BSC Modification Proposal Form	At what stage is this document in the process?

Mod Title: 'Introducing Desktop Audits'

01	Modification
02	Workgroup Report
03	Draft Modification Report
04	Final Modification Report

Purpose of Modification: This proposal seeks to introduce Desktop Audits and take forward recommendations of the Performance Assurance Framework's (PAF) review of the Technical Assurance of Metering (TAM) technique.

The Proposer recommends that this Modification should:

- be raised by the Panel in accordance with the provisions of Section F2.1.1(d)(vi);

- be treated as a Self-Governance Modification Proposal; and

- be sent directly into the Report Phase.

This Modification will be presented by the Proposer to the BSC Panel on **8 August 2019**. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.

Medium Impact:

- Metering System Registrants

- Meter Operator Agents

- Licensed Distribution System Operators

- Technical Assurance Agent

- Performance Assurance Board

- Half Hourly Data Collectors

- Central Data Collection Agents

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Any questions?

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Timetable

The Proposer recommends the following timetable:

Report Phase Consultation	16 September – 27 September 2019
Draft Modification Report presented to Panel	10 October 2019
Final Modification Report published	14 October 2019

Modification

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1   Summary

What is the issue?

The requirement for Inspection Visits to be carried out on-site (and for the Registrant and the MOA (or a nominated representative) to attend the Inspection Visit), is resource intensive for both the TAA to undertake and audited Parties to support.

The Performance Assurance Board (PAB)'s TAM Recommendations Report (217/13) identified an opportunity to introduce lower intensity Desktop Audits. These would supplement onsite Inspection Visits as directed within the annual audit scope.

The introduction of Desktop Audits would have the benefit of reducing levels of no access visits and increasing confidence in the accuracy of Settlement due to an increased number of annual audits being performed.

By amending BSC Section L, BSCP27 and BSC Systems (namely the TAAMT) to facilitate Desktop Audits, BSCCo (via the TAA) can provide a flexible, pragmatic and cost-effective addition to onsite Inspection Visits.

The PAB has recommended that this Modification is raised to take forward these changes.

What is the proposed solution?

This Modification proposes to amend the BSC to expand the scope of the TAM technique to allow for Desktop Audits to act as a supplement to existing on-site Inspection Visits.

To facilitate the solution, Section L and BSCP27 will be amended to describe the high-level obligations and process detail for the undertaking of Desktop Audits respectively, while definitions of a Desktop Audit and On-Site Inspection will be introduced to Annex X-1.

This follows the Performance Assurance Framework (PAF) review that recommended that the scope of TAM be extended to include lower intensity Desktop Audits via a Modification to the BSC.

2   Governance

Justification for proposed progression [not Self-Governance, Fast Track Self-Governance or Urgent]

We propose that this Modification is sent directly to the Report Phase and hence be subject to the Report Phase Consultation, as the solution of this Modification is clear and self-evident in its fulfilment of the PAF Review objectives.

The PAB has endorsed the proposal that a Modification is raised by the BSC Panel on its behalf in accordance with Section Z 8.2

Self-Governance

The Proposer requests that this Modification be progressed as a Self-Governance Modification (no Ofgem approval sought) as it is not likely to have a material effect on the Self-Governance criteria.

This Modification Proposal aims to enable optional and supplemental Desktop Audits that will impact PAB, ELEXON and the TAA, as well as Metering System Registrants, Meter Operator Agents, Licensed Distribution System Operators, Half Hourly Data Collectors and Central Data Collection Agents.

This Modification aims to increase confidence in settlement, while placing a very small additional burden on any Party. As such it is unlikely to have a material effect on consumers, competition, system operation, sustainability, safety, security, management of emergencies or code governance; nor will it discriminate between different classes of party. Consequently we believe that this proposal meets the Self Governance Criteria.

At this time we do not believe this proposal, if sent directly to the Report Phase, should be treated as Urgent.

PAB's initial views and recommendation

The proposed Modification was presented to the PAB at its meeting on 28 February 2019 as a recommendation paper. The PAB agreed with the proposed Modification and made a recommendation to the Panel to raise a Modification Proposal.

3   Why Change?

What is the issue?

One of the key recommendations from the PAF review was to introduce lower intensity desktop audits to supplement or replace onsite inspections as directed within the annual scope.

It was noted that a number of desktop-based activities (such as Meter Technical Detail alignment) are already undertaken as part of a TAM Inspection Visit. However, the PAB felt that a clearly defined, structured Desktop Audit process could supplement on-site Inspection Visits, on the understanding that such an activity would not provide the same level of assurance as an on-site Inspection Visit.

The PAB envisaged a number of potential uses for Desktop Audits. The first being if the main sample was directed towards a particular market segment then Desktop Audits could be undertaken to provide limited assurance over the remaining HH market.

Another area could be to determine whether an onsite Inspection Visit is warranted. For example, an onsite inspection could be triggered if a Metering System fails the desktop audit and is deemed a risk. Under such a use, members acknowledged that a Metering System may pass a Desktop Audit, but still have a non-compliance that is impacting Settlement.

Finally, Desktop Audits could be used on a more exploratory basis where the risk is deemed low enough not to warrant onsite inspections at that time. For example, Measurement Classes E, F and G currently account for a low proportion of HH metered consumption (roughly 7%).

ELEXON have not historically undertaken onsite inspections on these Measurement Classes due to the lower energy volumes involved. However, a desktop audit of these Metering Systems could be undertaken to provide initial insights into the health of the market segment.

At the its meeting on 28 February 2019, PAB members approved the recommendation to propose to the Panel that a BSC Modification is raised to include Desktop Audits in the scope of TAM.

4   Solution

This Modification proposes to amend the BSC to expand the scope of the TAM technique to allow for Desktop Audits to act as a supplement to existing on-site Inspection Visits.

To facilitate the solution, Section L and BSCP27 will be amended to describe the high-level obligations and process detail for the undertaking of Desktop Audits respectively, while definitions of a Desktop Audit and On-Site Inspection will be introduced to Annex X-1.

This follows the Performance Assurance Framework (PAF) review that recommended that the scope of TAM be extended to include lower intensity Desktop Audits via a Modification to the BSC.

Proposed Desktop Audit process

On an annual basis, the PAB will determine the size and scope of a Desktop Audit sample to be run in addition to onsite Inspection Visits.

Based on the audit scope provided by the PAB, the TAA will be required to randomly select the agreed number of each type of Metering System that comprises the agreed Desktop Audit Sample.

At least 10 Working Days (WD) prior to a Desktop Audit, the TAA will be required to notify and provide an Evidence Request to the Registrant, LDSO (or Transmission Co), MOA and HHDC/CDCA (as appropriate) of HH Metering System identified for Desktop Audit and confirm the date that the Desktop Audit will be completed.

At least 5 WD prior to the date of the Desktop Audit, the appropriate party will be required to provide the following evidence to the TAA, as a minimum:

- Meter Technical Details (D0268 dataflow)

- Meter Test Certificates for all listed MSIDs

- Test Certificates for all Measurement Transformers for all listed MSIDs

- Commissioning documentation

- This list is not exhaustive and any relevant information that may help the TAA to complete the Desktop Audit should be made available to the TAA.

Following the Desktop Audit, the TAA will be required to record its findings and notify the relevant parties.

Where the TAA has been unable to complete a Desktop Audit, the reason for the failed audit will be recorded and these instances will be reported to PAB at the discretion of BSCCo.

The findings of a Desktop Audit will be recorded on a Desktop Audit Schedule and communicated to Registrants and relevant agents via the software system used by the TAA.

BSCP27/06 'Desktop Audit Evidence Request'

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A new form, BSCP27/06 'Desktop Audit Evidence Request', will be created and will be used by the TAA to inform the Registrant and relevant parties of impending Desktop Audits.

This form will capture the date, time, Metering System Identifier (MSID) and name of the site to be audited via desktop, as well as prompting the Registrant for details and documentation that the Registrant must send or facilitate sending prior to the Desktop Audit. The Registrant will be required to respond (by acknowledgement) to this request within 2 Working Days and failure to do so may result in the matter being escalated to the PAB.

5 Impacts & Other Considerations

Impacts

The introduction of Desktop Audits will require an enhancement of ELEXON's existing capability for delivering Technical Assurance of Metering.

We do not anticipate there to be any significant market participant impact or costs arising from the implementation of this solution as the changes impact central system processes and not Party obligations. We seek clarification of this via the Report Phase Consultation.

Metering Registrants and the TAA will need to be made aware of the additional audit method, and how it will be progressed in combination with the standard on-site Inspection Visits. They will need to know what information is required to complete a Desktop Audit and how it compares to an on-site Inspection Visit. System changes will need to be made to the Technical Assurance Agent Management Tool (TAAMT) to accommodate Desktop Audits and a new or amended Local Working Instruction (LWI) document must be created.

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

This modification does not impact any existing SCR or other significant industry change projects. The Proposer requests that this Modification be exempt from the SCR Process.

6 Relevant Objectives

Impact of the Modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Neutral
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity	Neutral
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Positive
(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]	Neutral
(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

Implementation of this Modification Proposal would positively impact Applicable BSC Objective (d) as the TAM audit process would be made more efficient and streamlined. It would allow Metering Registrants and LDSOs/MOAs to rectify issues of non-compliance at a faster rate.

The introduction of Desktop Audits would have the benefit of reducing levels of no access visits and increasing confidence in the accuracy of Settlement due to an increased number of annual audits being performed.

7 Implementation Approach

Implementation of this Modification should occur in good time before the results of the 2019/20 TAA Audit are presented to the BSC Panel in June 2020. It is therefore recommended that this proposal is implemented on 27 February 2020 as part of the scheduled February 2020 BSC Release.

8 Legal Text

In order to enable the TAA to conduct Desktop Audits as part of the TAM technique. BSC Section L 'Metering' must be modified to reference Desktop Audits when describing the activities of the TAA in relation to:

- Basic requirements for Metering Equipment;

- Access to property;

- Technical Assurance of Metering Systems, including the provision of information, site selection;

- Non-compliance; and

- Reporting.

To make the obligations and requirements for the two different types of audit (on-site and desktop) more transparent and accessible to Parties, Annex X-1 'General Glossary' will be altered to introduce definitions of Desktop Audit and On-Site Inspection.

BSCP27 'Technical Assurance of Half Hourly Metering Systems for Settlement Purposes'

While the BSC will be modified to outline the high level obligations resulting from Desktop Audits, BSCP27 'Technical Assurance of Half Hourly Metering Systems for Settlement Purposes' will be amended to describe the Desktop Audit process in detail.

9 Recommendations

Proposer's Recommendation to the BSC Panel

The BSC Panel is invited to:

- Agree that this Modification Proposal be progressed as a Self-Governance Modification Proposal;

- Agree that this Modification Proposal be sent directly into the Report Phase;