demonstrate closure of the milestone and the Resolution Plan
  - Proposed Date of resolution of the Error / Failure

## SECTION D – AGREED LEVEL OF MONITORING

- **Agreed Method of Monitoring**
  - This details how PAC is going to monitor the milestones. It should be agreed between PAC and the PAP, dependent on the settlement risk, the extent of the PAP's contribution to the settlement risk and the history of the PAP.
  - Examples include: Email updates, telephone updates, regular agenda item for meetings with PAC, copies of PAP internal reporting.
- **Agreed Frequency of Monitoring**
  - As each milestone's target date becomes due, for example, fortnightly, monthly, quarterly.
  - If monitoring is to take place on a regular basis, milestones should be tied in to the approximate dates of the updates.

### **Review, Approval and Monitoring of Resolution Plans.**

The PAP may request reasonable support from the Customer Care Team or PAFA if there is any doubt about UNC process requirements or what is required for the Resolution Plan, respectively.

In any case PAFA will engage directly with the PAP's nominated PA Representative, or alternate, during the development of the Resolution Plan, providing regular updates to PAC on progress.

Upon submission of the PAP's final Resolution Plan, PAFA will advise PAC of the milestones and provide the PAP's explanatory evidence in support of them.

The PAC may have supplementary questions about the Resolution Plan and may also ask a PAP, upon reasonable notice, to present their Plan at a closed PAC meeting.

If the Resolution Plan either does not indicate the required improvement in a reasonable timescale and /or does not contain sufficient information for PAC to assess the viability of the Plan, PAC will ask PAFA to respond to the PAP outlining where the Plan falls short and requesting a further submission. PAFA will discuss the shortfall with representatives of the PAP.

Either the PAP or PAC may request that the proposed Plan is discussed at a closed PAC meeting before being approved by PAC.

If PAC considers that the Plan is unachievable it will not approve the plan.

PAC will explain its reasoning to the PAP.

PAC may ask the PAP if it would like more time to develop more granular resolution plans and analysis, possibly supporting a more achievable milestone horizon.

The PAP can accept the offer or confirm that it is happy with the proposed plan.

Once PAC are satisfied that the plan is achievable and that the PAP is committed to it, PAC will approve the plan and PAFA will commence monitoring of the Plan via regular reviews with the PAP.



In the event of repeated submissions of inadequate plans, PAC may consider the Shipper non-compliant under UNC TPD V16.1.2(f) and deploy such other PATs that it considers might be effective and proportionate.

## 20.7 Request attendance at PAC

*The attendance at a PAC meeting of an appropriate delegate gives PAC the opportunity to understand the root causes of Settlement issues better, aiding the choice of appropriate remedial actions. It also gives the PAP in question an opportunity to present its point of view directly to the PAC.*

PAC may request that a delegate of a PAP attend PAC. It may, having regard to the mission and objectives of the PAC, do this for any reason that it specifies in writing to the PAP. It need not carry out other PATs prior to requesting attendance at PAC or follow any other preliminary steps.

If the PAC requests PAP attendance at the PAC, it shall provide 20 Business Days' notice of this fact to the PAP's PA Representative in writing, setting out the reasons for the request and anything else it believes is material to the PAP's ability to nominate an appropriate delegate.

The PAP should provide a delegate to the PAC that has appropriate knowledge and authority to answer specific questions, make decisions and take actions on behalf of the PAP. Commitments made by a delegate to the PAC will be noted and delivery expected.

If the PAP does not provide a delegate or sends a delegate who, in PAC's view, is not appropriate, PAC may choose to use any other PATs it believes are appropriate to mitigate the Settlement risk.

## 20.8 Publication

*Publication provides a mechanism for making all Performance Assurance Parties aware of the scale and root causes of a Settlement issue, as well as the Performance Assurance Party(s) who is responsible for rectifying it. It therefore ensures better awareness of Settlement risks and errors, as well as incentivising timely and proportionate remedial action.*

The PAC may decide to publish any information relating to a Settlement risk or error it is aware of at any given point in time, including the name of the PAP responsible, provided it does so in a way that conforms with data privacy legislation. This would be limited solely to the relative metric as defined in the UNC.

If the PAC determines that publication is necessary, it will inform any PAPs who will be included within it 10 Business Days before publication, including an explanation for why they are publishing the information and what action PAC expects to occur as a result.

The PAC shall not be required to withdraw the publication for any other reason.

To give industry and PAPs certainty about what metrics will be the subject of published peer comparisons, the PAC will update and publish the list of metrics that will be the subject of this technique. PAC will give at least 3 months' notice of any new metric being subject to this technique

### 20.8.1 Public Peer Comparison Metrics as at 1<sup>st</sup> November 2022

The metrics that fall under the scope of this technique shall be:

- i) The metrics in the PARR

### 20.8.2 Template report

The following template report indicates the form that will be used to show the performance of all shippers for those metrics outline in 20.8.1 above. Key elements are:

- ⇒ Shipper name (i.e. not anonymised)
- ⇒ Rank for the reported month across all shippers
- ⇒ Rolling 12 month history

Peer Review: Read Performance for Product Class 4													
UNC Ref:	xxx	Performance Obligation	xxxxxxxxxxxx										
Month:	July-19	Rank	Jun-19	May-19	Apr-19	Mar-19	Feb-19	Jan-19	Dec-18	Nov-18	Oct-18	Sep-18	Aug-18
Shipper													
A	%	1	%	%	%	%	%	%	%	%	%	%	%
B	%	2	%	%	%	%	%	%	%	%	%	%	%
C	%	3	%	%	%	%	%	%	%	%	%	%	%

### 20.9 Audit

*An audit is a systematic review of a set of business practices, intended to highlight the level of conformity with expected practice inside an organisation. It provides a rigorous, structured and independent view of the risk the subject of the audit poses to gas Settlement or of the level of error attributable to them, as well as a mechanism for clarifying expectations and managing progress toward resolution.*

*An audit can be carried out across the entire market or against a targeted segment of the market. It may involve auditing a wide range of connected business processes or targeting specific areas of activity.*

PAC may, having regard to the mission and objectives of the PAF, and using all relevant information available to it, decide to conduct an audit whenever it believes one is warranted. It may decide to carry out a certain type of audit, a Targeted Performance Audit 'TPA' or Technical Audit 'TA', on a fixed frequency basis, and / or to carry out ad hoc audits as it deems necessary.

If the PAC decides to conduct an audit, it shall give the PAPs who will be the subject of the audit reasonable notice of this fact, having in mind the scale of the intended audit, its subject matter, any data provision needed in relation to it and resource commitment from the audited PAP.

Audits will be performed by a suitably qualified party, appointed by the PAC and will be bound by confidentiality agreements.

PAC shall, when giving notice to PAPs being audited, set out the scope of the audit;

- Who will carry it out,
- How the cost of the audit will be recovered,
- Its format (remote or on-site, for example),
- The methodology that will be used to conduct it, including the way parties will be assessed and conclusions reached, and
- How it intends for audit issues to be managed subsequent to audit completion.

The costs of any audit and those of the PAP will be recovered from the party being audited where, in the sole judgement of the PAC, there is evidence supporting their decision to initiate the audit.

The costs expended by the PAP in supporting the audit will be born solely by the party subject to the audit.

## 20.10 Referral to Authority

*A referral to the Authority is intended to make the Authority aware of the scope and scale of a Settlement risk or Settlement error, including, if relevant, the behaviours PAC has observed in relation to the PAP contributing to that risk or error.*

*It invites the Authority to exercise its powers in relation to a Settlement risk, error or the associated behaviours.*

*It is not in the industry's interest that referrals are made where some other steps might have achieved the required outcome.*

*Therefore, before this technique is applied, PAC will ensure that all reasonable steps within its power have been taken to remedy the performance failure, including but not limited to, informal and formal escalations to the senior executive director and/or CEO at the PAP. It will also have ensured that UNCC are fully briefed on the performance failure, the financial impact, the techniques applied, the PAP's response, and the proposed referral to the Authority.*

PAC shall advise any PAPs who are the intended subject of a referral in writing of its intention to refer to the Authority and of the reasons for and content of the referral. It shall give notice to the PAP of this intention prior to sending the referral to the Authority, giving the party the opportunity to either raise an appeal with PAC (see Section 21 below), or prepare its own representations to the Authority regarding the referral.

The PAC will provide any additional information or evidence requested by the Authority in each case, along with any performance information, the measures and PATs deployed by the PAC and the responses and information received from the PAP.

## 20.11 Disputes

*The impact of PAPs failing to meet performance obligations can have serious financial consequences for other PAPs, thereby adversely impacting Shipper-competition and ultimately suppliers and customers.*

*Assurance is intended to give PAPs confidence that settlement is predictable as well as being fair and equitable.*

*The Performance Assurance Framework includes where the impact of such performance failures is an error in settlement allocation the PAC may advise the affected Parties to seek*

*Dispute resolution in order to remedy the impact. This reduces the risk that PAPs resort to legal court action where they have been disadvantaged by another's acts or omissions.*

### 20.11.1 Disputes

If PAC identifies an error in the allocation of gas for the purposes of settlement it may, solely at its discretion, advise those Parties affected of the results of its investigations and an estimate of the impact, such estimate to be considered by all Parties as an approximate and not a definitive evaluation.

PAC will also indicate whether it believes the error can be corrected via changes to reads and settlement through UK Link or, if that is impossible, whether an off-system settlement is required.

PAC will seek to agree a resolution of the error with all affected PAPs, including if necessary encouraging PAPs to invoke the Dispute process as outlined in General Terms Section A of the UNC.

The Parties may decide to invoke the Dispute procedure as a means of remediation where a known error in settlement allocation or amendment (whether for NDM, DM or UIG), arising from a non-compliance by a PAP or an act or omission by a PAP, is greater than the Materiality Threshold below (and as amended from time to time) and which can be estimated with reasonable certainty.

Materiality Threshold: £10,000.00 in gas costs

(When valued at an average system price over the period of the error)

### 20.12 Transitional Arrangements

It should be noted that Parties are already obliged under the UNC to meet certain thresholds of performance and to comply with certain processes. Failure of which may already be in scope of the existing PAF.

However the PAC wishes to apply a **Transition principle** that implementation of UNC0674 does not put industry Parties into the position of being subject to a technique for which they have not had reasonably sufficient time to prepare.

In practice the more intrusive techniques such as training, Error / Failure and Resolution Plans or audit are unlikely to be applied until less intrusive engagement techniques have failed to improve performance and for those Shippers not already engaged with PAFA on performance failures, this could be many months after UNC0674 implementation (and noting this does not fetter PAC discretion as to which techniques, **proportionate** to the specific circumstances, to apply.)

Upon implementation of UNC modification 0674V, PAFA will on behalf of the PAC communicate to the wider industry, the content of the modification and the Performance Assurance Regime. PAC will approve the proposed details and the PAFA communication will include and not be limited to;

- An Industry 'awareness' event
- Industry training sessions
- Party specific training sessions
- Publication of PATs process

- Publication of supporting documentation

The CDSP will also engage with each Shipper and request contact details and job title of their nominated PA Representative.

Whilst the PAC will work to the guidelines and obligations introduced by UNC0674V from the point of implementation, the PAC will not propose the application of any new PAT process until 3 months from the date upon which UNC0674V is implemented i.e. from 1<sup>st</sup> February 2023.

For those Shippers that are already subject to a performance improvement targeting, PAFA will notify each Shipper in writing that the plans they have provided will remain in place.

## 21.0 Appeals Procedure for the PAF

The appeals process is as defined in UNC TPD Section V16.8.

If any element of this PAFD description conflicts with reasonable interpretation of the Code, then the Code shall prevail.

As defined in UNC TPD V16.8.1 only a decision to refer a PAP to the Authority or require a PAP to submit to a performance audit may be appealed by a PAP.

As defined in UNC TPD V16.8.2, a PAP may only appeal a decision of the PAC if:

- Some or all of the evidence provided was misinterpreted by the PAC
- the information used by the Performance Assurance Committee when it made the decision was not complete or was inaccurate or misleading; and the Appellant Party believes the Performance Assurance Committee would not have referred it to the Authority if complete, accurate or appropriate information had been available; or
- the Performance Assurance Committee did not follow the procedures set out in the Performance Assurance Framework Document.

Any appeals to the PAC should be made within 1 calendar month of the publication of a decision, specifying the decision in question and the grounds on which the appeal is made.

Where notice of appeal of a decision of the Performance Assurance Committee is given, the PAC Secretary shall send the notice to the Performance Assurance Committee and the PAFA.

On receipt of notice of an appeal the PAC shall suspend the application of any Performance Assurance Techniques applied to the Appellant until the outcome of the appeal is decided.

The Performance Assurance Committee and the PAFA may request further information from the Appellant Party or the CDSP in connection with the appeal.

The Performance Assurance Committee should meet to consider the appeal and prior to the meeting at which the appeal is considered:

- the PAFA will report to the Performance Assurance Committee on the PAFA's views of the validity of the appeal;

- the Appellant Party may submit to the Performance Assurance Committee and PAFA further information in support of the appeal;
- the Appellant Party may be invited by the Performance Assurance Committee (on not less than fourteen (14) Business Days' notice to attend a meeting of the Performance Assurance Committee to make representations in support of the appeal (but shall not be entitled to attend);
- the Performance Assurance Committee shall not be required, nor entitled, to publish any reports, materials or representations submitted to it pursuant to this section 21; such information will remain confidential to the Performance Assurance Committee and subject to each PAC Representatives' non-disclosure agreements;

The Performance Assurance Committee shall decide the matter, by reference to the grounds of appeal in paragraph TPD V16.8.2 of the UNC in one of the following ways:

- by upholding the Performance Assurance Committee's initial decision; or
- by making a different decision in substitution for the Performance Assurance Committee's initial decision

The PAC Secretary shall send to the UNCC, for information, a statement of the decision by PAC, and notify the PAP within 5 Business Days of the PAC meeting at which the appeal is heard, the outcome of the appeal and either

- i) The legitimate grounds on which their original decision is amended, or
- ii) the reasons why there is no change to the decision, with specific reference to the grounds presented by the appellant.

Subject to paragraphs TPD V16.8.6, V16.8.7 and V16.8.8 of the UNC, the decision of the Performance Assurance Committee in respect of the appeal is final and binding.

Where, the Appellant does not accept the decision of the PAC the Appellant Party may, within five (5) Business Days after receipt of the Performance Assurance Committee's appeal decision, appeal to the UNCC, by notice given to the PAC Secretary setting out the basis on which it considers the grounds of appeal in paragraph TPD V16.8.2 of the UNC are met.

The PAC Secretary will request the Joint Office to schedule an agenda item for the appellant to present their case to the UNCC. This will be no earlier than 10 Business Days following receipt of the escalated appeal.

The PAC Secretary shall send to the UNCC a statement of the decision subject to appeal together with relevant papers which were considered by the Performance Assurance Committee in reaching its appeal decision.

A single PAC Representative will present the Performance Assurance Committee findings and the basis for its decision to refer the Appellant Party to the Authority. The PAC Representative will be accompanied by such other parties (up to a maximum of 3) as are reasonably required to provide

the UNCC with a full picture of the case (for example but not limited to a representative from CDSP, PAFA, Joint Office).

The Appellant Party will be invited, but is neither obliged nor entitled, to attend this UNCC hearing, and may, but is not obliged to, present a short summary of its case.

The UNCC will discuss the Appellant Party's case.

The Appellant Party will then be asked to leave the UNCC meeting while UNCC deliberate

The UNCC is requested to consider the matter, by reference to the grounds of appeal in paragraph TPD V16.8.2 of the UNC. It is not required to act as an expert in the interpretation of the Code or the definition of data items used to measure performance. It is acknowledged that UNCC has not had the benefit that PAC has had of considerable engagement with the shipper on the performance issue by this point. UNCC are asked to consider all the evidence presented by PAC, and by the PAP (if any) and give a view on whether PAC has made a reasonable decision in those circumstances that were presented, and whether there are any other mitigating circumstances that PAC should take into account.

UNCC will then conclude in one of the following ways:

- by agreeing with the appeal decision of the Performance Assurance Committee to refer the Appellant Party to the Authority;
- by remitting the matter to the Performance Assurance Committee for their further consideration with such guidance as the UNCC deems appropriate.

If the UNCC opinion is not in agreement with the Performance Assurance Committee Appeal decision then PAC will meet to discuss the UNCC findings.

PAC will then detail its final and binding decision in writing to the Appellant, copied to the UNC Committee chairperson, within fifteen (15) Business Days of the UNC Committee hearing of the appeal.

For the avoidance of doubt, under UNC TPD V16.8.8 UNCC cannot amend a PAC decision so UNCC cannot bind PAC to their recommendation in respect of an appeal. However, PAC will consider carefully the evidence, reasoning and the recommendation and notify the appellant of the outcome of their appeal to UNCC.

# **Performance Assurance Reports Register**

Separate document held alongside this document