IGT | UNC

Workgroup Report	At what stage is this document in the process?

IGT138:

Performance Assurance Techniques and Controls

Purpose of Modification:

To provide an effective framework for the governance of industry performance that gives industry participants mutual assurance in the accuracy of settlement volume allocation

	The Workgroup recommends that this Modification should: • proceed to Consultation The Panel will consider this Workgroup Report on 29th April 2022. The Panel will consider the recommendations and determine the appropriate next steps.
	High Impact: N/A
	Medium Impact: Shippers
	Low Impact: Independent Gas Transporters

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Contents

1 Summary 3
2 Governance 4
3 Why Change? 5
4 Code Specific Matters 7
5 Solution 7
6 Impacts & Other Considerations 9
7 Relevant Objectives 10
8 Implementation 12
9 Legal Text 13
10 Recommendations 14
11 Appendix 1 – Proposed Solution in UNC 0674 16
12 Appendix 2 – Proposed PAF Document 26

Any questions?

Contact:
Code Administrator

iGTUNC@gemserv.com

020 7090 1044

Proposer:
Claire Louise Roberts

clairelouise.roberts@scottishpower.com

0141 614 5930

Timetable

The Proposer recommends the following timetable:

Initial consideration by Workgroup	13th March 2020
Amended Modification considered by Workgroup	30th November 2020
Workgroup Report presented to Panel	29th April 2022
Draft Modification Report issued for consultation	3rd May 2022
Consultation Close-out for representations	18th May 2022
Variation Request presented to Panel	29th April 2022
Final Modification Report available for Panel	20th May 2022
Modification Panel decision	27th May 2022

This Modification was raised on 19th February 2020. It was initially considered by Workgroup on 13th March 2020. There have been four amended Modifications and a Draft Modification Report (DMR) was issued for consultation in April/May 2021. The Panel considered the Modification at its meeting in May 2021 and determined that a decision on IGT138 should be deferred due to a delay in the progression of UNC0674[1]. The Workgroup reconsidered IGT138, as well as the proposed variant, on 14th April 2022.

[1] UNC0674 - Performance Assurance Techniques and Controls

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1 Summary

This Modification is proposed by Scottish Power following discussion with and the support of the Performance Assurance Committee (PAC).

What

In operating the PAF (Performance Assurance Framework) the PAC have identified some weaknesses and limitations in the performance assurance regime which are impacting the effectiveness of the performance assurance model.

Why

The PAC have a number of examples where performance issues have been identified and have not been remedied over a prolonged period. This has resulted in settlement inaccuracy over extended periods.

PAC are keen to prevent such situations occurring (through new performance assurance principles, proportionate incentive mechanisms and a progressive series of escalating controls) and when performance issues occur, they are curtailed speedily.

How

The Proposer on behalf of PAC proposes to introduce a Performance Assurance regime to the IGT UNC, where the performance of Parties under the IGT UNC impacts settlement accuracy.

IGT UNC Parties are not currently subject to any Performance Assurance measures, although the performance of parties in respect of IGT UNC sites is included in the standard reports reviewed by the PAC on a monthly basis currently.

The Proposer intends that the performance assurance regime that is introduced is that of the UNC. The Proposer is currently proposing changes to the Performance Assurance regime in the UNC within Modification and it is the regime described in this Modification that the proposer wishes to be inserted into the IGT UNC.

Modification UNC0674 Performance Assurance Techniques and Controls if implemented will modify the UNC to define the following outcomes:

I. Require UNC Parties to adhere to a basic principle that their negligence, poor performance or bad behaviours must not distort settlement even when such behaviours have not been specifically proscribed within the UNC.

II. Determine additional tools and processes available to the PAC in its work in the provision of performance assurance within the code.

III. Allow the Performance Assurance regime to be more agile and responsive to the information it is receiving by empowering the PAC to determine and action an appropriate response at any time.

IV. Provide PAC and PAFA (PAF Administrator) access to any standard reports already being provided to individual UNC Parties within performance packs e.g. shipper performance packs.

V. Allow PAFA access to such data as reasonably approved by PAC to allow PAFA and PAC to carry out performance assurance activities (e.g. risk assessment and performance monitoring).

VI. Require UNC Parties to take action to improve their performance and remedy issues if it is identified and requested by the PAC.

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VII. Require UNC Parties to provide and adhere to any plans of action they provide.

VIII. Ensure that where it is proposed adding to or changing UNC performance standards within the UNC and performance monitoring is required, the report requirement must be added to the Modification.

The CDSP will be required to provide a ROM (rough order of magnitude) for the production of the monitoring reports needed for that proposal, for the Modification workgroup to determine if the cost of a report is not deemed prohibitive.

IX. Specify the tools available to the PAC to incentivise, drive and require performance behaviours and to document these in a new ancillary document under PAC (UNC sub-Committee) governance.

X. Suitably empower the PAC, as an elected, independent body, to make decisions for and on behalf of the UNC Parties in respect of Performance Assurance matters.

XI. Ensure that the PAC budget does not act to constrain the duties and requirements of the PAC.

XII. Provide clarity that UNC parties (Gas Transporters (GTs), Independent GTs (IGTs), Shippers etc.) and CDSP fall under the remit of the PAC and performance assurance measures to be applied.

The Proposer would like parties to the IGT UNC to be subject the Performance Assurance regime changes in the same way that UNC parties would be subject to these changes. The implementation of this Modification is therefore dependent on the implementation of the UNC Modification 0674.

2 Governance

Justification for Normal Procedures and for Authority Decision

The Modification will introduce a Performance Assurance regime into the IGT UNC, which ultimately seeks to have a positive material impact on all Parties and therefore competition between them. It also seeks to increase the authority of the PAC (formed and governed under the UNC) to specifically manage the IGT UNC Performance Assurance regime in respect of IGT UNC obligations impacting Settlement and to allow it more decision-making powers which is likely to materially impact specific Parties.

The Modification:

i. is likely to have a material effect on:

   a. competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and

   b. the IGT UNC governance procedures and the IGT UNC Modification procedures;

ii. is likely to discriminate between different classes of Parties to the IGT UNC Code/relevant gas transporters and / or gas Shippers depending on their individual performance.

iii. Is likely to impact consumers through competition in tariffs, due to the implications of a Settlement process that is not fair and equitable across parties.

Requested Next Steps

This Modification should:

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- be considered a material change and not subject to Self-Governance
- be assessed by a Workgroup

The detailed business rules in this Modification should be reviewed by the Workgroup to ensure there are no unintended consequences or loopholes in the governance requirements that would thwart the Performance Assurance intent of this Modification and the review of these rules should be within the UNC0674 Workgroup. Additionally, the Modification should act as an incentive to meet the required IGT UNC performance levels and as a disincentive to make commercial decisions that detrimentally impact competing Parties.

This Modification Proposal, should be read in conjunction with UNC0674 Performance Assurance Techniques and Controls and will require stakeholder engagement. The contractual requirements of the PAFA may also be impacted. UNC ancillary documents will also contain governance or guidance relevant to the IGT UNC and therefore should be considered by IGT UNC Parties through the development of UNC0674.

Workgroup Comments

November Meeting (12th November 2021)

The Workgroup discussed the Governance proposals in the Modification and noted that the additions carve out that the existing Performance Assurance regimes are being added into the Code as well as UNC0674 changes being layered over the top. The Workgroup agreed with the Proposer's suggestion that it should be an Authority decision on this basis, as well as adding the ability for PAC members to raise changes to the IGT UNC, which differs from today's processes.

March Meeting (11th March 2021)

The Workgroup noted that their agreed approach on governance had not changed and that this should still proceed to the Authority for a decision on the basis this is a material change to the Code.

April Meeting (14th April 2022)

The Workgroup reconsidered the Modification as well as the proposed changes to the solution. The Workgroup also considered the decision route for the equivalent UNC Modification (UNC0674) and whether the decision paths should remain aligned. It was noted by a Workgroup member that, if the UNC Modification is subject to an Authority decision, it would seem fitting for IGT138 to be subject to an Authority decision too. The Workgroup recognised that should the UNC Modification be the only one to go to the Authority, it would mean that Ofgem cannot consider both together.

All members agreed that, due to the nature of the changes to the solution as well as the relationship between this Modification and UNC0674, IGT138 should be issued to the Authority for decision.

3 Why Change?

The electricity Performance Assurance regime in the Balancing and Settlement Code (BSC) costs approximately £3m to provide the regime.[2] This Modification does not advocate this level of expenditure

[2]Page 42 Annual BSC Report 2017/18

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nor the more prescriptive style of this regime, but it does advocate that the Code supports some additional investment to deliver a 'harder-hitting' assurance that Parties anecdotally indicate they require and which will deliver better returns from improved performance and less settlement uncertainty.

The existing Performance Assurance Reports do not provide context and the potential impact of performance behaviours on settlement accuracy. The PAC has an annual budget of £50k for additional support and / or reports from the CDSP. To put this in context – the PAC explored amending one of the existing Performance Assurance Reports Register (PARR) reports and the CDSP indicated that one option for doing so would use £45k of the annual budget (Ref: PAC minutes 20 November 2018 ROM). Such a budget limitation can constrain the PAC's ability to identify, assess and bring to account poor behaviour.

Since the implementation of Project Nexus on 1st June 2017, a number of issues have impacted Settlement allocations. These and the length of time issues have been endured have had a direct effect on the financial and commercial health of market participants and ultimately customers. The absence of a stronger PAF, is likely to have prolonged Settlement distortion and therefore, in part, high and volatile UIG.

To date performance remedies are limited to PAC instructing the CDSP to engage with the failing participant proactively and asking the PAFA to write a formal letter requesting the issue be resolved.

This is having limited effect in some instances but is simply ignored in others.

To cite 3 examples:

- There have been significant issues with the reconciliation of mandatory DM (daily metered) sites since the implementation of Nexus in June 2017. As at November 2018, there were still 32 sites that have not had a retrospective consumption adjustment since June 2017. Actions taken to remedy this situation have included direct engagement by the CDSP (Xoserve) and a letter from Ofgem to involved parties. It took nearly a year to resolve the root causes for 177 DM meters.
- Product Class 3 read performance, despite Xoserve's engagement with the involved Shippers, is still well below the performance target.
- All shippers have access to shipper information packs and dashboards that highlight performance in many other areas. Where processes are failing and the shipper has the management information indicating that, there are no consequences of Shippers failing to act on these reports and no controls that PAC can employ to support Shippers in improving their performance.

Ofgem, the PAC and the industry have discussed the benefits of incentives to improve settlement accuracy and reduce risk. For example, in the level of reads accepted into settlement.

Ofgem has on a number of occasions advised that they want to see improvements to the performance assurance scheme developed in the gas market – including in their determination on Modifications 0473/A and 0506V.

Additionally, Ofgem, in their decision letters on Modifications 0619/A/B, requested that industry parties increase "the frequency and quality of meter read data being submitted to the Central Data Services Provider" and in their decision letter on Urgent Modifications 0642/0642A/0643 they requested that "To the extent that Xoserve depends on data provided by third parties, including the provision of frequent and accurate meter readings, it is expected to work with those parties and the PAC to ensure that these requirements are identified and being met." There is currently no effective mechanism for meeting these challenges, aside from relying on Shippers best intentions, which is not currently delivering adequate read performance or Settlement certainty.

Despite introducing a risk-based PAF, the PAF is currently limited to monitoring performance reports and writing letters to the Market Participants displaying poor performance.

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Neither the UNC or IGT UNC obligations provide consequences for failing to meet obligations or target measures, where they exist, and no incentives to meet them. There is no mechanism to hold to account the performance of failing Parties; and target measures provide no indication of how they might impact Settlement quality nor is there evidence that impact on Settlement is considered in making decisions to modify UNC obligations.

For the efficiency of the Code and to align the IGT UNC with the current Performance Assurance regime in the UNC, this change looks to introduce the foundations of that regime into Code. IGT Supply Points contribute to Settlement accuracy and current reporting to the PAC include IGT Supply Point data in the monthly PARR (as per Part K23.9 of the IGT UNC).

To ensure that the changes being introduced by UNC0674 are reflected in the IGT UNC, it is necessary to ensure that correct defined terms and areas of the UNC applicable are captured in this solution.

4 Code Specific Matters

Reference Documents

Performance Assurance Framework

UNC TPD Section V

UNC General Terms B

UNC - Modification Rules (section 6.1.1)

Knowledge/Skills

Knowledge of settlement risk or other performance regimes would be an advantage.

5 Solution

Please note that this section has been changed marked to show the solution changes considered by the Workgroup on 14th April 2022. The changes form the basis of the variant request being considered by the IGT UNC Panel on 29th April 2022. The Workgroup's views on the changes have been captured within this report.

The UNC Performance Assurance regime in respect of Settlement accuracy as envisaged post implementation of UNC Modification 0674 is to be introduced in its entirety to the IGT UNC.

The requirements of Modification 0674 will be incorporated into the UNC directly and into the IGT UNC, either through direct reference to the UNC from the IGT UNC or through insertion into the IGT UNC, so that IGT UNC Parties will also be subject to the UNC Performance Assurance regime in all respects.

For clarity this will include:

1. Parties being required to meet the Performance Assurance Objective;
2. Parties coming under the authority of the UNCs Performance Assurance Committee for actions or omissions that impact the Performance Assurance Objective;
3. Parties being able to Appeal PAC decisions through the UNC Appeals process;
4. Parties being subject to the Performance Assurance Framework Document (PAFD) including Performance Assurance Techniques and decisions of the PAC;

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5. Provide information and data to the Performance Assurance Framework Administrator (PAFA) over and above what is already provided through Part K of the IGT UNC; and

~~6. PAC being able to raise modifications in the IGT UNC as in the UNC and for the same reasons.~~

The intent is to ensure that the PAC has authority over both IGT UNC and UNC Parties as they contribute to Settlement accuracy and that the PAC may take action to improve accuracy where the actions of those parties impact Settlement.

Changes will be also be made to the Performance Assurance Framework in the UNC which will also be relevant to IGT UNC Parties.

Please see Appendix 1 for full details of the changes being made by UNC0674, which this solution seeks to mandate in the IGT UNC.

Workgroup Comments

November Meeting (12th November 2020)

The Workgroup worked through the solutions business rules and compared these to the drafted legal text to ensure there were no gaps in the drafting. The Workgroup noted that the amended solution makes it clear what is being added into the IGT UNC. The Workgroup noted that Performance Assurance Techniques (PAT) had not been carved out in the current Legal text drafting. The Chair noted that the PATs were included in the Performance Assurance Framework Document (PAFD) and noted that these have not been specifically called out in the legal text drafting. The Workgroup suggested amalgamating points four and five which would mitigate potential issues of PATs being amended within PAFD (which can be carried out without going through the change process) and these not being implemented into the IGT UNC.

The Workgroup agreed that the solution, subject to the suggested amendments above, supports the intention of the Modification.

March Meeting (11th March 2021)

The Workgroup had no further comments on the proposed Solution from that of November 2020. The Code Administrator noted that this solution was a direct result of reviewing v15 of UNC674S.

Workgroup Comments

April Meeting (14th April 2022)

The Workgroup considered proposed changes to the IGT138 solution. It also reviewed changes to the UNC0674 solution to ensure members understood what was being mirrored and what had changed since the last time the Workgroup considered IGT138. The Workgroup were advised that the changes to the IGT138 solution were being proposed because of changes to the UNC0674 solution[3] and the Proposer intended on brining a Variation to the Panel at its meeting on 29th April, which would reflect the changes considered at the meeting.

The Workgroup recognised that it was neutral with regards to the UNC Modification changes and that Workgroup consideration and debate of these has taken place under UNC0674. It was also recognised that the mirroring approach taken for IGT138 remained sensible as it promotes efficiency and consistency

[3] Changes to the UNC0674 solution can be found in Appendix 1 of this document.

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across both Codes. It was highlighted that a Party has the potential of being in breach of both the UNC and the IGT UNC and having the same provisions in both Codes would ensure alignment.

The Workgroup agreed that the solution, having considered the proposed changes, still supports the intention of the Modification.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None identified.

Consumer Impacts

No direct impacts identified.

What is the current consumer experience?

The current provisions focus on Settlement accuracy and fair settlement across the industry, which is good for Shipper and Supplier competition, which is ultimately good for consumers. A consumer's charge is a fair representation of their usage through meter readings. The accuracy of Settlement is benefited by actual meter readings instead of estimates. There is, in some areas, a disjoint between obtaining the readings and ensuring the readings are sent into Settlement.

What would the new consumer experience be?

More readings available for consumer billing means a greater accuracy for consumer billing and less use of estimated reads.

There is the potential for seeing less Shipper parties exit the market due to a more timely and accurate Settlement process. The cost/benefit of this can be speculated on as there are varying approaches by Shippers who may use in house read services or third-party services.

A stable market with accurate settlement, ensures reduced volatility into the market which will ensure efficiency of the market. This will ultimately work better for consumers.

Other benefits of the Modification which could lead to improved consumer experiences are: league tables being introduced by UNC0674 giving a level of transparency that the industry have not seen before, better practices encouraged by the regime, and the presence of the regime incentivising Parties to improve Settlement accuracy. The introduction of better information will facilitate forecasting in the industry.

Impact of the change on Consumer Benefit Areas

Area	Identified Impact
Improved safety and reliability	None
Lower bills than would otherwise be the case Accurate billing through forecasting, greater efficiency should lead to cost/benefits.	*Potential* Positive

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Reduced environmental damage	None
Improved quality of service Potential for less use of estimated readings therefore more accuracy.	Positive
Benefits for society as a whole	None

Cross Code Impacts

This Modification is designed to install a Performance Assurance regime into the IGT UNC and support the implementation of UNC0674 to ensure that UNC Performance Assurance measures in respect of Settlement risk are applicable to Parties to the IGT UNC as well as the Parties to the UNC.

There may be an impact on the Data Services Contract (DSC) and the contract between the PAFA and CDSP.

Central Systems Impacts

Some development to support new reporting and invoicing processes.

Workgroup Impact Assessment

November Meeting (12th November 2020)

The Workgroup agreed with what the Proposer had suggested. The Workgroup discussed that the PAFD has the ability to be changed by the PAC without the need to be put through the current change processes. The Workgroup highlighted that there is an area of risk that changes made to that document will not have industry wide visibility and therefore there may be occasions where there are IGT UNC consequences that are not identified. The Workgroup discussed how this could be mitigated and suggested to the Proposer that a checklist or mechanism should be put into the PAFD to ensure that all implications for change are considered before being implemented. The Proposer resolved to take this away and liaise with the Proposer of UNC0674.

April Meeting (8th April 2021)

The Workgroup discussed how the UNC had considered the changes to UNC0674 and how that would impact consumers, there was a general agreement that IGT138 took a slightly different approach. The Workgroup carried out the thorough Consumer Benefit analysis table, as referenced above. The Workgroup agreed that consumer benefits had been adequately discussed for this Modification and positive impacts had been drawn throughout discussions.

Workgroup Comments

April Meeting (14th April 2022)

The Workgroup revisited the impacts, taking into consideration the proposed changes to the solution, and agreed that the impacts (as set out above) are still reflective. The Workgroup determined that no further work would be required on this Modification.

7 Relevant Objectives

Impact of the Modification on the Relevant Objectives:

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Relevant Objective	Identified impact
(A) Efficient and economic operation of the pipe-line system	None
(B) Co-ordinated, efficient and economic operation of (i) the combined pipe-line system; and/or (ii) the pipe-line system of one or more other relevant gas transporters	None
(C) Efficient discharge of the licensee's obligations	None
(D) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation agreements with other relevant gas transporters) and relevant shippers	Positive
(E) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards… are satisfied as respects the availability of gas to their domestic customers	None
(F) Promotion of efficiency in the implementation and administration of the Code	Positive
(G) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators	None

(D) It is believed that these proposals will reduce Settlement costs by reducing volume uncertainty at nomination and allocation, thereby reducing the likelihood of Shippers building in risk premiums into budgets and customer contracts. It should also level the playing field between Shippers in the costs of meeting UNC obligations and ensure that one Party's commercial decisions do not adversely impact other parties. Together these will improve competition between Shippers (and potentially Suppliers) and reduce a potential barrier to entry for new Shippers.

(F) It is believed that these proposals will improve the effectiveness of PAF and ensure that the Framework is applicable across both the UNC and IGT UNC, therefore promoting more efficient application, implementation and administration of the Code and preventing the requirement for separate and exclusive reporting for the sites under the IGT UNC.

Workgroup Comments

November Meeting (12th November 2020)

The Workgroup discussed the Relevant Objectives. The Workgroup discussed whether Relevant Objective D is applicable to the IGT UNC Modification, or whether this is more suited to the Solution in UNC0674. The Chair noted that Performance Assurance looks at the accuracy of Settlement in Gas. The Chair noted that the information sent for the IGT sites helps in accuracy of the DN element of Settlement in the UNC. That therefore impacts consumers and effective Competition through that process as data cannot be distinguished between the GT and IGT sites. The Proposer noted that opinions on this could be drawn out through consultation.

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The Workgroup unanimously agreed that this Modification positively impacted Relevant Objective F.

March Meeting (11th March 2021)

The Workgroup agreed that this was still the stance held by them on the Relevant Objectives cited by the Proposer for IGT138.

April Meeting (14th April 2022)

Workgroup revisited the objectives, having reconsidered the Modification and the proposed changes to the solution, and agreed that IGT138 will still have a positive impact on Relevant Objectives (D) and (F) for the reasons previously given.

8 Implementation

No implementation timescales are proposed.

This Proposal could be implemented as soon as an authority direction is received and subject to DSC Change Management Procedures for any consequential system changes.

This Modification is dependent on the implementation of UNC0674 and therefore cannot be implemented should UNC0674 be rejected. The Modification should also be implemented on the same date as UNC0674.

Workgroup Comments

November Meeting (11th November 2020)

The Workgroup discussed the implementation suggestions made by the Proposer. The Workgroup noted that there may need to be more details added to this section to include some transition rules around implementation. The Workgroup discussed that there needs to be more information given regarding how the transition is to be managed and that clear indications for dates should be made available. The Workgroup noted that in September 2020, a request was made in a UNC0674 workgroup that a target delivery date (considering release strategies), release plan, communications piece to understand the movement of one regime to an updated one are all provided for clarity. The Proposer resolved to take this away and liaise with the Proposer of UNC0674.

March Meeting (11th March 2021)

The Workgroup discussed the earlier comments made in November 2020 with regards to a transition period needed on both Modifications. The Workgroup are now of the opinion that the same transition periods are not needed for both Modifications as the arrangements being introduced into the IGT UNC are new and therefore are not being changed from a BAU situation.

Workgroup Comments

April Meeting (14th April 2022)

The Workgroup considered the implementation approach, noting previous views regarding a transition period potentially being required. The Workgroup were still of the opinion that no transition period was required for this Modification.

The Workgroup considered the impact of implementation dates for IGT138 and UNC0674 not being aligned. It was noted that, in the case of UNC0674 being implemented first, the PAC could start using new powers without the IGT UNC Modification being in place. This means that, if an IGT UNC party were to be approached by the PAC they could choose not to cooperate with requests for IGT UNC sites. It was

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also highlighted that if the IGT UNC Modification was implemented first, it would be pointing to UNC provisions that were not yet in place.

The Workgroup agreed that it is prudent to have IGT138 implemented on the same day as UNC0674. It was also agreed that IGT138 should not be implemented should UNC0674 be rejected. The Workgroup recognised that aligning the implementation of this Modification with UNC0674 may result in an extraordinarily release being required.

9 Legal Text

Text

Legal Drafting for IGT138 can be found on the IGT138 webpage, here.

Workgroup Comments

November Meeting (11th November 2020)

The Workgroup reviewed the drafted legal text and carried out a comparison with the proposed Solution to ensure any gaps could be identified. The following observations were made;

- Definition of Performance Assurance Party should be added to ensure all definitions are complete. The Workgroup noted that the definition in the UNC is hidden within the Performance Assurance Objective in TPD V16.1.1.
- PAC should be included in the definition of Performance Assurance Committee in Part M
- 'Decisions of PAC' is made explicit in the legal text drafting
- Performance Assurance Techniques should have its own definition (PAT)

The Workgroup acknowledged that as this point the legal text was still in motion as a further version of UNC674 would be published in December 2020.

April Meeting (8th April 2021)

The Workgroup reviewed the final drafting of the legal text (v0.2) as presented by the Chair. The Workgroup queried whether Modifications raised to the IGT UNC by the PAC would go through a process to assess the benefits of raising such a Modification. The Chair noted that the Modification would go through the current change process as all Modifications proceed through. The Code Administrator also noted that part of the 'Critical Friend' role would be to ensure Modifications meet a threshold for adequate information included in a change.

The Workgroup also discussed whether there could be anything added to the IGT UNC to ensure that if a Modification or change to the Framework document in the UNC is replicated in the IGT UNC. The Chair noted that it is not possible to obligate the PAC in the IGT UNC, however, an addition to the PAFD would be the most appropriate place to accommodate this rule. The group agreed that this would now have to be a post implementation change in the UNC to the PAFD document (which is at the gift of the PAC). The Workgroup resolved to add this to the IGT UNC Known Issues Register to ensure this risk is captured and visible to parties.

The Workgroup agreed that the current legal text drafting adequately supports the intention of the Solution and were comfortable that it had been sufficiently developed.

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Workgroup Comments

April Meeting (14th April 2022)

The Workgroup considered the proposed changes to the legal drafting, which were made as a result of changes to the IGT138 solution[4].

The Workgroup were advised that the drafting originally marked up the removal of paragraph 23.9 of Part K and the provisions were marked as being replaced with the words "CLAUSE NOT USED". It was noted that at some point in the development of the Modification the original text seemed to be deleted and all that remained was CLAUSE NOT USED. The Workgroup were asked if they felt the legal text should be amended to show what was being removed. A member asked for clarification as to why this has been removed. The Code Administrator advised that this was likely due to the provisions being moved elsewhere and included in an area already cross-referenced. However, they would look to investigate further and confirm this.

The Workgroup agreed that the legal text, including the changes proposed to the drafting to reflect solution changes, supports the intention of the solution (subject to clarification on the removal of paragraph 23.9 of Part K being provided to Workgroup members).

10 Recommendations

Workgroup's Recommendation to Panel (April 2021)

The Workgroup asks Panel to agree that:

- This Modification should proceed to consultation.

Workgroup Comments

The Workgroup agreed that the Workgroup report for IGT138 had been sufficiently developed and recommended to the Panel that this Modification be sent out for Consultation. The Workgroup discussed that the proposed Consultation window for UNC674 was 20 working days and that the Modifications should remain aligned. The Workgroup noted that their preference would be that the Modifications ran for the same amount of time, but as a minimum would recommend, both Modifications close out at the same time so Parties can efficiently consider both Modifications together for their responses.

Workgroup's Recommendation to Panel (April 2022)

The Workgroup asks Panel to agree that:

- This Modification should proceed to Consultation.

The Workgroup considered the length of Consultation required for IGT138. A member highlighted the intended path for UNC0674, noting that the Workgroup were recommending to UNC Panel that the Modification be issued to the Authority for decision without a second Consultation. The reasons for this being that the UNC Workgroup considered the Variation and the final Modification and were satisfied that issues had been addressed.

[4] Workgroup views on changes to the solution can be found in Section 5 of this document.

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The IGT UNC Workgroup considered this approach for IGT138 but felt that due to the length of time the Modification had been on hold and the time that had passed since the industry last considered the Modification, it seemed prudent to issue it for a second Consultation.

The Workgroup agreed to recommend that IGT138 proceed to Consultation for 2.5 weeks. They also agreed that this should be the case regardless of the UNC Panel decision for UNC0674.

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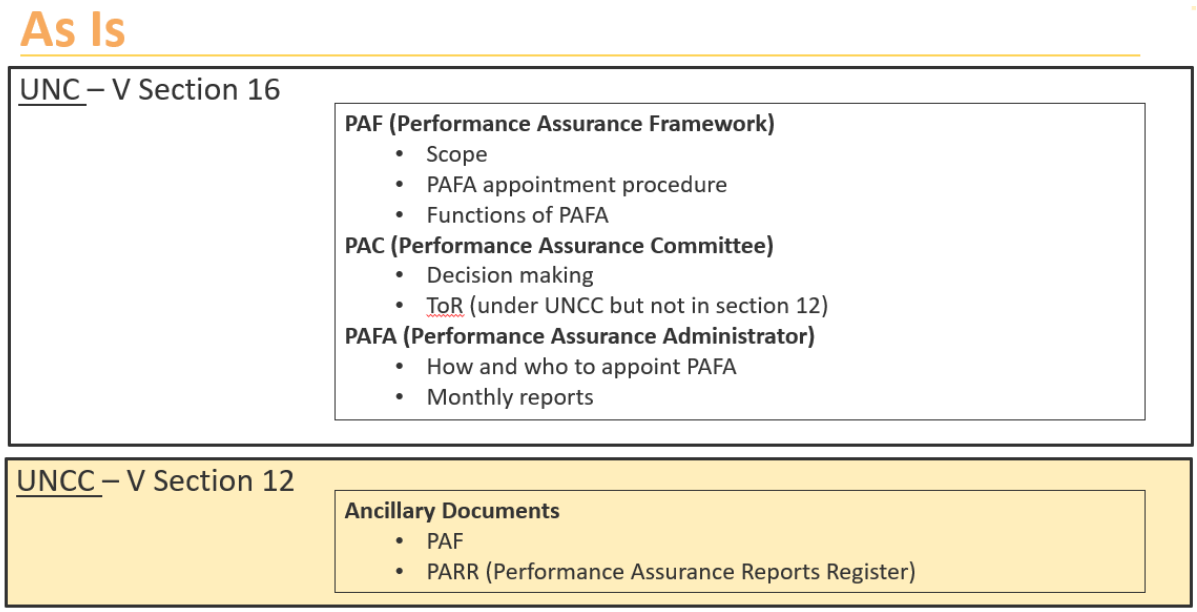
11 Appendix 1 – Proposed Solution in UNC 0674

This section shows the solution section of UNC0674 (published ~~29 December 2020~~ 24th January 2022) and the regime that will be in situ for the UNC and IGT UNC if the two modifications are implemented.

Tracked changes, if visible, show the revisions made to this Appendix in version ~~3~~ 4 of the IGT UNC Modification to reflect amendments made to the solution for UNC 0674 as highlighted above.

1) The current Performance Assurance regime described in the UNC is represented diagrammatically below:



2) The UNC modification will move the Performance Assurance regime to a new regime represented diagrammatically here:

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TPD V16 Governance – OFGEM (via UNC Mod process)	**Parties subject to new Performance Assurance Objective & Principles** **Provision of authorities to the PAC (with protections)** **Defines new UNC terms for PAC constitution** (per 'GT D4' for DSC) ***Performance Assurance Committee* section** • One-stop section with all necessary references • Definitions, PAC Terms of Reference, Constitution, Appeals, etc ***Performance Assurance Framework Document*** • Defines this PAC governed document (does not duplicate its contents)
GT B4 Governance – OFGEM (via UNC Mod process)	**PAC carve-out from 4.3.1 and 4.4.2** • PAC cannot 'cease to be established' by UNCC vote alone. • Parties are obliged to provide information requested by PAC for PA purposes
PAF Document Governance – PAC	***Performance Assurance Framework Document* incorporating:** • PAFA scope, schedule of services, appointment, risk approach • PATs (Performance Assurance Techniques), PARR, procurement • Annual PAF Budget, Review, Plan and Consultation

In summary the solution is to oblige UNC Parties (transporters, shippers) and CDSP (via the Data Services Contract (DSC) 3.5) to comply with an objective of equitable settlement and to cooperate with other Parties to further this objective.

It will also give PAC some additional authority to identify those areas of performance (whether in Code or not) which impact the objective, to require UNC Parties to improve in those areas and to impose sanctions where performance is below the required level. It will also require the Proposer of a modification which adds or changes UNC performance standards or might impact a Party's performance against such standards to specify an appropriate monitoring report. The CDSP will be required to provide a ROM (rough order of magnitude) for workgroup consideration.

The requirements below will be incorporated into the UNC directly and into the IGT UNC, either through direct reference to the UNC from the IGT UNC or through insertion into the IGT UNC.

(Associated changes will be made to the Performance Assurance Framework documents which will also be relevant to IGT UNC Parties).

1) Introduce a new objective to the UNC and IGT UNC, the Performance Assurance Objective (PAO)

The Performance Assurance Objective is:

a. To ensure in relation to a Day accurate and timely Settlement for the Day such accuracy as would be expected if all UNC obligations were met.

2) Introduce a new requirement to the UNC for Parties to acknowledge that ~~overarching principle to the UNC and IGT UNC~~

a. ~~The Modification Panels, UNCC, sub-committees and Parties must always ensure that~~ Their acts (or omissions), and those of their sub-contractors, contribute positively or negatively to~~, and do not prejudice,~~ the achievement of the Performance Assurance Objective. ~~even when such acts or omissions are not explicitly proscribed under UNC~~

~~a.~~b. They will conduct their business to facilitate the achievement of the POA.

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~~b.~~c. The acts or omissions of any other Party ~~(such as another shipper, supplier or their agent)~~ are not relevant for determining ~~do not absolve any other Party of~~ their performance in meeting obligations under the UNC.

~~c.~~d. ~~Parties acknowledge that r~~Reports provided by PAFA or PAC shall constitute evidence of a Party's performance with regard to UNC compliance~~, and shall be accepted as such~~ unless evidence~~sd~~d to the contrary

~~d. Parties will use these reports to self-monitor performance.~~

e. Parties will also respond to PAFA/PAC reasonable performance related enquiries with the requested information, timeously and in accordance with such process as may be specified in PAF Document from time to time.

3) Introduce a new overarching principle to the UNC and IGT UNC of collective co-operation towards the specified objective.

   a. All UNC and IGT UNC Parties acknowledge that each is dependent on the others for the achievement of the PAO and will cooperate wherever is necessary (whether explicitly required in UNC/IGT UNC or not) to achieve the PAO

4) Responsibility for updating the PAF document to PAC (and upon notice to Parties and publication of the revised document).

5) Define the PAC in the UNC Transportation Principal Document (TPD) V16, as an autonomous UNC sub-Committee following the principle used in UNC General Terms (GT) D4 for DSC sub-Committees. PAC and PAFD will no longer be governed under TPD V12 of the UNC.

To facilitate comparison the following terms to be incorporated into TPD V16 of the UNC are shown under each main heading of General Terms Section D 4 – 4.5 of the UNC DSC Committees (mutatis mutandis).

PAC COMMITTEE

a. Establishment and functions of the Performance Assurance Committee

In connection with the requirement to operate the UNC Performance Assurance regime the following Network Code Sub-committee is established:

The Performance Assurance Committee (PAC)

The Performance Assurance Committee shall perform the functions and have the powers and duties provided in this section UNC V16, and the Performance Assurance Framework Document

The Performance Assurance Committee shall have control of the following documents:

- Document 1: Performance Assurance Reports Register (PARR)
- Document 2: The Risk Register
- Document 3: PAC letters of confirmation and company agreement
- Document 4: PAFA scope
- Document 5: PAF Document

A PAC Committee may establish a sub-committee for such purposes (within the scope of its functions, powers and duties) and comprising such members and on such terms as it decides; and references to a PAC Committee include any such sub-committee.

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The PAC Committee is autonomous, and the UNC Committee has no power to overrule a decision of the PAC or its sub-committees or reduce or qualify the scope of its functions, powers

No decision of the PAC shall be made or (if made) shall be effective if the decision would cause a party to be or act in breach of the UNC.

b. Constitution of the PAC

The PAC shall comprise representatives ("Committee Representatives") of each Customer Class as follows:

a) 9 individuals appointed as representatives of Shipper Users ("Shipper User Representatives"); and
b) 3 individuals appointed as representatives of Transporters and IGTs, of which:
   i. 2 shall be appointed by DN Operators ("DNO Representatives"); and
   ii. 1 shall be appointed by IGTs ("IGT Representatives").
   For the avoidance of doubt NTS shall not have membership rights

For PAC to fulfil its role under the PAF, its Shipper members shall be appointed using the guidelines as defined in the UNC governed document:

'Uniform Network Code Panel, Uniform Network code committee (UNCC), Sub-Committees and Data Services Contract (DSC) Committees - Guidelines for the User Representative Appointment Process'

https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/page/2019-06/UNC%20User%20Representative%20Appointment%20Process%20v3.0.pdf

For PAC to fulfil its role under the PAF, its membership must behave in a manner that is consistent with the principles of the PAF and the duties of the PAC.

PAC Members are representatives in their own right and do not represent the company by which they are employed.

All PAC Members and their alternates will be required to sign the following documents to assure that the Member will be attending and voting at the PAC in the interests of the GB gas industry and not representing any commercial interest or commercial body or interest group:

- Letter of Confirmation, which includes
  - Member impartiality
  - Non –Disclosure Agreement
  - Declaration of interest.
- Letter of agreement from Company Employing a committee member
- And if applicable, Letter of Agreement from company nominating a committee member

The documents listed above are controlled by the PAC and can be found in the PAC Framework Document.

c. Committee members and alternates

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A list of all PAC Members and standing alternates is published on the Joint Office website.

Alternates need not necessarily come from the same company as the PAC Member. It will be for the PAC Member to consider the suitability of their alternate, in respect of experience and understanding of the issues that the PAC will deal with. For the avoidance of doubt a PAC Member can act as Alternate for another PAC Member

A single alternate may not represent more than one (1) other PAC Member

d. Voting Arrangements

This mod does not seek to make any changes to the extant voting arrangements for PAC as agreed by UNCC. The latest position on which is that modification UNC0732 has been implemented effective from 14th Sep 2020. The legal drafting of this modification will deliver the same intent as the changes made to TPD V16.2.1 of the UNC under UNC0732.

e. Proceedings of PAC Committee meetings

1. The meeting will be quorate where there are at least four Shipper User PAC Members and two Transporters (DNO and/or IGT) PAC Members present with a minimum of six PAC Members in attendance. ~~For the avoidance of doubt Alternates do not count towards quoracy (as per Mod Panel)~~
2. The Code Administration Code of Practice shall apply to the conduct of the meetings.
3. Information to be used within meetings will be provided to PAC Members, the Joint Office and the Ofgem representative via ~~a~~ secure ~~web portal~~means.
4. PAC members, the Joint Office, PAFA and Ofgem shall treat all information as confidential unless it is clearly marked otherwise.
5. ~~The default is~~ PAC meetings will be divided into ~~are~~ 'Confidential' ('closed' to non-Members)~~.~~ and 'Public' sessions (open to non-Members, but only by prior notification to PAFA at least 1 working day prior to commencement of the meeting)~~PAC Members can agree to hold 'open' meetings~~.
6. With agreement of the Chairperson, and for example for the purposes of but no limited to developing the PAC arrangements or carrying out investigations into performance, PAC Members can invite 3rd parties and non-members to either Confidential or Public sessions of the meeting
7. The CDSP may be required to attend (by one or more representatives) meetings of the PAC.
8. OFGEM shall have the right for up to 3 representatives to attend as observers

~~8.~~9. Material distributed to PAC Members shall be marked as either Confidential or Public as appropriate.

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6) Appeal

a. To enable it to deliver upon its purpose of identifying and mitigating gas Settlement inaccuracy, the UNC gives PAC the power to apply Performance Assurance Techniques (PATs) specified in the PAFD to various industry roles.

b. The parties to whom the PATs are applied (the subject of a PAT) can be materially affected, financially, operationally or reputationally, by their application.

c. The party subject to a PAT may believe that the accuracy of the information underpinning PAC's use of a PAT is materially and demonstrably incorrect. It may also believe that the procedure surrounding use of the PAT, as set out in the PAFD~~T technical document~~, has demonstrably not been followed, resulting in a material impact on them.

d. In the following circumstances ~~W~~where PAC determines that

i. A party is to be referred to OFGEM; or

~~i.~~ii. A party is to be subject of a party-specific process audit (as defined in the DAFD)

The subject of the PAT is entitled to appeal the PAC's decision, initially to the PAC and ~~potentially~~ finially to UNCC.

The decision of the PAC, having considered any new information that might arise from any subsequent UNCC appeal, is final.

e. The criteria for a valid appeal, is as follows:

i. The inaccuracy of fact or irregularity of procedure can be demonstrated

ii. A material inaccuracy of fact or irregularity of procedure has occurred, such that the outcome would be different if the correct information or procedure were used instead

iii. The appeal must be raised with the PAC within [1 month] of the relevant PAC decision

f. Procedure

i. The gas PAFA will assess any appeal in respect of whether the criteria for the appeal has been met, before presenting the appeal to PAC at the next practicable opportunity.

ii. The PAFA's initial views on the validity of the appeal and the appropriate rectification will be presented to the PAC alongside the appellant's representations.

iii. PAC's original reasons for applying the PAT will form part of the material PAFA reviews and provides to PAC to aid its decision on the appeal.

iv. During the period between an appeal being raised and the PAC hearing the appeal, any obligations on the appellant, PAC and PAFA pursuant to a PAT which is wholly or partly the subject of the appeal will be suspended. The PAC's decision on the appeal will include guidance for resumption or termination of timescales for action under any of the PATs at issue.

v. The PAC will treat the matter as confidential. All meetings to hear the appeal will be closed and the meeting and the material presented for consideration during an appeal will not be published.

vi. The appellant may be invited to present their case and their supporting evidence. Notice of the meeting will be not less than 14 Business Days.

vii. The PAC will determine the extent to which it accepts the appeal. This could be wholly, partially or not accepted. The PAC may recommend or provide

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guidance on how or whether the application of the original PAC decision resumes or continues.

g. Appeal Decision

i. Any communications from PAC, PAFA or JO in regard to the Appeal shall be directed to the PAP's Company Secretary (and cc'd to the PA Representative)

ii. The PAC will respond in writing to the appellant within 10 Business Days of making their decision with the reasons for its decision.

iii. Where, following the decision of the Performance Assurance Committee in respect of an appeal, the Appellant Party considers that the grounds of appeal in paragraph continue to be met the Appellant Party may, within five (5) Business Days after the publication of the Performance Assurance Committee's appeal decision, appeal to the UNC Committee , by notice given to the PAC Secretary setting out the basis on which it considers the grounds of appeal are met.

iv. The UNCC will advise PAC of its observations and/or recommendations for PAC consideration.

v. PAC will then either amend or uphold its original decision, justifying any departure from UNCC's view and notifying the PAP within 15 Business Days. UNCC cannot however overturn or amend PAC's decision.

Although UNCC cannot override a PAC decision, this process creates 'administrative tension' which incentivises PAC to ensure that its determinations are robust, proportionate and fair, in order to avoid UNCC casting an alternative view of the appeal.

7) Section V16 will include amongst other things the following:

i. The UNC Performance Assurance Objective and other terms pertaining to PAC

ii. the composition of the Performance Assurance Committee membership (as per the present PAC Terms of Reference 2.2):

iii. the basis on which Performance Assurance Committee members are to be appointed and from time to time removed and/or replaced. This to include that each User and its Affiliates holding more than one Gas Transporters Licence may submit up to one nominations for the purposes of the appointment process.

iv. the basis on which a person (not being a committee member) will be appointed to chair each meeting of the Performance Assurance Committee; ~~to include a PAC-appointed PAFA employee if necessary~~

v. the basis on which a person (not being a committee member) will be appointed as secretary to the Performance Assurance Committee; ~~to include a PAC-appointed PAFA employee if necessary~~

vi. the basis on which decisions of the Performance Assurance Committee may be appealed to the Authority. (see section 5 part f under PAC COMMITTEE Appeals above)

vii. Definition of the Performance Assurance Framework Document and its purpose and governance (removing it from TPD V12 of the UNC and moving it to a PAC-governed document)

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viii. UNCC will have no power to overrule a decision of the PAC or its sub-committees, or to reduce or to qualify the scope of PAC's functions, powers and duties (as per GT D4 treatment for the DSC)

ix. No decision of PAC shall be made if the decision would cause a party to breach UNC

x. Specify PAC controlled documents as being Performance Assurance Reports Register (PARR), The Risk Register, PAC letters of confirmation and company agreement, PAFA scope, PAFD

xi. Definition of the Performance Assurance Party being a party who will be subject to Performance Assurance Objective (either a Party to UNC, CDSP or any other party whose performance or non-performance of activities governed directly or indirectly under UNC) and whose acts or omissions could impact another PAP's contribution to the Performance Assurance Objective

8) Give PAC authority in the UNC and IGT UNC, with relevant protections noted and in 8) below, to include:

a. To determine the performance and applicable assurance monitoring and incentive tools to be applied to a Party, consistent with **those defined in the PAFD**, as amended by PAC from time to time

i. PAC may (on a PAC majority vote) endorse a modification raised in accordance with~~will be added to~~ "UNC – Modification Rules 6.1.1" ~~as a Proposer to raise performance-related modifications~~. This has the benefit that the proposal is seen as non-partisan, and in the interests of the industry and not in the interests of the~~a~~ single UNC Party proposing a modification. ~~***In particular if PAC considered that a modification was in the interests of industry performance assurance it might be difficult to get an individual shipper to act as proposer.***~~ Controls ~~over this power~~ will be that the proposal is subject to agreement by a majority of PAC ~~members~~, and

ii. restricted to changes reasonably considered to impact on the achievement of the Performance Assurance Objective (for example where rules on process or performance are proven to be unnecessary / ineffective). Such a modification is in no way different to any other modification and is therefore ~~S~~subject to the same process as for any other modification going through UNC Mod Panel

PAC may engage a 3rd party such as CDSP or PAFA to draft such a modification proposal before it is formally adopted by a Proposer in accordance with the Modification Rules. ~~Such mods could be drafted by (but not limited to) CDSP (include this as a Direct Function) or PAFA (include as per PAFD Scope of PAFA). (~~*This will make industry change more agile … for example UNC721 & 722 could have been raised by PAC and drafted by Xoserve or PAFA immediately following the 24*th *March 2020 PAC meeting when the prospect of overstated allocation was first raised)*. This also codifies a practice that has developed over the last couple of years in which certain modifications have been developed with contributions from, or raised on behalf of, PAC such as UNC0664 and UNC0674.

b. PAC will define those areas of a Party's or of Parties' performance which impact the PA Objective. PAC will set the tolerance threshold and determine those levels at which Performance Assurance Techniques will apply. PAC will require UNC Parties to improve in those areas and will have powers to impose sanctions where performance is below the required level, provided the thresholds, areas and sanctions/techniques are consistent with what is defined, as amended from time to time in accordance with provisions for 7h) and i) below in the PAFD

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c. Require parties to respond to and meet PAC requests reasonably made in the context of performance matters and in pursuit of the Performance Assurance Objective. This requires a carve-out under GT Section B4.4.2

d. Deploy Performance Assurance Techniques (PATs) **described in the PAFD** as they deem appropriate, including applying derogations where reasonable and appropriate (for example where performance is impacted by pandemic, events of force majeure or industry developments).

e. Parties acknowledge that

   i. such techniques could include publishing on the Joint Office website the company names and performance (only) of Parties to allow peer comparison. Such information will be **limited to the performance measures outlined in PAFD** from time to time. In so doing, PAC will not divulge any information on the Parties' specific commercial or operational arrangements, the reasons for the level of performance or any details of the improvement plans.

   ii. PAC and/or PAFA and/or CDSP will engage with the PAP in a manner reasonably intended to support and encourage improved performance, This could require the PAP to describe, under confidentiality terms, its operational processes and commercial arrangements, with the sole objective of identifying where changes might be proposed that could improve achievement of the PAO.

f. The Proposer of a modification will be required to seek a ROM from Xoserve for workgroup consideration of the impact of their modification proposal where such proposal

   i. adds or changes UNC performance standards or

   ii. impacts a Party's performance against such standards to specify an appropriate monitoring report.

g. Definition of the Performance Assurance Framework Document and its purpose and governance (including PAC authority to make changes to the document)

h. Remove the UNC requirements for UNC approval of changes to PARR (remove PARR from UNC Related Documents and UNCC governance, delete TPD V12.1 (h) and TPD V16.5.2 of the UNC). PARR becomes an Annex to PAFD subject to PAC Governance. The principle here is to remove unnecessary barriers to data access which reduce the effectiveness of performance assurance.

i. Request reports or data that it deems required to understand performance issues, causes and materiality of impact on the Performance Assurance Objective.

   PAC will advise UNCC of any changes to data access rights.

j. Remove reference to PARR Schedule 1 which is now obsolete

k. Clarify that both PAC and PAFA may see all data requested un-anonymised, so including shipper names: that this is not limited to PARR 'B' schedules as Xoserve interprets current TPD V16.5.3 of the UNC. PAC members have signed confidentiality provisions and acknowledged that they're acting on behalf of GB Gas industry. PAFA are bound by confidentiality terms in their agreement with CDSP. There should be no reason to bar PAC from access to information that it reasonably requires for performance assurance

l. Such un-anonymised data or information to include anything that PAC reasonably requests in pursuit of their duties under UNC and at least but not limited to

   i. all data identified in DPM

   ii. all data available in DDP

   iii. all such other data items or information held by CDSP

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iv. anything else that CDSP can reasonably obtain subject to DSC approval

m. PAC may establish a sub-committee for such purpose (within the scope of its functions, powers and duties) and comprising such members on such as it decides

n. PAC may submit DSC Change Proposals which may include internal and/or external costs.

i. limited to investigations and analysis of settlement, performance of PAPs and related matters reasonably considered to impact on the achievement of the Performance Assurance Objective (for example where rules on process or performance are proven to be unnecessary / ineffective), and

ii. subject to agreement by PAC~~a~~ majority vote~~of PAC members~~, and

iii. Subject to the same process as for any other proposals through DSC Change Management

o. Requesting the remedy of performance issues, even where there is no explicit prescriptive performance standard specified in the code, where that performance issue is limiting or preventing the achievement of the Performance Assurance Objective (PAO)

9) PAF Protections

a. All shippers shall be required to nominate a person (and appropriate delegate) in their organisation to act in capacity as First Point of Contact in relation to all PAC correspondence (the "PA Representative"), such person to have appropriate seniority with suitable **knowledge and authority** so as to understand and instruct action to be taken in regard to such communication, including attending PAC if required and providing suitably informed escalation contacts up to director level should PAC require it.

b. PAC, PAFA, JO and CDSP personnel and any other party attending closed PAC meetings may not reveal the workings or the decision making process in reaching any decisions, save when required by law or due to an appeal from any affected party.

c. PAC, PAFA and CDSP personnel attending closed PAC meeting are required to sign and adhere to undying non-disclosure agreements and any confidential material downloaded must be deleted when no longer required and when ceasing to attend the PAC (for whatever reason), whichever is sooner

d. Using an approach similar to TPD Section X of the UNC for the Energy Balancing Credit Committee (EBCC) (which **avoids the need for each and every Party to provide separate indemnities**), Members (being persons) of PAC, PAFA and CDSP connected with a performance assurance decision should be protected from any litigation connected with the operation of the performance assurance regime

e. Performance Assurance Techniques shall be limited to those specified in the PAFD and as amended from time to time in accordance with 9. g) below

f. PAC shall be prohibited from levying direct costs, liquidated damages or penalties for performance failure on PAPs (i.e. directly invoicing PAPs for charges of any kind) unless and until and only if such are specified in a modification approved for implementation by the Authority.

g. For the avoidance of doubt this does not preclude PAC from using PATs which involve the PAP incurring proportionate costs or resourcing activity that might reasonably be required to comply with PATs and with the Party's obligations under UNC.

h. PAC will conduct an **Annual PAF Review** by industry consultation, following which PAC will publish an **Annual PAF Delivery Plan** and **update the PAFD** by 1 month prior to the new Gas Year.

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i. The process for this is outlined in the PAFD. It is intended to determine how effective the PAF has been, what changes are required (e.g. to the PAFD, to Code, to PAFA, etc) and what performance management actions will be taken during the upcoming year

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

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

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

~~iv.~~v. Changes to PAFD can be proposed by any Party or by PAC on a majority vote at any time. The proposer of such change will be presented by the proposer and discussed in a Public PAC session. PAC will vote on the proposal, or any variant of it. A change supported by a PAC majority will be incorporated into PAFD.

10) PAC will be an elected and impartial committee with appropriate expertise to make assessments and judgements using the tools and evidence provided to inform actions in pursuit of the Performance Assurance Objective.

Individuals with an interest in any matter being discussed will declare it; PAFA will advise PAC if it becomes aware of potential conflict of interest. PAC members will apply their expertise without discrimination as representatives in their own right and vote at the PAC in the interests of the GB gas industry and not representing any commercial interest or commercial body or interest group by which they are employed.

11) Where PAC requests an interview with a party, the party is required to attend and send an individual(s) with the required expertise and authority.

12) PAC is a UNC sub-committee, established under TPD V16 of the UNC and cannot be amended without Authority approval; and it cannot under GT B4.3.1. of the UNC 'cease to be established' by UNCC.

12 Appendix 2 – Proposed PAF Document

Performance Assurance Framework document – PAF D v4.4 (29 December 2020)

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