

PAB210/12 – RESPONSE TO BSC AUDIT OPINION

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Summary	This paper outlines ELEXON's response to issues raised in the Balancing and Settlement Code (BSC) Audit Opinion 2017/18 and some of the Market Issues identified by BSC Auditor.

1. Introduction

- 1.1 At the May 2018 PAB meeting, the BSC Auditor presented its annual report with an unqualified Audit opinion. The Auditor highlighted a number of issues it deemed to be particularly significant which ELEXON and BSC Parties should provide additional focus to address.
- 1.2 ELEXON noted that total error as quantified by the BSC Auditor had increased since the 2016/17 BSC Audit, with the proportion of medium and high issues having increased. ELEXON noted that these higher rated issues were spread across only a small number of parties.
- 1.3 The BSC Auditor highlighted 11 key issues in the report that require additional focus. Below is ELEXON's action plan to mitigate the impact of these issues on the industry and the accuracy of Settlement.

2. Response to BSC Audit Report

Metering System Faults Not Resolved in a timely manner

- 2.1 The BSC Auditor identified an increase in the number of audit issues raised against Half Hourly Meter Operator Agents (HHMOAs), Non Half Hourly Meter Operator Agents (NHHMOAs) and Central Volume Allocation Meter Operator Agents (CVA MOAs) since the previous Audit year. There has been no change in the number of material issues raised against Data Collectors (DCs) since the last Audit.
- 2.2 As part of the Performance Assurance Framework (PAF) review, new Settlement Risks are being developed which will describe broader areas of risk to Settlement. As part of its work to develop this new risk register ELEXON is considering a new risk around Fault Resolution, noting that it is looking to use potential risk indicators such as data from the Data Transfer Network (DTN) and Performance Assurance Reporting and Monitoring System (PARMS) serial HM14¹ to determine the dimensions of the risk including the impact on Settlement volumes.
- 2.3 The Issue Resolution Expert Group (IREG) recently (11 July 2018) discussed changes to existing Data Flows in the Data Transfer Catalogue (DTC) (as well as creating a new Data Flow) and parallel changes to the BSCP processes. The proposed new Data Flow is intended to be used as part of the amended processes.

¹ **HM14** - *Timely HH Meter Investigation Requests* - The HHMOA should resolve 100% of D0001 ('Request Metering System Investigation') flows within 15 Working Days (WDs). As an update made using a D0002 is no longer allowed, all D0002 flows should be the resolution of the investigation. This is monitoring the risk that HHMOAs do not resolve Meter investigation requests in a timely manner resulting in estimated data entering Settlement.

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- 2.4 ELEXON will continue to investigate potential solutions to this issue including ways to monitor this on a regular basis; however the Error Failure Resolution (EFR) team will continue to work with Performance Assurance Parties (PAPs) to improve Fault Resolution timescales for medium and high rated issues.

Incomplete or delayed provision of meter reads and Meter Technical Details (MTDs)

- 2.5 The BSC Auditor identified an overall decrease in the number of material issues identified in respect of the provision of meter reads and MTDs; however the severity of the issues that were identified had increased, increasing the overall impact of these issues. The BSC Auditor linked this increase in severity to the increase in the number of Half Hourly(HH) Metering Systems Identifiers (MSIDs) within the market, meaning a greater potential error where no or incorrect MTDs are held; as such a smaller number of parties are contributing to potentially more significant levels of error within the market.
- 2.6 ELEXON has begun actively monitoring missing and late MTDs through the Smart MTD Report (PAB209/04) which is taken as a tabled item to PAB on a monthly basis and published on the ELEXON website. As per the usual process ELEXON will look to address medium and high rated issues through the EFR process.

Energisation Status Not Confirmed

- 2.7 The BSC Auditor noted that both the number and severity of issues relating to Energisation Status had decreased since the previous Audit year, particularly in respect of NHHMOAs.
- 2.8 ELEXON has been and will continue to monitor and report on performance associated with the processes relating to this non-compliance through its Settlement Risk Report (SRR). Additionally ELEXON will continue to engage with individual parties where poor performance is identified to provide guidance or through the application of EFR.
- 2.9 The Technical Assurance of Metering Expert Group (TAMEG) has investigated the risk around incorrect energisation statuses being held against high voltage sites, highlighting PAPs posing the greatest risk to Settlement. ELEXON has been engaging with all BSC Parties and Party Agents through EFR where the risk to Settlement is high.

Change of Measurement Class (CoMC) Issues

- 2.10 The BSC Auditor noted that compliance with CoMC processes has significantly improved compared to the previous Audit year, particularly within the Non Half Hourly (NHH) Market. The BSC Auditor noted Parties are still experiencing difficulties identifying genuine CoMC scenarios over P272² related CoMC scenarios. Other issues observed included:
- Final and initial meter readings not being sent;
 - delays in the sending of flows after a CoMC;
 - notification of Meter Information to ECOES not being sent; and
 - MTDs not being provided or inaccurate MTDs being provided.
- 2.11 At the June 2018 PAB meeting (PAB209/06) it was determined that future monitoring of the P272 migration would be performed on an ad hoc basis, while continuing to provide support and training to Parties. ELEXON agreed to investigate possible paths to reporting, including potentially being delivered through the BSC Audit.

Commissioning

² Mandatory Half Hourly Settlement for Profile Classes 5-8

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- 2.12 The BSC Auditor noted that both Licenced Distribution System Operators (LDSOs) and HHMOAs were not complying with the requirements and timelines set out within [BSCP514 'SVA Meter Operations for Metering Systems Registered in SMRS'](#) and [BSCP515 'Licensed Distribution'](#), with a considerable number of entities audited having Material issues identified. The BSC Auditor added that the root causes of the issues identified related to weaknesses in process design and a lack of training/knowledge of the requirements.
- 2.12.1 Issues relating to HHMOAs involved the MOA failing to forward the Commissioning records to the Supplier after accuracy assessment and failing to inform the Supplier of defects preventing the overall accuracy assessment.
- 2.12.2 Issues relating to the LDSO involved failing to perform Current Transformer (CT) testing within 16 Working Days (WD) of energisation and not providing testing records to the MOA.
- 2.13 Three Change Proposals (CPs) ([CP1495](#), [CP1496](#) and [CP1497](#)) have been raised to mitigate aspects of this issue, specifically to facilitate the more effective and efficient running of the Commissioning process. These changes are due to be implemented on 1 November 2018 as part of the November 2018 BSC Release.
- 2.13.1 ELEXON hosted a Commissioning education day for Market Participants on 7 June 2018. The education day was attended by 43 industry members and aimed to assist Market Participants with their understanding of Code of Practice (CoP)⁴ requirements and their obligations under P283.
- 2.13.2 ELEXON will continue to assist Parties with the P283 process during the 2018/19 audit year and will offer further support to Parties when the Commissioning dataflows are implemented on 1 November 2018.

Increasing numbers of and inadequate processes to address the backlogs of D0095³ Exceptions

NHH Standing Data Flow and Meter Reading Backlogs

- 2.14 The Non Half Hourly Data Aggregator (NHHDA) D0095 exception report provides Suppliers with details of anomalies in data provided to NHHDA Agents by N on Half Hourly Data Collector (NHHDC) and Supplier Meter Registration Service (SMRS) Agents. The report identifies irregularities in consumption data provided by NHHDC Agents and any inconsistencies in Metering System attributes. The D0095 exception report is designed to be a key control over the accuracy of data in Settlement.
- 2.15 The BSC Auditor noted that while the number of issues relating to the D0095 exception report had risen, this was in line with the increase in number of audited entities, and remained largely in line with the previous Audit.
- 2.16 ELEXON has made improvements to its training on D0095 Exceptions and will continue to monitor and resolve medium and high rated Audit Issues through EFR, where plans focus on dealing with material D0095s as a priority.

Increasing numbers of and inadequate processes to address the backlogs of D0023 Exceptions

- 2.17 This issue has in previous Audit periods been considered insignificant, but has been highlighted as a concern for the first time in the 2017/18 audit cycle. This was due to issues being identified regarding significant backlogs of unworked D0023⁴ flows. Unworked D0023s can lead to the NHHDA having to rely on default data for the Aggregation Run.
- 2.18 ELEXON will need to undertake engagement with the BSC Auditor, the PAB and industry in order to get a clear view of the factors contributing to this issue. Once this engagement has been undertaken, ELEXON will

³ Non Half Hourly Data Aggregation Exception Report

⁴ Failed Instructions

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be in a better position to determine what action would be most appropriate in mitigating the risk presented by these non-compliances. ELEXON will look to address medium and high issues with particular PAPs for D0023s through EFR.

Volumes and Monitoring of Large/Erroneous Estimates Annual Consumptions (EACs) and Annualised Advances (AAs)

- 2.19 The BSC Auditor identified a decrease in the number and severity of Settlement impacting issues relating to values of EAC and AAs that are in excess of reasonable or expected levels for their Profile Class (PC) compared to 2016/17. Based on analysis of crystallised error performed by ELEXON over the BSC Audit period, the BSC Auditor notes that the volumes unlikely to be corrected (i.e. that have passed Final Reconciliation (RF)) have decreased slightly since the previous audit year.
- 2.20 In May 2017 (PAB196/01), the changes to Settlement Risk 72 were implemented to include an amber rating, which could be obtained when a Suppliers overall gross error was below the set threshold, but 10% or more of its total error was from instances of 500MWh or higher. The expected result was to see a gradual reduction in the total gross error, as Suppliers would direct their efforts to resolving instances with a higher overall impact. This could explain the decrease in the number and severity of Settlement impacting issues relating to Large EAC/AAs in the 2017/18 Audit year.
- 2.21 ELEXON has made improvements to its internal Erroneous Large EAC/AAs monitoring and reporting processes, working more closely with Suppliers. Instances that are 500MWh or higher are reported to the Supplier; this not only helps target high-impact instances across the industry, but also helps Suppliers to identify which specific instances need resolving to prevent obtaining an amber BUSRR. ELEXON has been and will continue to monitor this area of non-compliance through its [Material Error Monitoring](#) (MEM) process.
- 2.22 ELEXON has delivered training to a number of BSC Parties of various sizes on the large/erroneous EACs and AAs process.

Issues with the Long Term Vacant ('LTV') Process

- 2.23 The LTV process allows Suppliers to enter a zero EAC for energised Metering Point Administration Numbers (MPANs) that are not consuming electricity for an extended period of time. The BSC Auditor identified that there had been a significant decrease in the Settlement impact identified of approximately 50%. This is also reflected in the decrease in number of NHHDC Agents where issues were noted from 3 entities in 2016/17 to 1 entity in 2017/18. Of the errors found, The BSC Auditor noted that the three primary areas of non-compliance in 2017/18 were:
- Zero EACs were not being entered into Settlement despite the MPAN being in LTV and zero EACs not being removed on exiting LTV;
 - MPANs being incorrectly classified as LTV and MPANs being incorrectly removed from LTV; and
 - no proactive attempts to identify/contact owner of property to obtain a reading every 215 calendar days.
- 2.24 ELEXON will also be engaging with all BSC Parties and Party Agents through EFR where the BSC Auditor has raised medium or high rated Audit Issues.

Increasing Numbers of D0235⁵s Generated and Delays in Processing D0235s Causing a Build-up in Backlogs of D0235 Exceptions

⁵ Half Hourly Aggregation Exception Report

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- 2.25 The Half Hourly Data Aggregator (HHDA) D0235 exception report provides Suppliers with details of anomalies in data provided to HHDA Agents by Half Hourly Data Collector (HHDC) and SMRS Agents. The report will identify irregularities in consumption data provided by HHDC Agents and any inconsistencies in Metering System attributes. The D0235 exception report is designed to be a key control over the accuracy of data in Settlement.
- 2.26 The BSC Auditor identified that the severity of this issue had increased since 2016/17, with two HHDCs having issues with HH data and one with a medium issue. ELEXON will be working with the HHDC in question through EFR to help it resolve its issues.

3. BSC Auditor's Summary of Market Issues

Closed Market Issues

- 3.1 Issue 5176 'Lack of documented processes at small CVAMOs' was one of the Market Issues flagged to be closed within the BSC Auditor's 2017/18 report after the BSC Auditor noted the standard of process documentation for smaller CVA agents has increased.

Improvements Identified

- 3.2 The BSC Auditor has noted improvements made in the following Market Issues:
- Lack of clarification regarding MOA BSCP requirements - CoMC (Issue: 3774)
 - Lack of documented processes at small CVAMOs (Issue: 5176)
 - Supplier Hub interaction with other BSC Agents (Issue: 5751)

New Market Issues

- 3.3 The BSC Auditor raised one new Market Issue in 2017/18, 'Missing Meter Technical Details'.
- 3.4 ELEXON has already begun investigating ways to address the issue the BSC Auditor has noted, including the new Settlement Risks under development by the PAF Review and the monthly Smart MTD report taken to PAB. ELEXON recently undertook a TAPAP audit relating to missing MTDs and will be looking to address the non-compliances identified through EFR subject to the PAB's approval of those recommendations.

4. Recommendations

- 4.1 The PAB is invited to:
- NOTE** ELEXON's response to BSC Audit opinion; and
 - COMMENT** on the actions proposed.

For more information, please contact:

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