

PAB209/08 - PAF REVIEW UPDATE

MEETING NAME Performance Assurance Board

Date of meeting 28 June 2018

Paper number 209/08

Owner/author Beth Brown

Purpose of paper For Information

Classification Public

Summary This paper provides an update on the progress of the Performance Assurance Framework (PAF) Review project, in particular around the preparations for implementing the revised assurance framework under the PAF Procedures

1. Introduction

- 1.1 The review of the Performance Assurance Framework (PAF) is progressing via four workstreams. The background and further details are available in past Performance Assurance Board (PAB) papers¹ and on the ELEXON webpage - <https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-framework-review/>.
- 1.2 This paper provides an update on the workstreams and the next steps.

2. Smart metering rollout workstream

- 2.1 The smart Meter rollout assurance activities have now concluded as a part of the PAF Review. Therefore this workstream is closed.
- 2.2 We have developed and assessed the Settlement Risks associated with the mass roll-out of smart Meters, supported by the Issue 69 workgroup.
- 2.3 The risks were incorporated into the Risk Evaluation Register (RER) with the highest risk area identified as Supplier-agent interfaces. To provide monitoring against this key risk area the smart Meter Technical Details (MTD) report was designed and is publically available monthly on the Key Data Reports² page of the ELEXON website. It is also presented to the PAB monthly where any performance issues will be discussed.
- 2.4 We held two industry events on BSC processes related to the smart Meter rollout in April, attended by 65 attendees from 25 Supplier organisations and 13 non-Supplier organisations. Each day consisted of educational sessions on BSC processes related to the smart Meter rollout followed by a workshop. As part of the actions identified during the workshop, we are planning to hold further industry days over the rollout period.

¹ Key papers include *PAB193/17 - PAF Review Delivery Approach* and *PAB202/10 - PAF Review – PAF Procedures Workstream Reports*, available in the PAB papers on the website <https://www.elexon.co.uk/group/performance-assurance-board-pab/>

² <https://www.elexon.co.uk/about/key-data-reports/smart-meter-technical-detail-report/>

PAB209/08 - PAF REVIEW UPDATE

3. PAF Procedures workstream

- 3.1 The PAF Procedures form the basis of the assurance framework, providing the structure and governance. The key elements are the risk register and the methodology that is used to develop it, the plan for how risks should be mitigated and the end of year report of the cost and effect of the mitigations.
- 3.2 The project is on track to deliver the final design of the PAF Procedures to the September PAB for approval. ELEXON will then prepare for go-live of the new approach to the PAF.

Risk Register

- 3.3 We have developed the first draft of a new risk register, and reviewed it with the Issue 69 group and the sub-group of PAB members formed to support the project.
- 3.4 The register has 40 risks currently, for both the Central Volume Allocation and Supplier Volume Allocation sides of the arrangements. This first draft, as presented to Issue 69 group on 12 June 2018, is provided in Attachment A for information.
- 3.5 We will continue developing the register as we carry out an initial scoring exercise to assign probability and impact scores to each risk.

Implementation plan

- 3.6 ELEXON has been working on the plan to deliver the new PAF design, as approved by the PAB in September 2018, into live operations. The section below provides an overview of the activities within this plan.
- 3.7 **Go live date** – We considered whether 1 January 2019 would be a feasible date, to avoid too long a gap between PAB approval of the design in September 2018 and use of the new risk register. However, we suggest that 1 April 2019 is a preferable go-live date as it aligns with the current assurance year which we are not intending to change, and there is a lot to do to prepare for go live, not least developing reporting on the new risks.
- 3.8 **PAF Procedure documents** – There is a set of documents that needs to be drafted and either finalised for the September 2018 PAB meeting, or prepared in skeleton form for population in the run up to go live (or within the first year of operations as appropriate). A timetable of items for preparation is provided in Appendix 1.
 - Annual Performance Assurance Timetable – a template and approach will be suggested
 - PAF Document – new document that will be prepared in full for September 2018. Can be updated if necessary for 1 April 2019
 - Risk Evaluation Methodology (REM) – will be prepared in full for September 2018 and issued for stakeholder comment in autumn 2018 for go live 1 April 2019
 - Risk Evaluation Register (RER) – will be prepared in as much detail as feasible for September 2018, with an opportunity to refine and add to the fields before it is issued for stakeholder comment in late 2018 for go live 1 April 2019
 - PAB Strategy – will be prepared in draft for September 2018, and reviewed and confirmed in October 2018 for use in preparing the Risk Operating Plan (see 3.15 below for a proposed PAB session)
 - Risk Operating Plan (ROP) – will be prepared in template form for September 2018. It will be drafted in December and January 2019 based on the agreed PAB Strategy and issued for stakeholder comment through February 2019 for go live 1 April 2019
 - Annual Performance Assurance Report (APAR) – will be prepared as a template for use at the end of Q1 2019/20 for the first quarterly version of the APAR, and will be available for use for the 2018/19 report as appropriate

PAB209/08 - PAF REVIEW UPDATE

- Supporting registers – to be prepared in template form for September 2018 and populated from 1 April 2019:
 - Issues register
 - Near-Miss register
 - Risk Management Determinations³ log
 - Supporting documents – guidance notes related to risks and the other PAF Procedures will be updated and published on the ELEXON website before or for go live, or later as appropriate
- 3.9 **Reporting suite** – We are currently scoping out the set of reports that we consider will be most useful and appropriate for supporting the PAF. These will be reports for use internally by the PAA function, for the PAB, for Performance Assurance Parties, and for wider stakeholders
- 3.10 **Resources (people)** – We are proposing two new roles/functions – Risk Manager and Risk Owners within ELEXON's Performance Assurance Administrator (PAA) function. These will be fitted into the team structures and any vacancies filled with suitably qualified candidates. We will deliver training to internal staff involved in the PAF
- 3.11 **Modifications** – The only Modification that has been identified as necessary to deliver the revised PAF Procedures has been raised as P368 'Amendments to Section Z to better facilitate the production of the Risk Evaluation Methodology, Risk Evaluation Register and Risk Operating Plan'⁴. It is currently out for consultation until 29 June 2018
- 3.12 **Website** – The PAF related webpages will be updated to communicate with stakeholders up to and after go-live of the new PAF procedures
- 3.13 **Change procedures** – We are looking at ways to integrate Settlement Risk into the change procedures so it is automatically considered at every step of the change process.
- 3.14 **Data Provision and PAT Review workstreams** – we will be tracking outputs from these workstreams for when and how they might contribute to live operations of the PAF design.
- 3.15 **PAB** – We would like to propose an dedicated PAB session on Wednesday 24 October 2018, the day before the planned PAB meeting to deliver a session on the PAF design and the supporting procedures and to workshop the PAB Strategy for 2019/20.

4. Data retrieval workstream

- 4.1 This workstream is looking at current and potential sources of data to support risk management and performance monitoring.
- 4.2 We will shortly complete a catalogue of the current data sources, including identifying additional uses of data we could use in the current PAF.
- 4.3 The subsequent stages will be focused on identifying alternative data items and retrieval / analysis methods that could provide additional and enhanced risk indicators and information about Performance Assurance Parties' (PAP) compliance with BSC obligations.

³ Risk Management Determinations are the decisions made by the PAB to deploy a technique against a Performance Assurance Party for one or more risks

⁴ <https://www.elexon.co.uk/mod-proposal/p368-amendments-section-z-facilitate-production-paf-procedures/>

PAB209/08 - PAF REVIEW UPDATE

4.4 The workstream is due to conclude summer 2019 with a set of recommendations for improved data provision to support the PAF.

5. Performance Assurance Technique reviews workstream

5.1 This workstream will review the mitigating activities currently available to the PAF, and how this “toolkit” could be enhanced to provide the most efficient and effective ways of managing Settlement Risks.

5.2 We have recruited a workstream lead and the activity plan is currently being developed. Several of the PATs have dependencies including contract terms for outsourced services and inputs from or outputs to other PATs and workstreams (e.g. the data retrieval workstream and the Performance Assurance Reporting and Monitoring System (PARMS)). Therefore, one of our first activities is to assess the dependencies and schedule the reviews to account for them where necessary, which will be completed later in summer 2018.

6. Recommendations

6.1 We invite you to:

- a) **NOTE** the updates provided on the workstreams and implementation plan;
- b) **AGREE** the proposed go live date of the PAF Procedures as 1 April 2019; and
- c) **AGREE** a proposed session on 24 October for the PAF Procedures and the PAB Strategy.

Appendices

Appendix 1 – Timetable of development of PAF Procedures

Attachments

Attachment A – Draft risk register

For more information, please contact:

Beth Brown, Senior Analyst – PAF Review

Beth.brown@elexon.co.uk

020 7380 4225

PAB209/08 - PAF REVIEW UPDATE

Appendix 1 – Timetable of development of PAF Procedures

	APAT	PAF Document	REM	RER	PAB Strategy	ROP	APAR	Registers	Guidance notes	Web pages	Reporting
Prepared in full for Sept PAB		x	x	x	x						
Template only for Sept PAB	x					x	x	x			x
Sep-18			PAB approve for consult	update if necessary							prepare
Oct-18			consultation	update if necessary	Review	Prepare					prepare
Nov-18			PAB approval	PAB approve for consult		Prepare					prepare
Dec-18				consultation		Draft					prepare
Jan-19				PAB approval		PAB approve for consult					prepare
Feb-19						Consultation			update	prepare	prepare
Mar-19		update if required				PAB approval			live	live	prepare
Q1 2018/19				WPR if required		WPR if required	End of Q1 version	populate & use			live
Beyond Q1 2018/19	prep 2020/21			WPR if required		WPR if required	Quarterly versions	populate & use			develop further

NB – WPR = Within Period Revision