

# PAB210/14 – MONITORING PERFORMANCE OF MEASUREMENT CLASSES E, F AND G

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**MEETING NAME** PAB 210

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**Date of meeting** 26 July 2018

**Paper number** 210/14

**Owner/author** Paulina Stelmach

**Purpose of paper** Information

**Classification** Public

**Summary** The average industry performance of Measurement Classes (MC) E, F and G is below the required standard. ELEXON recommends intermediary monitoring solutions for those MCs.

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## 1. Background

- 1.1 At the April 2018 PAB Meeting, the committee noted poor Half-Hourly (HH) performance of Metering Systems assigned to MCs E, F and G. As a result, the PAB asked ELEXON to present breakdown of performance for HH Suppliers by MC, Supplier and Grid Supply Point (GSP) Group (PAB207/01).
- 1.2 At its May 2018 meeting, following presentation of ELEXON's analysis, the PAB raised concerns over the performance of Parties against the standards required for those MCs and asked ELEXON to prepare options for creating new monitoring for MCs E, F and G (PAB208/09). Although MC E already has dedicated reporting under SR0081b, the PAB had previously agreed that this is presented for information only and none of the Performance Assurance Techniques (PAT) should be applied to Parties which underperform in this area (PAB192/14).
- 1.3 In preparation for the June 2018 PAB meeting, ELEXON conducted analysis and liaised with Subject Matter Experts (SMEs) internally to understand whether changes to the Risk Register are required. The Performance Assurance Framework (PAF) Review team advised that the new Risk Register go-live date would be 1 April 2019. A corresponding reporting suite will follow the introduction of new Risk Register. In addition, the Settlement Risk SME confirmed that no changes would be required to the current Risk Register to apply PATs for the underperformance in SR0081b, as SR0081b is a part of the overall SR0081 (to which PATs are already applied).
- 1.4 At this meeting, ELEXON presented the PAB with six potential options (PAB209/01). All of those options were based on the current methods to monitor SR0081 (MC C) and SR0081b (MC E), and all were potential solutions to effectively monitor and escalate any Parties who underperformed against the standards in these areas. At the meeting, ELEXON recommended to defer any changes to the way we monitor SR0081b until the new Risk Register is implemented in April 2019 and could be aligned with the suite of reports introduced. The PAB did not approve any of the proposed options and deferred the decision, requesting more explanation, analysis, costings and other potential options before making a decision. PAB members also queried the thresholds applied currently.

## 2. BUSRRs and their future

- 2.1 The Business Unit Settlement Risk Ratings (BUSRRs) for Settlement Risks (SRs) were introduced as a means of high-level tracking of Parties' performance against requirements of the Balancing and Settlement Code and Code Subsidiary Documents. If a Party performs poorly at an aggregated level (i.e. an average of

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performance across all GSP Groups across a span of days), then at least one GSP Group is underperforming and as a result the breach of the provisions of Section S-1 triggered.

- 2.2 Due to archiving, we do not have the exact reference of the initial introduction of the BUSRRs. However, our records show that BUSRRs were a part of reporting to the PAB at least since 2008. A BUSRR for SR0081<sup>1</sup> was not introduced until January 2015, but a BUSRR for SR0074 was in place at least since 2008. Until November 2008, the criteria for SR0074<sup>2</sup> only partially corresponded to provisions of Section S-1<sup>3</sup> (the criteria never truly matched the provisions of Section S-1) with GREEN rating for those achieving the 97% requirement and RED for those Parties that did not across span of days and all GSP Groups. Since then, a number of changes to the SR0074 BUSRR criteria have been made:

Date	PAB Paper Reference	Change
Nov 2008		Introduced criteria for an AMBER rating for Parties where performance was between 96% and 97%.
May 2009		Differentiation between Performance rating (i.e. how well does a Party perform against the requirement) and Risk rating (how much impact is it going to have to Settlement) based on Market Share.
May 2013	PAB 148/10	Introduced a 500MWh threshold (instead of 96% to 97% range) to highlight Parties having more impact to Settlement while not meeting the required performance level
Jan 2017	PAB192/14	Amended threshold to 700MWh

- 2.3 At the January 2015 meeting, the PAB agreed to introduce monitoring for SR0081 with the same criteria and threshold as SR0074. During PAB meetings PAB183, PAB189 and PAB192 (PAB183/07, PAB189/12 and PAB192/14), the PAB recognised that the thresholds should differ between the two Market Sectors, and amended them to 700MWh for SR0074 and 400MWh for SR0081. At the January 2017 the 'for information' BUSRR for SR0081b was also introduced.
- 2.4 Each BUSRR Review and the introduction of a new BUSRR for a Settlement Risk requires in depth analysis of the impact of changes and gathering Industry views as well as PAB approval. The previous BUSRR Review took eight months to complete (this includes analysis, approval, system changes and testing, document changes, engaging with Parties and go-live).
- 2.5 The performance monitoring directly corresponding to levels set in S-1 has always been supported through Supplier Charges (which are also set in Section S-1).
- 2.6 At the June 2018 PAB meeting, the PAF team provided an update on the developments under the PAF Review (PAB209/08). ELEXON confirmed that new Risk Register will go live on 1 April 2019. This Risk Register will no longer contain SR0074 or SR0081; hence the current monitoring may no longer be applicable. The team is currently scoping out the reports for the new Risks.
- 2.7 In light of the PAF review work, ELEXON believes that a full review of thresholds or BUSRR criteria would not provide enough ongoing benefit to outweigh the cost to Industry. A review is resource intensive as it would

<sup>1</sup> **SR0081:** The risk that HHDCs do not collect and /enter valid Meter readings resulting in old/default data entering Settlement.

<sup>2</sup> **SR0074:** The risk that NHHDCs do not collect and /enter valid Meter readings resulting in old/default data entering Settlement.

<sup>3</sup> BSC Section S-1 Paragraph 2.2.1.

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require completing further in depth analysis, estimating the work required for all of the potential six options by EFR analysts and OSMS, writing detailed Business Requirements and Change Requests, which will also have an impact on Service Providers; time will be required for all impacted teams across ELEXON to complete impact assessments and ELEXON would need to obtain Industry views. Therefore ELEXON believes that if it progressed with the current options, as provided at the previous PAB meeting, or undertakes any further analysis, no changes would be delivered until Q1 2019 at the earliest. Therefore ELEXON proposes not to introduce any changes to reports until the PAF Review implements the new Risk Register on 1 April 2019.

- 2.8 ELEXON does, however, recognise that there is an ongoing issue with poor performance for MC E, F and G and PAB concerns.
- 2.9 In the interim, ELEXON recommends that it uses the current reporting for MC E, F and G (MC E through the SR0081b BUSRR and MC F and G through the weekly OSM reports that are sent to Suppliers) to monitor the issue and proposes a different approach for encouraging performance to improve and to determine where Error and Failure Resolution (EFR) may be required. In order to ensure that whole of the Industry is working towards an improvement, we recommend stating an industry average target that should be achieved by the end of December 2018. We recommend that this target is between the current industry performance and the industry standards (99% by R1 for MC E and 99% by R2 for MC F and G).
- 2.10 In January 2019, ELEXON would evaluate the latest performance and engagement of each Supplier. For each Supplier, ELEXON will then decide whether to recommend if EFR is to be applied and, if so, which Suppliers it should be applied to. ELEXON would also recommend whether further industry milestones should be set at that stage and this approach will take into account the current position with the work being undertaken by the PAF review.

### 3. Recommendations

- 3.1 We invite you to:
- a) **AGREE** that ELEXON will not introduce new reporting for MC E, F and G before the PAF Review delivers the new Risk Register; and
  - b) **AGREE** for ELEXON to use 'as-is' SR0081b and the weekly OSM reports to monitor Industry's performance for MC E, F and G and agree to set an industry performance target.

#### **For more information, please contact:**

Paulina Stelmach, Settlement Operations Analyst

paulina.stelmach@elexon.co.uk

020 7380 4372