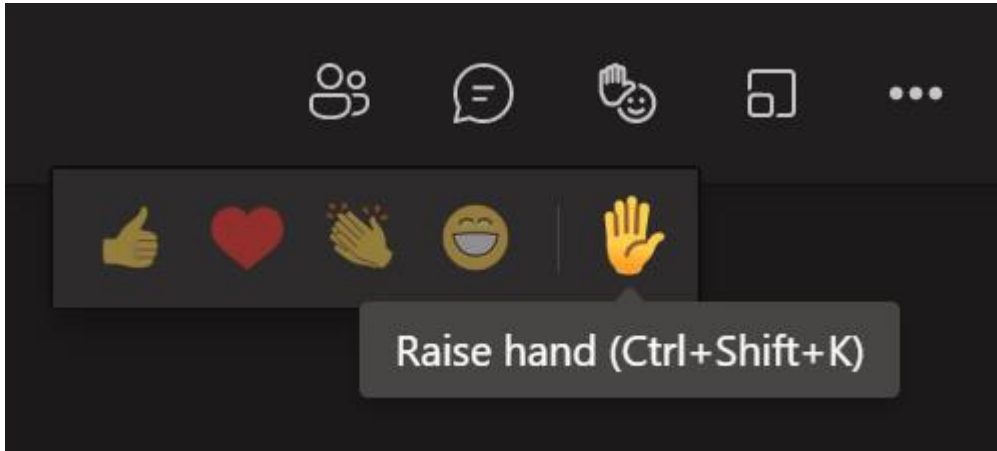


P427 Digital Meeting Etiquette

- Welcome to the P427 Workgroup meeting 1
- No video please to conserve bandwidth
- Please stay on mute unless you need to talk – use the Raise hand feature in the Menu bar in Microsoft Teams if you want to speak, or use the Meeting chat



- Lots of us are working remotely – be mindful of background noise and connection speeds

ELEXION

P427
Publication of Performance Assurance
Parties' impact on Settlement Risk

Workgroup Meeting 1

19 January 2022

Meeting Outcomes & Agenda

Meeting Outcomes

- Consideration of P427 and its background
- Consider the P427 Work Group Terms of Reference
- Consider any potential solutions which may require further development for discussion at future meetings
- Confirm next steps

Agenda Item	Lead
1. Welcome and meeting objectives	Douglas Alexander (<i>Chair</i>)
2. Terms of Reference and timetable	George Crabtree (<i>Lead Analyst</i>)
3. P427 Background and Issue	George Crabtree
4. Assessing the solution	Jason Jackson (<i>Elexon / Proposer</i>)
5. Areas for consideration	Workgroup
6. Views on the Modification with respect to the Applicable BSC Objectives	Workgroup
7. Next steps	George Crabtree
8. AOB & Meeting Close	Douglas Alexander



TERMS OF REFERENCE

P427 Terms of Reference

Mod Specific Terms of Reference

- a) What (if any) limitations should be placed on the scope of Settlement Risk data which is permitted to publish regarding a PAP's contribution to Settlement Risk.
- b) 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?
- c) 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?

P427 Terms of Reference

Standard Terms of Reference

- c) How will P427 impact the BSC Settlement Risks?
- d) 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?
- e) Are there any Alternative Modifications?
- f) Should P427 be progressed as a Self-Governance Modification?
- g) Does P427 better facilitate the Applicable BSC Objectives than the current baseline?
- h) Does P427 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?

Proposed Progression

Event	Date
Workgroup Meeting	W/C 17 February 2022
Workgroup Meeting	W/C 21 March 2022
Assessment Procedure Consultation (15 WDs)	11 April 2022 – 29 April 2022
Workgroup Meeting	W/C 2 May 2022
Present Assessment Report to Panel	9 June 2022
Report Phase Consultation (10 WDs)	13 June 2022 – 24 June 2022
Present Draft Modification Report to Panel	14 July 2022
Issue Final Modification Report to Authority	21 July 2022

Implementation approach

- The Proposer intends for the Modification to be implemented in November 2022 as part of the Standard November 2022 BSC Release



P427 BACKGROUND AND ISSUE

Modification: Issue & Background

- Industry engagement undertaken as part of the PAF review project identified that issues often take longer to resolve than expected
- EFR plans often take a considerable time to be resolved, with many plans remaining open for over a year
- If EFR plans could be resolved more quickly it would mitigate the material Settlement impact of the associated Error/Failure
- Swift issue resolution has the potential to improve the effectiveness of multiple PATs and mitigate against related Settlement Risks
- One of the recommendations following the PAF review was to amend the EFR process such that the PAB could issue notices to industry where PAPs fail against their EFR plan and this results in PAB escalation
- This is aligned with appetite expressed by the PAB to incentivise swift issue resolution and comments that public notices and public peer comparison are often the most effective incentives short of financial penalties

Modification: Solution

The Mod would allow the Panel to publish notices to industry following recommendation from the PAB in respect of PAP's contribution to Settlement Risk along with relevant risk data where:

- This action is approved by the BSC Panel; and
- At least one of the following criteria are met:
 - a) The relevant PAP has failed to meet an EFR milestone following prior escalation for the same plan; or
 - b) Exceptional circumstances where the resolution of the associated issue is therefore time critical.

Exceptional circumstances refers to a scenario where a PAP's failure or performance presents a serious financial or operational risk to one or more market participant(s).

Where a PAP is escalated to the PAB for failing to meet a milestone in its EFR plan, the PAB shall serve notice to the PAP that should it fail to meet a further milestone in the same EFR plan:

- a) the PAP will be again escalated to the PAB;
- b) a public notice will be issued should the BSC Panel approve the recommendation to do so; and
- c) further notices will be published where they continue to miss milestones again at the discretion of the BSC Panel.



FEEDBACK FROM PAB AND PANEL ON P427

Feedback from PAB and Panel on P427

- The PAB were keen for this Modification to apply to as broad a range of risks as possible to ensure flexibility in the PAB's management of Settlement Risk.
- The PAB noted that publishing poor performance which has an adverse impact on the market would be a strong incentive for compliance and cooperative market behaviours.
- The Panel while supportive of the principles underpinning this Modification were keen that the scope of the Change was limited to risk areas for which Elexon holds reliable data and where the performance against the relevant risk was irrefutable.
- The Panel wished to mitigate against any risk of dispute or legal challenge following the publication of any risk data.
- The Panel also suggested that this process should only be applied in exceptional circumstances where other options to rectify performance have failed.



ASSESSING THE SOLUTION

Assessing the Solution – Routine and Ad Hoc Data Published in Line with PAB and Panel Feedback

- In line with the Panel's view that performance should only be published where irrefutable, black and white evidence is held, Elexon has identified the following areas which we propose should be published on a routine basis to incentivise PAPs to improve their performance:
 1. Settlement Performance by Supplier in the HH and NHH markets
 2. Performance by Registrants and CVA MOAs as recorded by the CDCA in respect of the resolution of Metering Faults
 3. Performance of Registrants as recorded by the CDCA in respect of approval of estimates for their Metering Systems
 4. Proportionate performance of CVA MOAs, Suppliers and HHDCs as recorded by the TAA in respect of all or a subset of TAA non-compliances
- The amended solution would see performance in these areas published for all PAPs on a routine basis and would also allow for the PAB to propose for other risk data to be published on a case by case basis in the event of a PAB escalation or in the case of a serious issue where quicker action is appropriate.

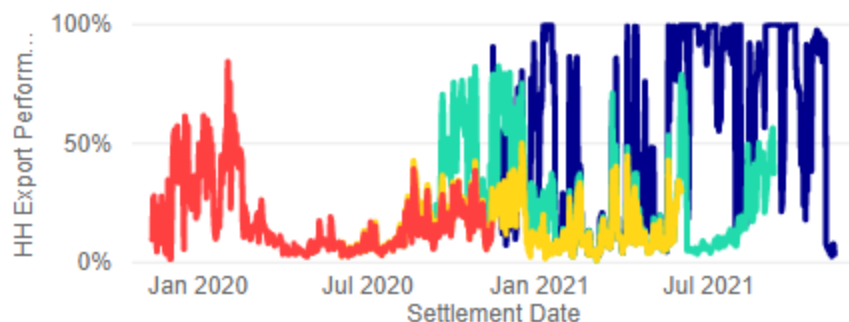
Settlement Performance - RF/R3/R2/R1 Performances

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Reporting Month: November ...

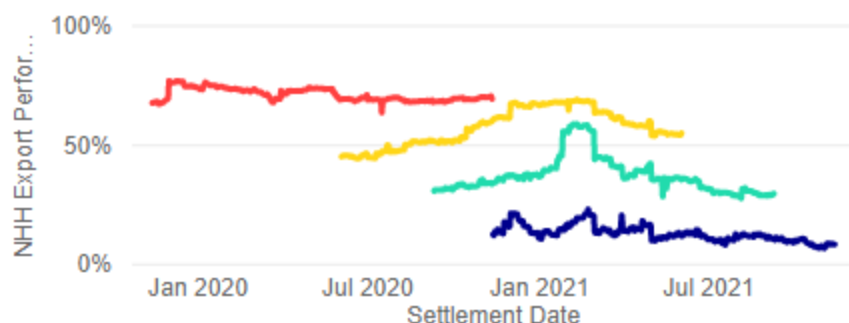
SVA HH Export Performance

Settlement Run ● R1 ● R2 ● R3 ● RF



SVA NHH Export Performance

Settlement Run ● R1 ● R2 ● R3 ● RF



SVAA Run Date

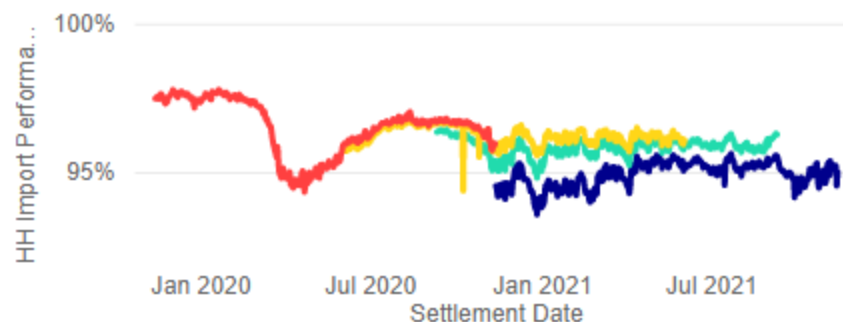
04/01/2021

31/12/2021



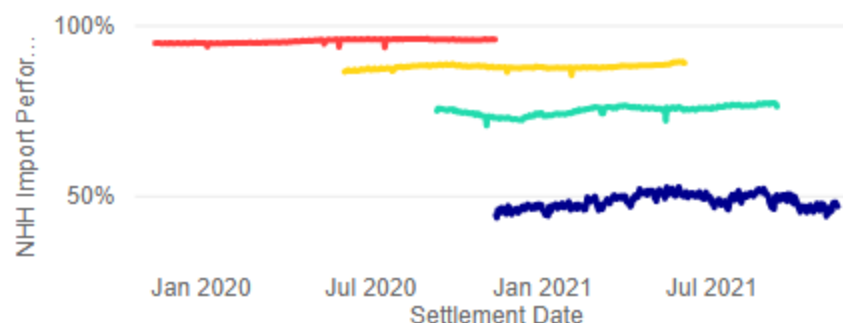
SVA HH Import Performance

Settlement Run ● R1 ● R2 ● R3 ● RF



SVA NHH Import Performance

Settlement Run ● R1 ● R2 ● R3 ● RF



SVA HH Non Compliant Export Energy (MWh) at R1

-29,598

SVA HH Non Compliant Import Energy (MWh) at R1

-484,489

SVA NHH Non Compliant Export Energy (MWh) at RF

-8,481

SVA NHH Non Compliant Import Energy (MWh) at RF

-4,598,116

Settlement Run	SVA HH Export Performance	SVA HH Import Performance	SVA NHH Export Performance	SVA NHH Import Performance
R1	26.97%	94.97%	12.07%	48.12%
R2	13.12%	95.89%	35.06%	72.89%
R3	10.31%	96.29%	55.79%	86.21%

Please note: This report is based on industry data flows sent over the Data Transfer Network. It provides insight into market performance but not a complete view as Vertically Integrated BSC Parties may not use the DTN to communicate or exchange data with their Agents. Therefore the reports should not be used as the only source of information for decision making in Performance Assurance Determinations.

RF 23.2: Registrant, MOA does not act on the fault alerts within BSC timescales or instruction on action flows, or unreasonably delays resolution



Number of fault alerts and Fault alert response rate by MOA



Updated Proposed Solution – CVA Metering Faults

CVA MOA	< 1 month	> 1 month	> 2 months	> 3 months	> 6 months	> 1 year	> 2 years	> 3 years	> 4 years	Total
1	6	6	1	4	2	4		1	1	25
2	1		1							2
3	1									1
4				1						1
5	1	1							2	4
6	5			1			1			7
7	1	1	1				1	1		5
8				2						2
Total	15	8	3	8	2	4	2	2	3	

Updated Proposed Solution – CVA Metering Faults

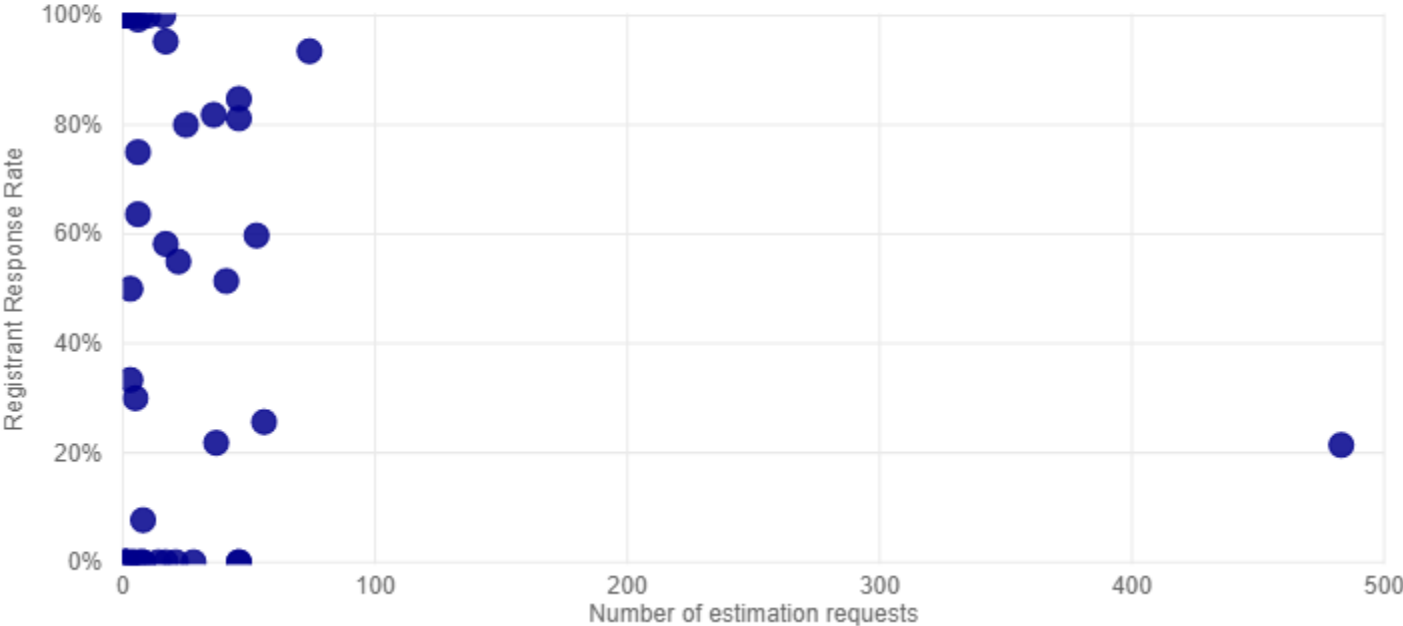
Registrant	< 1 month	> 1 month	> 2 months	> 3 months	> 6 months	> 1 year	> 2 years	> 3 years	> 4 years	Total
1				1						1
2					1					1
3									1	1
4				2						2
5	1									1
6								1		1
7		1								1
8			1							1
9			1							1
10						1				1
11		1								1
12				1						1
13	1									1
14				1						1
15	1				1	1				3
16		1								1
17	1									1
18	1	1								2
19	1									1
20	1									1
21				1		2				3
22		1								1
23	1									1
24	1									1
25				1						1
26		2								2
27	1									1
28		1								1
29			1				1	1		3
30				1						1
31	3						1			4
32	1									1
33									2	2
34	1									1
Total	15	8	3	8	2	4	2	2	3	

Updated Proposed Solution – CVA Registrant Estimation Approvals

RF 21.5: CVA Registrants fail to respond to CDCA SF estimation requests

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Number of estimation requests and Registrant Response Rate by REGISTRANT



Settlement Date

01/12/2020

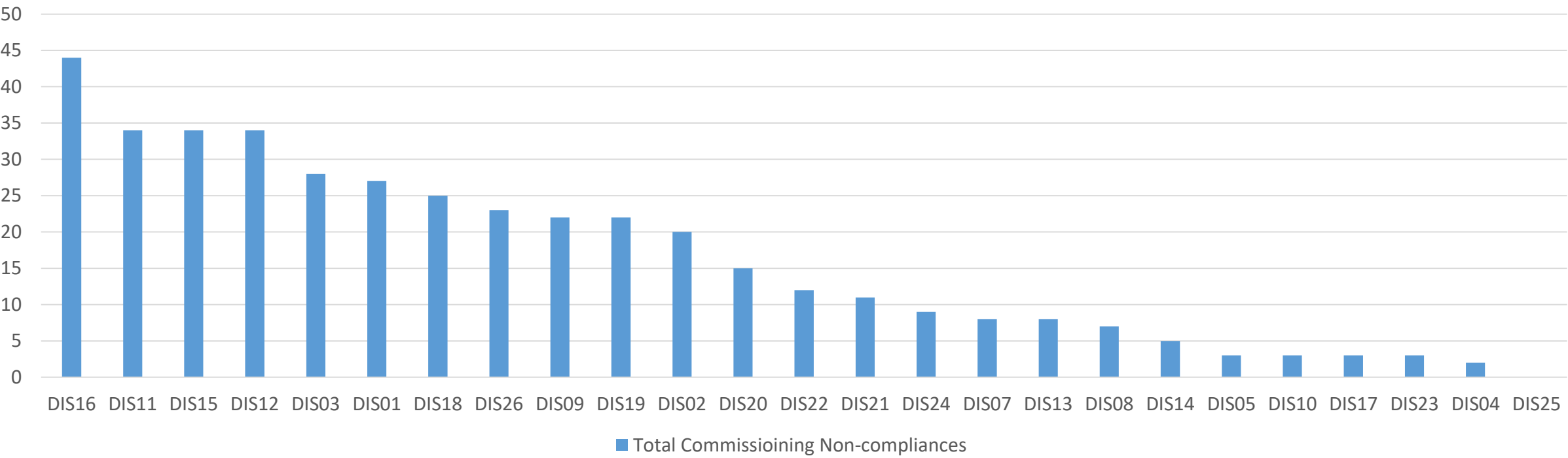
31/01/2021



Updated Proposed Solution Technical Assurance of Metering (TAM) – Commissioning

1 April 2021 – 31 December 2021

Desktop Audit Commissioning Non-compliances – Party Performance (Distributor)



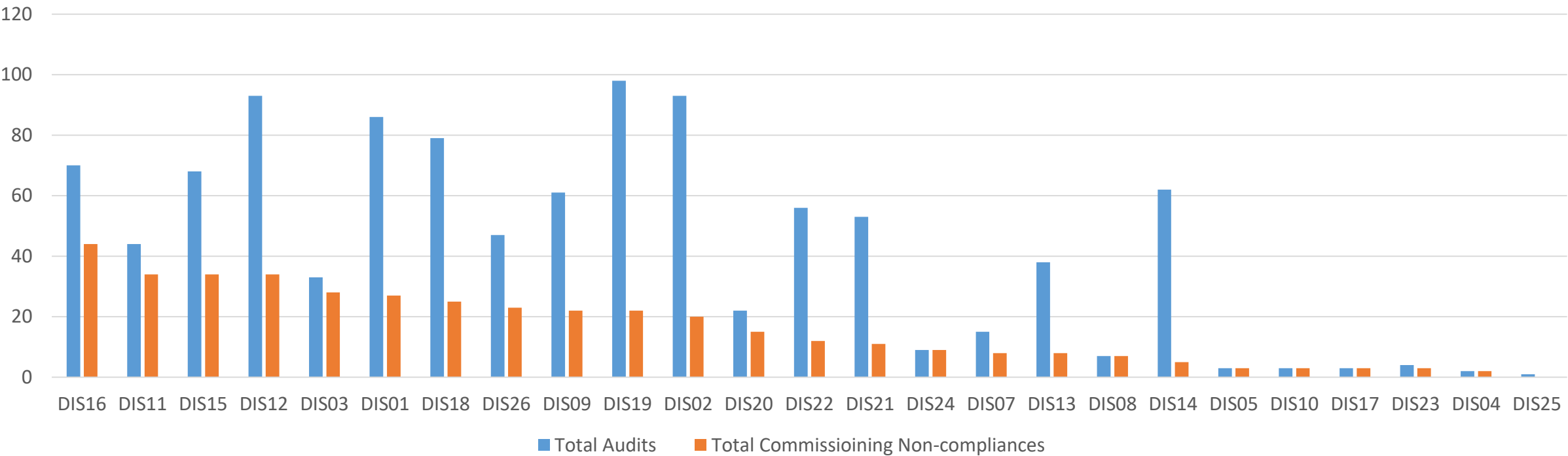
Comments:

- The chart shows the total number of Desktop Audit Commissioning non-Compliances recorded against each Distributor

Updated Proposed Solution Technical Assurance of Metering (TAM) – Commissioning

1 April 2021 – 31 December 2021

Desktop Audit Commissioning Non-compliances – Party Performance (Distributor)

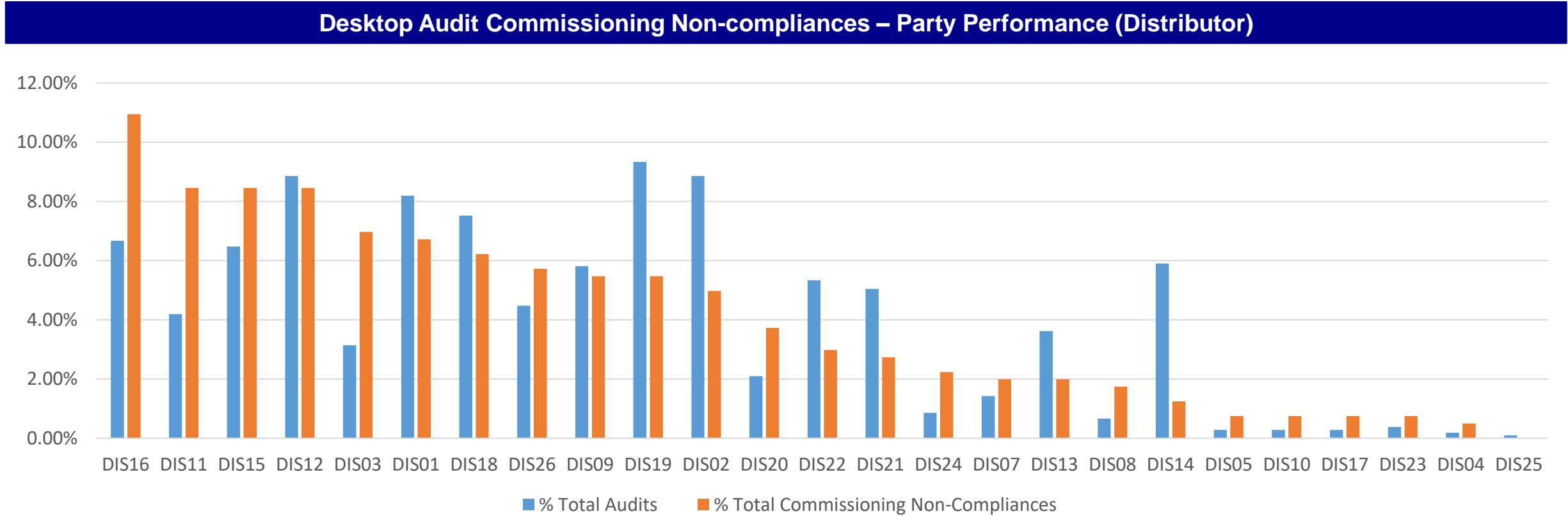


Comments:

- However, because the TAA Audit considers a random sample of Supplies, participants with a greater presence in the marketplace are likely to be included in more audits
- Therefore, any peer comparison needs to find a way of accounting for this and offering a proportional comparison

Updated Proposed Solution Technical Assurance of Metering (TAM) – Commissioning

1 April 2021 – 31 December 2021



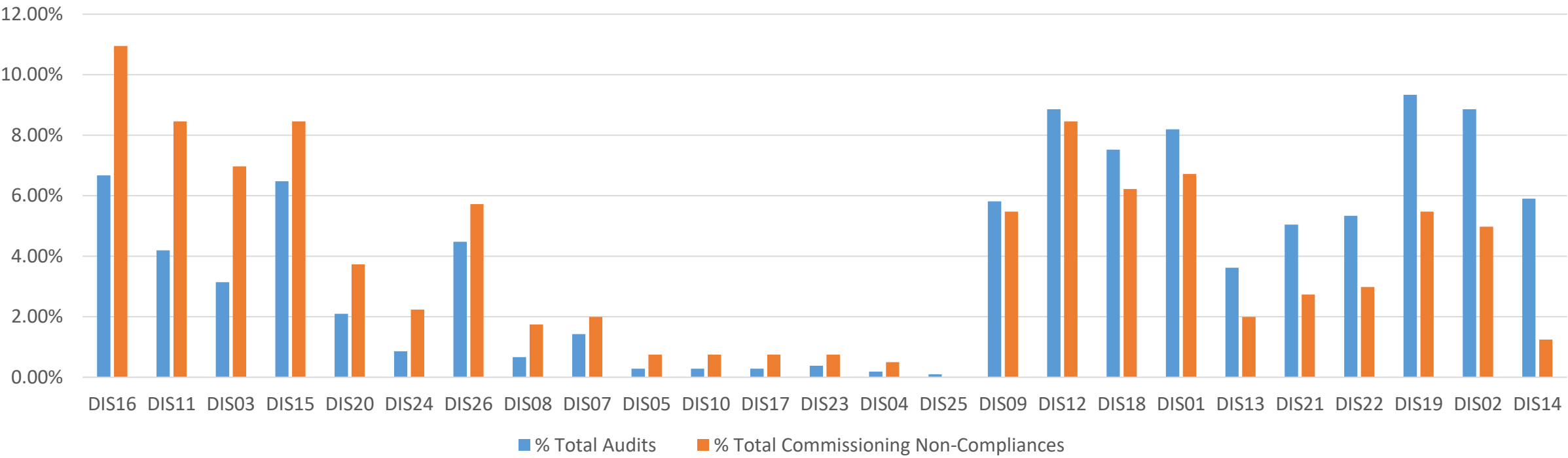
Comments:

- One way of doing this is to compare the proportion of the total audits each participant undertook to the proportion of total non-compliances for which they were responsible, as in the above example
- If all participants were performing equally well (or badly) then the blue and orange bars would be of equal height
- Similarly, if the orange bar is higher than the blue bar, the participant is responsible for a disproportionately large number of non-compliances relative to the number of audits they have undertaken

Updated Proposed Solution Technical Assurance of Metering (TAM) – Commissioning

1 April 2021 – 31 December 2021

Desktop Audit Commissioning Non-compliances – Party Performance (Distributor)



Comments:

- Re-sorting the data by the discrepancy between proportion of total audits and proportion of total non-compliances, we see here the worst to best relative performance from left to right

BREAK



AREAS FOR CONSIDERATION

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Settlement Risks

- In line with the PAB’s view that as broad a range of risks should be covered as possible to ensure flexibility we note that there are a wide range of Settlement Risks as listed below.
- The Workgroup may wish to allow for any of the risks for which Elexon holds DTN or central systems data to be considered within the scope of P427, either for to be reported on a routine basis or by exception in the case of serious issues or PAB escalations.

Id	Risk Category	Risk Sub-Category	CVA/SVA/ Both	Risk Title - The risk that...
<u>001</u>	Registration and Appointments	Registration	SVA	SVA Metering Point is registered incorrectly or not at all, such that metered data is not collected or aggregated
<u>002</u>	Registration and Appointments	Attributes	SVA	SVA Metering System attributes held in the Supplier Meter Registration Service (SMRS) or by any party in the Supplier Hub are incorrect
<u>003</u>	Metering	Metering Equipment installation, programming, maintenance and Commissioning	SVA	SVA Metering Equipment is installed, programmed or maintained incorrectly including where Commissioning is performed incorrectly or not at all
<u>004</u>	Metering	Notification of change to Metering Equipment	SVA	Changes to SVA Metering Equipment are not notified, such that all members of the Supplier Hub do not use the current Meter Technical Details
<u>005</u>	Metering	Fault resolution	SVA	A fault with SVA Metering Equipment is not resolved, such that metered data is recorded incorrectly or cannot be retrieved
<u>006</u>	Metering	Meter Technical Details transfer and processing	SVA	On a change of agent, Meter Technical Details are not transferred or processed correctly or at all, such that parties do not use the latest Meter Technical Details
<u>007</u>	Data retrieval and processing	Retrieval of Metered Data	SVA	SVA Metered data is not retrieved, such that the proportion of estimated data being used in Settlement contributes to performance standards not being met
<u>008</u>	Data retrieval and processing	Processing of Metered Data	SVA	SVA metered data is not processed or transferred correctly, or at all
<u>009</u>	Data retrieval and processing	Data Aggregator processes Metered Data	SVA	The Data Aggregator does not process metered data correctly or at all, including transfer to SVAA, such that the energy volumes required for Settlement are incorrect or missing

Settlement Risks

Id		Risk Category	Risk Sub-Category	CVA/SVA/ Both	Risk Title - The risk that...
010	Data retrieval and processing	Meter read history		SVA	On change of Data Collector, meter read history is incorrect or not transferred such that sufficient history is not available for validating and estimating energy volumes
011	Data retrieval and processing	Unmetered Supplies		SVA	Unmetered Supplies volumes are calculated incorrectly or not at all
012	Metering	Metering Equipment Technical Detail Quality		SVA	SVA Metering System technical details are created incorrectly
013	Data retrieval and processing	Manual adjustments		SVA	Manual adjustments to Metered Data are not completed correctly, or at all
014	Registration and Appointments	Agent appointments		SVA	Agents are not appointed or de-appointed correctly, such that SMRS is not complete or up to date, members of the Supplier Hub do not hold the correct MPID of other Hub members or the appropriate agents are not appointed
015	Registration and Appointments	Reference data		SVA	SVA reference data is not created or transferred correctly, or at all
016	Registration and appointments	Energisation status		SVA	The energisation status held in SMRS or by any party in the Supplier Hub does not match the physical energisation status of the SVA Metering System
017	Data retrieval and processing	Exception management		SVA	Exception reports are not sufficiently managed, such that material exceptions are not addressed at all or in a timely manner
018	Data retrieval and processing	Revenue protection		SVA	Revenue protection processes are not managed sufficiently, such that unrecorded energy volumes are excluded from Settlement
019	Registration and appointments	Registration		CVA	A Volume Allocation Unit is registered incorrectly or not at all, such that the CDCA does not collect any or the relevant data
020	Metering	Metering Equipment installation, programming, maintenance and Commissioning		CVA	CVA Metering Equipment is installed, programmed or maintained incorrectly including where Commissioning is performed incorrectly or not at all
021	Data retrieval and processing	Retrieval and processing of Metered Data		CVA	CVA Metered Data is not retrieved, or processed correctly, or at all, by the CDCA
022	Metering	Notification of change to Metering Equipment		CVA	Changes to CVA Metering Equipment are not notified to CDCA
023	Metering	Fault resolution		CVA	A fault with CVA Metering Equipment is not resolved, such that Metered Data is recorded incorrectly or cannot be retrieved

Settlement Risks

Id	Risk Category	Risk Sub-Category	CVA/SVA/ Both	Risk Title - The risk that...
<u>024</u>	Registration and appointments	Reference data	CVA	CVA reference data is not created or transferred correctly, or at all
<u>025</u>	Data retrieval and processing	Virtual Lead Parties	SVA	Balanacing Services provided by Virtual Lead Parties allow error to enter Settlement, such that the energy volumes required for Settlement are incorrect or missing
<u>026</u>	Central aggregation and Trading Charges	Aggregation Rules	CVA	Aggregation Rules in CDCA are incorrect such that CVA Metered Data is not correctly aggregated and the energy volumes required for Settlement are incorrect or missing
<u>027</u>	Central aggregation and Trading Charges	Payment default	CVA	Trading Parties do not or are unable to pay Trading Charges fully or at all, such that it triggers an Event of Default
<u>028</u>	Central aggregation and Trading Charges	NETSO submissions	CVA	NETSO does not submit or submits incorrect Settlement data
<u>029</u>	Central aggregation and Trading Charges	SAA calculation	CVA	The SAA's calculations and processing are incorrect or use incorrect data
<u>030</u>	Central aggregation and Trading Charges	ECVAA processes	CVA	The ECVAA does not carry out processes correctly, such that output files are inaccurate
<u>031</u>	Central aggregation and Trading Charges	FAA processes	CVA	The FAA does not accurately process Trading Charges or calculate ad-hoc charges correctly, such that Advice Notes are incorrect
<u>032</u>	Central aggregation and Trading Charges	Manual adjustments	CVA	Manual adjustments to CVA Metered Data are not completed correctly, or at all
<u>033</u>	Central aggregation and Trading Charges	Metered Volumes for Interconnector Users	CVA	An Interconnector Administrator does not submit, or submits inaccurate BM Unit Metered Volume data
<u>034</u>	Central aggregation and Trading Charges	SVAA data processing	CVA	The SVAA does not process or transfer the correct data or does not use approved default data.

- We note that the BSC Panel would always be required to approve any data / performance measures to be published so there exists an extra level of scrutiny as a safe guard ensuring that data is only published where it is appropriate to do so.

Alternative Solutions – Other Considerations

- The Workgroup might feel that Settlement Performance or indeed the other areas we've proposed to be published on a routine basis should only be published by exception in cases where a participants' performance falls below agreed thresholds.
- We invite the Workgroup to vote on their preferred version of the solution:
 - a) Publish on a routine basis for all PAPs
 - b) Publish on a routine basis by exception
 - c) Don't publish on a routine basis, only by exception
- Elexon believes that there would be value in highlighting not only poor performance but also instances where participants are performing well.
- In the case of Settlement Performance where Suppliers are meeting the standard for Settlement Performance, we note that performance above the Standard should not be indicated as the Standard is the BSC Obligation (97% for NHH and 99% for HH) and it is not within Elexon's remit to incentivise over achieving against those targets.



VIEWS OF P427 WITH RESPECT TO THE APPLICABLE BSC OBJECTIVES

Applicable BSC Objectives

The Applicable BSC Objectives are:

- 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 and administration of the balancing and settlement arrangements

Proposer's View

Ensuring the Errors and Failures within the market are resolved helps ensure an even playing field for all market participants. Likewise effective management of issues, risks and non-compliances incentivises compliant and cooperative market behaviours.

Additionally, this change is intended to ensure the timely resolution of non-compliances with the BSC arrangements, thereby supporting the efficient implementation of these arrangements.



NEXT STEPS

Next Steps

- Consider any actions from this meeting
- Meeting notes to be sent to Workgroup Members
- P427 Workgroup Meeting 2 to be scheduled
- Any Other Business