

P427 'Publication of Performance Assurance Parties' impact on Settlement Risk'

The Modification seeks to increase the effectiveness of all detective and investigative Performance Assurance Techniques (PATs) including Error and Failure Resolution (EFR) through greater incentives via the publication of Performance Assurance Parties' (PAPs') performance data.

Improved efficiency of the Performance Assurance Framework (PAF) with swifter resolution rates to EFR plans and any other significant issues that impact Settlement is expected.



The BSC Panel recommends **approval** of P427



The BSC Panel **does** believe P427 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Suppliers
- Non Half Hourly Data Aggregators (NHHDA);
- Half Hourly Data Aggregators (HHDA);
- Central Volume Allocation (CVA) Meter Operator Agents (MOAs);
- Licensed Distribution System Operators (LDSOs);
- Supplier Meter Registration Agents (SMRAs);
- Non Half Hourly Data Collectors (NHHDC);
- Half Hourly Data Collectors (HHDC); and
- Meter Administrators (MAs).

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

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About This Document



Not sure where to start? We suggest reading the following sections:

- Have 5 mins? Read section 1
- Have 15 mins? Read sections 1, 8 and 9
- Have 30 mins? Read all except section 6
- Have longer? Read all sections and the annexes and attachments
- *You can find the definitions of the terms and acronyms used in this document in the [BSC Glossary](#)*

This is the P427 Draft Modification Report, which Elexon will present to the Panel at its meeting on 8 September 2022. It includes the responses received to the Report Phase Consultation on the Panel's initial recommendations. The Panel will consider all responses, and will agree a final recommendation to the Authority on whether the change should be made.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach. It also summarises the Workgroup's key views on the areas set by the Panel in its Terms of Reference, and contains details of the Workgroup's membership and full Terms of Reference.
- Attachment A contains the draft redlined changes to the BSC and to the Code Subsidiary Documents for P427.
- Attachment B contains the full responses received to the Workgroup's Assessment Procedure Consultation.
- Attachment C contains the full responses received to the Panel's Report Phase Consultation.

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Why Change?

Resolving Settlement impacting issues often take longer to resolve than expected. This was particularly evident in respect of the EFR process where EFR plans often take a considerable time to be resolved, with many plans remaining open for over a year. The longer the period to rectify these issues, the longer there is a material impact on Settlement accuracy.

It has also been noted that treating Settlement Performance and risk data as confidential protects the reputation of Market Participants who are having a significant impact on other market participants. This has the potential to negatively impact competition as poorly performing PAPs can hide behind anonymity.

Solution

The proposed solution would amend BSC Section Z, BSCP533 and BSCP538 to allow the PAB to recommend to the Panel to publish:

1. Risk and performance data in respect of PAPs' contribution to Settlement Risk along with relevant risk data.
2. Data where a PAP within the EFR process fails against a milestone within its EFR plan after previously having been escalated to the PAB for the same EFR plan.
3. A notice to industry if a PAP's action or inaction results in a market wide or single Party impact with a total materiality meeting or exceeding the market wide impact threshold proposed by the PAB and approved by the BSC Panel.

Impacts & Costs

Depending on which data items the PAB recommends to be published, the frequency and the number of league tables and/or notices approved for publication by the Panel on behalf of industry, the costs required to implement this Modification will be:

- <£1k for documents changes + £1k to £8k to develop the solution for data publication.

The on-going costs of the change will range from:

- £0.6k to £5k per year thereafter.

Costs could also be incurred if the publication drives increased industry engagement and, as noted by the BSC Panel, in respect of the risk of legal challenge.

Implementation

The Panel recommends an Implementation Date of 23 February 2023 as part of the standard February 2023 Release for the document changes, if an Authority decision is received by or on 2 February 2023. Or an Implementation Date of 29 June 2023 as part of the standard June 2023 Release if an Authority decision is received after 2 February 2023 but on or before 8 June 2023. We will also target the initial risk and/or performance data

items requested for publication by the PAB and approved by the Panel in line with the P427 Implementation Date.

Recommendation

The Panel agree that P427 should be **approved**. There was agreement by majority that the Modification better facilitates BSC Applicable Objective (c) and also that it better facilitates Objective (d). The Panel also believe P427 should be **submitted to Ofgem** for decision (not Self-Governance) and that it **does** impact the EBGL provisions within the BSC.

2 Why Change?

What is the issue?

Through industry engagement undertaken as part of the [PAF review project¹](#), one of the problems identified was that issues often take longer to resolve than expected, given appropriate resource allocation to issue resolution by relevant market participants. This was particularly evident in respect of the EFR process where EFR plans often take a considerable time to be resolved, with many plans remaining open for over a year.

It has also been noted that treating Settlement Performance and risk data as confidential protects the reputation of Market Participants who are having a significant impact on other market participants. This has the potential to negatively impact competition as poorly performing Parties can hide behind anonymity.

Further Information and Detail

If EFR plans could be resolved more quickly it would mitigate the material Settlement impact of the associated Error/Failure. Moreover, were it that poor performance identified through all PATs was addressed more quickly this would have a beneficial impact on all [Settlement Risks²](#) being managed directly through the application of PATs.

Where a PAP fails to meet one of the milestones within their plan or otherwise meets the EFR escalation criteria (as set out within [BSCP538 - Error and Failure Resolution³](#) and the [EFR Escalation guidance note⁴](#)) the PAP can be escalated to the PAB. If further escalation is required the PAP may subsequently be escalated to the BSC Panel. Unfortunately, in many instances this results in a cycle of repeated escalations to the PAB while the PAP continues to fail to meet the milestones set out within their EFR plan.

It is also possible to envision a scenario where a PAP is found to be contributing to one or more Settlement Risks to such an extent that it would not be reasonable to wait for EFR to be applied and EFR escalation to be triggered before taking action to remedy this impact, such as notifying other PAPs of the increase in Settlement Risk and the potential impacts on their business.

Engagement with the PAB, both through the PAF review project and subsequently, has indicated that one of the most effective incentives to resolve issues and improve performance against Settlement Risk is public peer comparison and publication of PAP performance against Settlement Risks. [Section B - the Panel⁵](#), 3.3.8 restricts the PAB's ability to publish notices in respect of a PAP's contribution to Settlement Risk.

¹ <https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-framework-review/>

² [https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-processes/performance-assurance-risk-evaluation-register/#:~:text=A%20Settlement%20Risk%20is%20a,\(or%20has%20impacted\)%20Settlement.&text=Elaxon%20use%20the%20approved%20Risk,and%20evaluate%20the%20Settlement%20Risks.](https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-processes/performance-assurance-risk-evaluation-register/#:~:text=A%20Settlement%20Risk%20is%20a,(or%20has%20impacted)%20Settlement.&text=Elaxon%20use%20the%20approved%20Risk,and%20evaluate%20the%20Settlement%20Risks.)

³ <https://bscdocs.elexon.co.uk/bsc-procedures/bscp538-error-and-failure-resolution>

⁴ <https://www.elexon.co.uk/guidance-note/efr-efr-escalation-process/>

⁵ <https://bscdocs.elexon.co.uk/bsc/bsc-section-b-the-panel>

Background

Error and Failure Resolution

EFR is a key remedial technique in Elexon's Performance Assurance Framework. It is used to assure Elexon, the PAB and the rest of the industry that parties understand identified performance issues and have robust plans in place to correct them in a timely manner. As part of the EFR process, Parties agree with Elexon what steps they will take to resolve the identified performance issues. As part of the EFR process Elexon also works to provide Parties with advice and guidance.

EFR can be applied against all BSC Settlement Risks where an associated issue has been identified. EFR is used to assist PAPs to understand and rectify performance issues and non-compliances. When applying EFR against a Settlement Risk, we take into account the net significance of the risk and the PAP's contribution to the issue identified. The PAB can define specific escalation criteria for specific Settlement Risks or net significance values.

Where a PAP fails to meet one or more of the milestones set out within their EFR plan or otherwise meets the escalation criteria set out within BSCP538, Elexon may escalate the EFR plan. EFR escalation is to the PAB in the first instance but may also be to the BSC Panel where further escalation is required.

PAF Review

The [PAF review](#)⁶ was a review of the Performance Assurance Framework. Key aims of the PAF review were:

- Better engagement with Parties about issues that do and don't matter to them (their risk appetite)
- Increase the quantity and quality of participation in consultations
- Meet the current and future assurance needs of the Panel, the PAB and the wider electricity industry e.g. smart metering, alternative business models, CVA risk
- Improve the measurability of Settlement Error and the mitigating effect of assurance activities
- Deliver a valued and trusted assurance service to BSC Parties under the strategic and tactical guidance of the BSC Panel and PAB

The PAF review concluded by outlining a set of recommendations. The recommendations for EFR were unanimously approved by the PAB following detailed discussion, which included the recommendation for this Modification to be raised.

How has the solution developed since the Proposal was raised?

Discussions at the Workgroup meetings brought to light the fact that there have been serious Settlement Errors we've seen where no one is held accountable due to anonymity. This has sparked an appetite from industry for information to be published where one PAP causes a significant impact on other Market Participants.

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⁶ <https://www.elexon.co.uk/documents/groups/pab/2020-meetings-pab/234-july/pab234-08a-breach-default-and-efr-paf-review-recommendations/>

Additionally, the concept of publishing leader boards for performance via Peer Comparison arose as it was believed that this would promote better Settlement Performance through competition. These leader boards would highlight on a routine basis when Market Participants were performing well which gives a strong incentive to do better. Additionally it would also be public knowledge when a Market Participant is not performing well. BSC Audit Public Peer Comparison is currently available as an anonymised version however the Workgroup agreed that the anonymization should be removed.

Desired outcomes

P427 seeks to increase the effectiveness of all detective and investigative PATs including EFR through greater incentives using performance data. Improved efficiency of the PAF with swifter resolution rates to EFR plans and any other significant issues that impact Settlement is expected.

P427 seeks to discourage Market Participants from causing or ignoring serious Settlement Errors. Additionally, the recommended league tables will promote improved Settlement Performance and Performance against relevant Risks.

Proposed solution

The proposed solution would amend BSC Section Z, BSCP533 and BSCP538 to allow the PAB to recommend to the Panel to publish risk and performance data to industry in respect of PAPs' contribution to Settlement Risk along with relevant risk data. Additionally, notices detailing the error/impact would be published to industry if one of the following is triggered:

- Where a PAP within the EFR process fails against a milestone within its EFR plan after previously having been escalated to the PAB for the same EFR plan.
- Where the PAB deems that the publication of one or more sets of performance data would have a beneficial impact on performance it may recommend to the Panel for said data to be published via Peer Comparison.
- Where a PAP's action or inaction results in a market wide impact with a total materiality meeting or exceeding the market wide impact threshold proposed by the PAB and approved by the BSC Panel.
- Where a PAP's action or inaction results in an impact to an individual Market Participant with a total materiality meeting or exceeding the individual BSC Party impact threshold proposed by the PAB and approved by the BSC Panel.

It is anticipated that these changes will incentivise swifter resolution of issues and better performance.

The publication of any risk and/or performance data must first be approved by the BSC Panel following a formal recommendation from the PAB. The Workgroup's recommendation is for the following risk and performance data items to be published on a routine basis via Peer Comparison:

Risk / Performance data items	PAP Role(s)	Frequency
Settlement Performance (% and Energy Vol below either NHH or HH target)	Supplier, DA	Monthly
Trading Disputes	All PAP roles ⁷	Ad Hoc and Annually
Approval of CDCA Estimation Requests performance	Registrant	Monthly
BSC Audit public peer comparison	All PAP roles	Annually
CVA Fault Resolution	Registrant, CVA MOA, LDSO	Ad Hoc and Monthly

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⁷ All PAP roles includes Supplier, CVA Meter Operator Agent, Data Collector, Data Aggregator, Meter Administrator, Licensed Distribution System Operator (Distribution Network Operators) and/or Registrant

SVA Metering Equipment installation, programming, maintenance and Commissioning	Registrant, LDSO	Ad Hoc and Annually
CVA Metering Equipment installation, programming, maintenance and Commissioning	Registrant, CVA MOA, LDSO	Ad Hoc and Annually
CVA Registration	Supplier, Registrant, CVA MOA, LDSO	Ad Hoc and Annually
SVA Notification of change to Metering Equipment	Registrant, LDSO	Ad Hoc and Annually
CVA Notification of change to Metering Equipment	Registrant, CVA MOA, LDSO	Ad Hoc and Annually
Supplier Volume Allocation (SVA) Fault Resolution	Supplier, Registrant, LDSO	Ad Hoc and Annually
Aggregated performance across all GSP groups and performance within each GSP group	Supplier, DA	Ad Hoc and Annually

Notes on approach and BSC Change

This Modification would provide the opportunity for the PAB to recommend the publication of new league tables for performance (recognising both good performance and areas for improvement) and contribution to Settlement Risk, where the PAB believes doing so would have a positive impact on performance, competition and compliance. The Modification would also establish De Minimis thresholds for impact on one or more Market Participants to ensure that large Settlement Errors are attributed to the responsible party, incentivising behaviours to assist the early identification and resolution of such errors. The current arrangements have been seen to be overly restrictive with what performance data can be published, resulting in missed opportunities to further incentivise parties to meet performance targets.

The results of publishing these data items will be monitored by Elexon to ensure that the desired outcomes of improved efficiency of the PAF, swifter resolution rates to EFR plans and any other significant issues that impact Settlement are realised.

Risk and/or performance data approved for publication by the BSC Panel will be published on Elexon's website and made available in user friendly formats such as .CSV or .XLS files. The Workgroup suggested developing an API to make the approved data available. The consideration to develop an API is outside the scope of this Modification. It will be assessed and progressed as part of the Assurance operational service, subject to demonstrating a business case and cost/benefit return, including further engagement with the PAB and Elexon service providers.

Benefits

P427 will promote competition in respect of Market Participants' effectiveness at mitigating their impact on other Market Participants in respect of their contribution of risk through transparent bench marking, peer comparison and league tables, thereby incentivising better performance. Parties performing worse will be incentivised to improve as their performance will be public. Additionally, those already doing well may also wish to push for better performance to 'overtake' other Parties.

The notice to be published to industry if a PAP hits the De Minimis threshold will discourage Market Participants from causing or ignoring serious Settlement Errors.

Additionally, if EFR plans and other high materiality issues are resolved more quickly, impact on Settlement Risks and other Market Participants will be mitigated.

Avoiding repeated escalations and making the EFR escalation process more dynamic will also reduce the resource burden on the PAB allowing the Committee to focus on proactive risk management rather than routine issue resolution.

This change should result in improved resolution times for issues and therefore reduce the impact against multiple risks.

Alternative solution

The Workgroup did not consider there to be an Alternative solution for P427 that better facilitated the Applicable BSC Objectives compared to the proposed solution.

Assessment Procedure Consultation Reponses

Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P427 which would better facilitate the Applicable BSC Objectives?			
Yes	No	Neutral/No Comment	Other
8	1	0	0

The majority of the respondents agreed that there are no potential Alternative Modifications within scope of P427 which could better facilitate the Applicable BSC Objectives.

One respondent disagreed and suggested that the Performance Assurance Board and Panel already has escalation and sanctions that can be applied to PAPs which do not complete the actions agreed within their EFR plans and these should be used to incentivise performance improvements. Elexon noted however that although that may be the case, we are still seeing repeatedly failed EFR plans.

Legal text

The redlined changes to the BSC and to the CSDs can be found in Attachment A.

Assessment Procedure Consultation Responses

Do you agree with the Workgroup that the draft legal text in Attachment B delivers the intention of P427?

Yes	No	Neutral/No Comment	Other
6	1	1	1

The majority of the respondents agreed the draft legal text in Attachment A delivers the intention of P427. One respondent disagreed on the basis they did not believe that publishing certain data will necessarily improve performance.

Do you agree with the Workgroup that the amendments to the Code Subsidiary Documents in Attachment B delivers the intention of P427?

Yes	No	Neutral/No Comment	Other
6	2	1	0

The majority of the respondents agreed that the amendments to the Code Subsidiary Documents in Attachment B delivers the intention of P427. One respondent disagreed with the amendments as they did not believe that the redlining outlined what happens as and when a Party meets the milestones plan post publication e.g. will a further notice be issued following resolution of an EFR plan. The Workgroup noted that if a Party was published due to them failing an EFR milestone or hitting the de minimis threshold, but that Party then resolved the error, Exelon would send a follow up notification to inform industry of the resolution.

4 Impacts & Costs

Estimated implementation costs of P427

- High: >£1 million
- Medium: £100-1000k
- Low: <£100k

Implementation cost estimates			
Organisation	Item	Implementation (£k)	Comment
Elexon	Systems	N/A	
	Documents	<1	
	Other	1 to 8	Up front development costs of the webpage to host the published data
NGESO	Systems	N/A	
	Other	N/A	
Industry	Systems & processes	N/A	
Total		<2 to <9	

Estimated on-going costs of P427

On-going cost estimates		
Organisation	On-going (£k)	Comment
Elexon	0.36 to 3.6	Annual cost of updating new data.
NGESO	0	
Industry	0.2 to 1	Low
Total	0.6 to 5	

P427 impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Impact	Estimated cost
Suppliers	Elexon will publicly publish PAP data, subject to PAB recommendation and Panel approval. PAPs will not be required to make any changes to implement or operate P427. However, it should result in behavioural changes to	Low
NHHDAs		
HHDAs		
CVA MOAs (NHH, HH)		
LDSOs		

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Impact on BSC Parties and Party Agents		
Party/Party Agent	Impact	Estimated cost
SMRAs	Improve Settlement accuracy and reduce the Settlement Risks.	
NHHDCs		
HHDCs		
MAs		

Impact on the NETSO	
Impact	Estimated cost
None	N/A

Impact on BSCCo		
Area of Elexon	Impact	Estimated cost
Assurance	Low (dependant on what data is published)	Low

Impact on BSC Settlement Risks
<p>We would expect a generic positive impact on BSC Settlement Risks from this Modification, as it should encourage Settlement impacting issues, particularly those managed under EFR, to be resolved more quickly. This will have a positive impact on the integrity of data entering settlement.</p> <p>As EFR can be applied to all Settlement Risks this change is anticipated to positively impact on all Settlement Risks (where EFR is or continues to be applied).</p>

Impact on BSC Systems and process	
BSC System/Process	Impact
None	N/A

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Impact
None	N/A

Impact on Code	
Code Section	Impact
Section Z 'Performance Assurance'	The BSC will be revised to provide for data to be published where one or more criteria described in the solution are met.

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Impact on EBGL Article 18 terms and conditions

Section Z7 of the BSC constitutes EBGL Article 18 Terms and Conditions. Elexon believes that the changes specified in P427 are consistent with the EBGL Article 18 terms and conditions.

Impact on Code Subsidiary Documents

CSD	Impact
BSCP533	The BSCP will be updated to provide a process by which new non-Performance Assurance Reporting and Monitoring System (PARMS) data sets can be published as league tables via the Peer Comparison technique following PAB recommendation and Panel approval.
BSCP538	The BSCP will be updated to introduce a trigger for notices to be published regarding a PAP's contribution to Settlement Risk, performance in EFR and the PAB's concerns regarding said EFR performance where a PAP fails against a milestone in their EFR plan resulting escalation (where they have already been previously escalated for the same EFR plan).

Impact on other Configurable Items

Configurable Item	Impact
None	N/A

Impact on Core Industry Documents and other documents

Document	Impact
None	This Modification will not impact on any other Core Industry Documents.

Impact on a Significant Code Review (SCR) or other significant industry change projects

This Modification will not impact on any ongoing SCRs. Elexon requested Ofgem consider this as an SCR-exempt Modification Proposal on 7 October 2021. Ofgem agreed with this request on 13 October 2021.

Assessment Procedure Consultation Responses

Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?			
Yes	No	Neutral/No Comment	Other
7	2	0	0

The majority of the respondents agreed with the Workgroup's assessment of the impact on the BSC Settlement Risks. One respondent disagreed that this Modification would have

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a positive impact on all Settlement Risks, noting that they would fully commit to any actions agreed as part of an EFR plan and therefore the publication of league tables or publication of default would have no impact.

Do you agree with the Workgroup's assessment that P427 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?			
Yes	No	Neutral/No Comment	Other
9	0	0	0

When the Assessment Consultation was issued, no impact on the EBGL balancing terms and conditions had been identified. Respondents unanimously agreed that P427 does not impact on the EBGL Article 18 terms and conditions held within the BSC on that basis. Following the Assessment Consultation, the P427 legal text was found to be amending Section Z7, which constitutes EBGL balancing terms and conditions. The Workgroups therefore amended their view that P427 does impact EBGL balancing terms and conditions. This amended view was consulted on as part of the Report Phase Consultation, which also constituted as the required one month EBGL consultation.

Will P427 impact your organisation?				
High	Medium	Low	None	Other
0	0	4	5	0

All respondents noted that P427 would have low or no impact on their organisation. Some respondents noted that they already have dedicated Settlement Teams in place that strive to meet required Settlement targets and so we do not see any material changes as a result of this proposal.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability Unlikely to have a significant impact either way.	Neutral
2) Lower bills than would otherwise be the case Unlikely to have a significant impact either way.	Neutral
3) Reduced environmental damage Unlikely to have a significant impact either way.	Neutral
4) Improved quality of service Possibly by ensuring accurate Settlement which thereby contributes to accurate billing.	Neutral
5) Benefits for society as a whole Unlikely to have a significant impact either way. Incentivising a fair and compliant electricity market but otherwise minimal.	Neutral



What are the consumer benefit areas?

1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?

2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?

3) Will this proposal support:

i) new providers and technologies?

ii) a move to hydrogen or lower greenhouse gases?

iii) the journey toward statutory net-zero targets?

iv) decarbonisation?

4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.

5) Are there any other identified changes to society, such as jobs or the economy.

5 Implementation

Recommended Implementation Date

The Panel and the Workgroup recommends an Implementation Date for P427 of:

- 23 February 2023 if the Authority's decision is received on or before 2 February 2023; or
- 29 June 2023 if the Authority's decision is received after 2 February 2023 but on or before 8 June 2023.

There was an even split between agreement and disagreement with the recommended implementation date from the Report Phase Consultation. Respondents that disagreed with the implementation date did so because they disagreed with the solution rather than a disagreement with the Implementation Date itself.

Assessment Procedure Consultation Responses

Do you agree with the Workgroup's recommended Implementation Date?			
Yes	No	Neutral/No Comment	Other
7	1	1	0

The majority of the respondents agreed with the Implementation Date. One respondent disagreed with the implementation date as they did not agree with the solution.

How long (from the point of approval) would you need to implement P432?			
0-6 months	6 – 12 months	>12 months	Other
9	0	0	0

Respondents unanimously stated that there will be minimal lead time to implement P427, if any time is required at all.

Publication of data

Once P427 is approved, the PAB will present a paper to Panel with the recommended data items to be published. Subsequently a webpage will be created on the Elexon site to host these data items.

Discussion of what data should be published

The Workgroup suggested that the Modification be drafted such that new areas of data could be published rather than being limited to a hard coded scope of data.

The Workgroup did not think that Technical Assurance Agent (TAA) Desktop Audits should be published as it is difficult to see the separation of the administrative errors compared to the apparent 'real errors'. Elexon presented this view to the Technical Assurance of Metering Expert Group (TAMEG) and the PAB which both agreed.

The Workgroup noted that because Settlement Performance isn't currently in the public domain it would be setting a major precedent to start publishing this data. Non-public information is a lower priority to industry participants than public information such as Ofgem statistics.

The Workgroup suggested publishing data using a traffic light system could be effective however following discussion it was agreed that directly reporting individual PAPs actual performance would be preferable to grouping PAPs into bands.

Any thresholds or bands regarding the publication of Settlement Performance would ultimately be set by the Panel following recommendation from the PAB. Elexon noted that the Modification would be intentionally flexible in its wording in order to enable the PAB and Panel to adjust their approach in response to market changes. It was noted that requiring a Modification to amend the thresholds for the publication of data or the scope of data to be published would make the process cumbersome and inflexible.

Discussion of publishing a leader board

After further discussion the group decided it did not wish to use the thresholds and traffic light system for a number of reasons:

- Parties may be comfortable sitting in the middle band as it is a wide band, therefore not achieving the goal of increased performance;
- The approach would not provide full transparency of performance; and
- Ultimately there would be no fair way to set the threshold bands.

On that basis the Workgroup decided to recommend that actual performance percentages of Parties be published in a leader board fashion, including those hitting the Elexon targets. This would provide full transparency.

Elexon confirmed to the Workgroup that if a Party's data is going to be published under the Code provisions introduced by P427, they will be notified ahead of time, giving them a chance to appeal to the Panel before the data is published.

Discussion around publishing SVA MOA data

Since SVA MOAs are outside of the scope of the PAF and are no longer considered as PAPs under the BSC, the provisions of P427 could not be applied to SVA MOAs.

In order to achieve this a corresponding change would need to be raised under the REC. Elexon will discuss this with REC Assurance and note the interest expressed by members of the P427 Workgroup.

The Workgroup had concerns that if we only publish Data Collector (DC) and LDSO TAA data, and exclude SVA MOA TAA data, it might give a biased view across the industry. Therefore since we cannot publish SVA MOA TAA data, the Workgroup decided to not recommend any TAA data to be published.

De Minimis values for data being published

Another trigger for data to be published would be when a PAP's contribution to a Settlement Risk(s) results in a certain monetary impact. The Workgroup suggested that there should be two thresholds for when data should be published:

- The monetary value impacting one Party; and
- The monetary value impacting the market as a whole.

Elexon suggested that the De Minimis value for market wide impact should be set at 0.05% of consumption in the preceding calendar year which is 10% of the BSC Audit Qualification threshold of 0.5% of the total energy consumption for the preceding calendar year. This would make the threshold for 2022 approximately £40m (the approximate value of 0.05% of energy consumed in 2021))

Elexon suggested that the De Minimis value for individual Party impact should be set at the market wide impact value divided by the number of actively Trading Suppliers. This would align with the BSC Audit Qualification threshold and provide what we believe to be a reasonable threshold for individual Party impact of approximately £200k.

The Workgroup had concerns that these thresholds may protect smaller Parties that caused many errors but never hit the required impact thresholds and thus their data wouldn't be published. Elexon suggested that if a Party caused many Settlement Errors, they were likely to be put in EFR, which is another trigger to publish data. Additionally the offending Party would also still have their poor performance published publicly in any leader boards proposed for publication by the PAB.

Recommendations

The Workgroup recommended to:

- Routinely publish data with the frequency to be determined by the PAB and Panel but with the recommendation from the Workgroup being to publish performance monthly.
- Not differentiate between domestic and non-domestic Suppliers. It was noted that there would be no way for Elexon to do this systematically and reliably.
- Publish data such that it is available to export in a user friendly format to facilitate its use by third parties, i.e. not in a PDF but downloadable as a .CSV or .XLS file possibly via an appropriate API.
- Publish Data Aggregator (DA) Settlement Performance in the same way as Supplier data.

- Publish Trading Disputes, including the identity of the Party or Parties responsible for the error, where Elexon is able to determine which party is the cause for the fault.
- Publish Registrant's performance against [Risk 021](#)⁸.
- Publish data both in terms of the aggregated performance across all GSP Groups but also in terms of the performance in each GSP Group.

⁸ <https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-processes/performance-assurance-risk-evaluation-register/021-cva-risk-retrieval-and-processing-of-metered-data/>

7 Workgroup's Conclusions



The Workgroup Members believe by **majority** that P427 would better facilitate Applicable BSC Objectives (c) and (d) and so should be **approved**. The Workgroup believes that P427 would be neutral against all other Objectives.

Does P427 better facilitate the Applicable BSC Objectives?		
Obj	Proposer's Views	Other Workgroup Members' Views ⁹
(a)	• Not Applicable	• Neutral
(b)	• Not Applicable	• Neutral
(c)	• Not Applicable	• Positive (majority)
(d)	• Not Applicable	• Positive (majority)
(e)	• Not Applicable	• Neutral
(f)	• Not Applicable	• Neutral
(g)	• Not Applicable	• Neutral

Applicable BSC Objective (c)

The Workgroup agreed by majority that the P427 Proposed Solution will better promote effective competition. Through publication of performance data, PAPs will be able to compare themselves against others. For poorly performing PAPs, this may incentivise them to do better so they can climb the leader board, or to make sure a notice is not published to industry detailing their poor performance. Additionally, for those PAPs with good performance, they may be incentivised to do even better so they can overtake other PAPs at the top.

Applicable BSC Objective (d)

The Workgroup unanimously agreed that the P427 Proposed Solution promotes efficiency in the implementation of balancing and settlement arrangements. Through incentives for better performance, the risk to Settlement will be lower, therefore promoting efficiency.

Self-Governance

The Workgroup unanimously agreed that P427 should not be progressed as Self-Governance as it impacts Self-Governance criteria (b) (ii). This Modification will impact competition as through transparency of data, Parties will be able to publicly compare performance.

What are the Applicable BSC Objectives?

(a) The efficient discharge by the NETSO of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(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

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(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]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

(g) Compliance with the Transmission Losses Principle

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⁹ Shows the different views expressed by the other Workgroup members – not all members necessarily agree with all of these views.

Impacts of EBGL Article 18 Terms and Conditions of Balancing

The Workgroup unanimously agreed that P427 does impact or expand the BSC provisions that constitute EBGL Article 18 Terms and Conditions, as described in BSC Section F, Annex F-2, as this Modification proposes to make changes to BSC Section Z7.



What is the Self-Governance Criteria?

A Modification that, if implemented:

(a) does not involve any amendments whether in whole or in part to the EBGL Article 18 terms and conditions; except to the extent required to correct an error in the EBGL Article 18 terms and conditions or as a result of a factual change, including but not limited to:

(i) correcting minor typographical errors;

(ii) correcting formatting and consistency errors, such as paragraph numbering; or

(iii) updating out of date references to other documents or paragraphs;

(b) is unlikely to have a material effect on:

(i) existing or future electricity consumers; and

(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity;

and

(iii) the operation of the national electricity transmission system; and

(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and

(v) the Code's governance procedures or modification procedures;

and

(b) is unlikely to discriminate between different classes of Parties.

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The P427 Assessment Report was presented to the Panel at its meeting on 14 July 2022 (328/10). The Panel agreed with the Workgroup's recommendations and progressed the Modification to the Report Phase.

A Panel Member expressed their view that P427 did not positively impact BSC Objective (c), believing it to be negative against this objective. They stated that they were concerned that the impact of the Modification could be the opposite of what was intended, providing comfort to poorer performing parties. With the publication of performance data and Peer Comparison tables, some PAPs may experience safety in numbers and have less incentive to improve their performance.

Panel Members discussed the reasoning for this Modification impacting EBGL Article 18 Terms and Conditions of Balancing. Panel Members noted that the Modification proposes to make changes to BSC Section Z7 which is listed as one of the BSC provisions that constitute EBGL Article 18 Terms and Conditions, as described in BSC Section F, Annex F-2. One Panel Member expressed a preference for this Modification to not be considered as EBGL impacting and questioned whether it was possible to further restrict the BSC provisions at a lower level of granularity than described in BSC Section F, Annex F-2 currently. Elexon commented that this would be possible but would require a Modification with Ofgem approval.

A Panel Member questioned the process for publication of data and the estimated cost impact highlighted in the Assessment Report. Elexon have clarified that they are currently proposing to publish the performance data in usable formats that can be accessed on the Elexon Website. Further work will be undertaken to determine if data can be made even more accessible, which could potentially be delivered via an API, but this was not within scope of the solution of the Modification. We have updated this report to clarify this position.

9 Report Phase Consultation Responses

This section summarises the responses to the Panel's Report Phase Consultation on its initial recommendations. You can find the full responses in Attachment C.

We received six formal responses from roles including Suppliers, Generators, Energy Contract Volume Notification Agents (ECVNAs), Metered Volume Reallocation Notification Agent (MVRNAs), DCs, DAs, MOAs and Distributors.

Of the six that responded to the Report Phase Consultation, five responded to the Assessment Procedure Consultation.

Five respondents responded to the Assessment Consultation but not the Report Phase Consultation. We emailed these five to understand if their views had changed. Their views had not changed. All of them believed P427 should be approved. Not all of them gave a reason for not responding to the Report Phase Consultation, but of those that did, the reasons included not being available to respond (annual leave, competing priorities) or believed they had already made their views known.

Summary of P427 Report Phase Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the Panel's initial unanimous recommendation that P427 should be approved?	2	4	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intent of P427?	3	3	0	0
Do you agree with the Panel's recommended Implementation Date?	2	3	1	0
Do you agree with the Panel's initial view that P427 should not be treated as a Self-Governance Modification?	6	0	0	0
Do you agree with the Panel's initial view that P427 does impact the EBGL Article 18 terms and conditions related to balancing held within the BSC?	6	0	0	0
Do you have any comments on the impact of P427 on the EBGL objectives?	0	6	0	0
Do you have any further comments on P427?	5	1	0	0

Approval of P427

Two respondents agreed with the Panel's recommendation that P427 should be approved and four respondents disagreed. The arguments put forward were comparable to those received in the Assessment procedure Consultation.

The only new argument, was from a respondent who disagreed, because they believed the proposed solution has significantly extended the initial scope and therefore should not be approved. Their reasoning is that since we are proposing to publish data unrelated to EFR,

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we have gone beyond the initial problem statement of Parties being in EFR for too long. Elexon believes that whilst the solution has expanded since the inception of the Modification, we do not believe it has exceeded the initial scope. The problem statement remains unchanged and is being addressed by the proposed solution.

The P427 problem statement was that Settlement impacting issues often take longer to resolve than expected. Whilst EFR was used as an example for this, the purpose of the Modification was not to discuss EFR exclusively. Additionally, the Terms of Reference question what (if any) additional criteria or thresholds should need to be met prior to such a notice being published regarding a PAP's contribution to Settlement Risk. This includes discussion for exceptional circumstances where such notices could be issued outside of the EFR process. Currently defined as where the impact is sufficiently significant to risk serious impact on other market participants and resolution of the issue is time critical. Therefore, Elexon believes the proposition to publish performance data outside of EFR is within the scope of the Modification.

Amendments to the BSC and Subsidiary Documents

There was an even split of agreement and disagreement that the redlined changes to the BSC delivers the intention of P427. The arguments put forward were comparable to those received in the Assessment procedure Consultation

The majority of the respondents agreed the redlined changes to the Code Subsidiary Documents does not deliver intention of P427. This majority difference compared to the draft legal text is due to one respondent providing no view. The reasons for disagreeing are the same as for the draft legal text.

Implementation Approach, Self-Governance and EBGL views

There was an even split of agreement and disagreement with the Panel's recommended Implementation Date. The respondents that disagreed all had the view that P432 should not be implemented rather than a disagreement with the Implementation Date itself.

All respondents agreed that P427 should not be treated as a Self-Governance Modification. They also unanimously agreed that P427 does impact EBGL Article 18 terms and conditions related to balancing held within the BSC. P427 has a neutral impact against all of the EBGL objectives.

Further Comments

One respondent suggested that the current Settlement targets should be reviewed. Elexon would like to note that the performance targets will be reviewed as part of the MHHS work being undertaken by both Elexon and the MHHS Programme. Discussions are on-going between Elexon and the MHHS Programme around the timing of this. We expect any changes to the performance standards and the performance assurance standards to be based on the MHHS design and success criteria and to be developed with industry input and PAB engagement. Our view is therefore that there is not a need to raise a BSC Issue at this stage as this area will be developed with industry input and PAB engagement in due course.

Another respondent advised Elexon that they will be raising a change request through the REC to ask for MOAs to be included in the PAF for SVA to allow SVA performance to be published.

Other comments from respondents reiterated points made for previous questions.

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10 Recommendations

We invite the Panel to:

- **AGREE** that P427:
 - **DOES** better facilitate Applicable BSC Objective (C); and
 - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** that P427 does impact the EBGL Article 18 terms and conditions held within the BSC and is neutral against and consistent with the EBGL objectives;
- **AGREE** a recommendation that P427 should be **approved**;
- **APPROVE** an Implementation Date of:
 - 23 February 2023 if an Authority decision is received on or before 2 February 2022; or
 - 29 June 2023 if an Authority decision is received after 2 February but on or before 8 June 2023;
- **APPROVE** the draft legal text;
- **APPROVE** the amendments to the Code Subsidiary Documents for the Proposed Modification;
- **APPROVE** the P427 Modification Report.

Workgroup's Terms of Reference

Specific areas set by the BSC Panel in the P427 Terms of Reference	Conclusion
<p>What (if any) limitations should be placed on the scope of Settlement Risk data which the PAB is permitted to publish in a public notice of a PAP's contribution to Settlement Risk where said PAP meets the criteria set out within the solution?</p>	<p>Details for what data should be published is outlined in Section 3</p>
<p>What (if any) additional criteria or thresholds should need to be met prior to such a notice being published regarding a PAP's contribution to Settlement Risk? Such criteria and thresholds should be considered both for:</p> <ul style="list-style-type: none"> i) Instances where a PAP fails against its EFR milestones resulting in repeated escalation; and ii) Exceptional circumstances where such notices could be issued outside of the EFR process. Currently defined as where the impact is sufficiently significant to risk serious impact on other market participants and resolution of the issue is time critical. 	<p>Notices should be published:</p> <ul style="list-style-type: none"> • Where a PAP within the EFR process fails against a milestone within its EFR plan after previously having been escalated to the PAB for the same EFR plan. • Where a PAP's action or inaction results in a market wide impact of a single party of 0.05% of consumption in the preceding calendar year. • Where a PAP's action or inaction results in an impact to an individual market Participant market wide impact value divided by the number of actively Trading Suppliers.
<p>What (if any) restrictions should be placed on the frequency with which such notices regarding a PAP's contribution to Settlement Risk could be published? The solution as drafted would allow such notices to be issued as frequently as monthly in extreme cases where a PAP's impact on Settlement Risk persisted in severity.</p>	<p>The Workgroup agreed that data should be published monthly.</p>
<p>How will this Modification impact the BSC Settlement Risks?</p>	<p>We would expect a generic positive impact on BSC Settlement Risks, as it should encourage EFR issues to be resolved more quickly. This will have a positive impact on the integrity of data entering settlement.</p> <p>As EFR can be applied to all Settlement Risks this change is anticipated to positively impact on all Settlement Risks (where EFR is or continues to be applied).</p>

Specific areas set by the BSC Panel in the P427 Terms of Reference	Conclusion
What changes are needed to BSC documents, systems and processes to support P427 and what are the related costs and lead times? When will any required changes to subsidiary documents be developed and consulted on?	Detailed in Section 4, subsidiary documents have been developed in the Assessment Phase. In order to publish the data we will need to create a webpage as well as update internal processes
Are there any Alternative Modifications?	No
Should this Modification be progressed as a Self-Governance Modification?	No, impacts Self-Governance Criteria (b) (ii)
Does this Modification better facilitate the Applicable BSC Objectives than the current baseline?	Yes, as detailed in Section 7
Does this Modification impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?	No, as detailed in Section 4

Assessment Procedure timetable

P427 Assessment Timetable	
Event	Date
Panel submits P427 to Assessment Procedure	14 October 2021
Workgroup Meeting 1	19 January 2022
Workgroup Meeting 2	1 March 2022
Workgroup Meeting 3	20 April 2022
Workgroup Meeting 4	10 May 2022
Assessment Procedure Consultation	20 May – 10 June
Workgroup Meeting 5	16 June 2022
Panel considers Workgroup's Assessment Report	14 July 2022
Report Phase Consultation (1 Month)	18 July – 18 August
Present Draft Modification Report to Panel	8 September 2022
Issue Final Modification Report to Authority	15 September 2022

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Workgroup membership and attendance

P427 Workgroup Attendance						
Name	Organisation	19 Jan 2022	1 Mar 2022	20 Apr 2022	10 May 2022	16 Jun 2022
Members						
Douglas Alexander	Elxon (<i>Chair</i>)					
George Crabtree	Elxon (<i>Lead Analyst</i>)					
Jason Jackson	Elxon (<i>SME and Proposer</i>)					
Tom Chevalier	PDA			x	x	x
Clare Hannah	IMServ					
Dawn Matthews	UKPN					
Amy Genge	SSE		x			x
Rhys Kealley	British Gas					
Nik Wills	Stark					
Paul Bedford	Drax					
George Barnes	Utilita	x	x	x	x	x
Shane Preston	AMT Sybex	x	x	x	x	x
Phil Russell	Independent	x		x	x	
Clare Manning	E.ON Next	x	x	x	x	x
Attendees						
Lorna Lewin	Elxon (<i>Design Authority</i>)				x	
Eden Ridgeway	Elxon (<i>Lead Lawyer</i>)	x	x		x	
John Greene	SSE			x	x	
Vicky Clemens	E.ON Next			x		
Philip Eyre	E.ON	x	x		x	x

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