

PUBLIC

Performance Assurance Framework Document



[Document owner]

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PERFORMANCE ASSURANCE FRAMEWORK DOCUMENT

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INTRODUCTION

This document describes how the Performance Assurance Framework (PAF) is delivered, as forward-looking proactive management of Settlement Risk.

Settlement Risk management is an important activity for the UK electricity industry: Settlement systems dealt with around 580TWh of metered energy and £1.7bn of Settlement transactions in 2017; Settlement affects Trading Party charges, and ultimately costs for customers.

The industry is subject to the rules of the Balancing and Settlement Code (BSC) and the process of managing risk to Settlement is described in BSC Section Z 'Performance Assurance'.

The goal of the PAF is to identify, assess, evaluate, control and mitigate Settlement Risk; the framework is applied to ensure consistency and efficiency.

Changes to this PAF document

ELEXON as the Performance Assurance Administrator (PAA) will be responsible for maintaining this document and reviewing it at least annually. Should this document and BSC Section Z conflict, Section Z will take priority.

How to find out more and get involved

This document is likely to be of particular interest to you if you are a BSC Party or Party Agent, and subject to the Performance Assurance Framework.

Finding out more:

- You can access all the documents described here on the ELEXON website [\[link\]](#)
- You can see information about the top Settlement Risks in the non-confidential version of the Settlement Risk Report, published for each [PAB meeting](#)
- The Annual Performance Assurance Timetable describes when the PAF activities (including your opportunities to input) will take place through the year
- Read about the top risks – how they manifest, how they can be controlled, how they are measured and what compliance looks like on the website [\[link\]](#)
- Read the Annual Performance Assurance Report for the last assurance year on the ELEXON website
- Read about anticipated impacts on the PAF from BSC or other change in the PAB meeting papers
- Check your Risk Management Determinations to understand which mitigating techniques are being applied to your organisation
- Read about the [techniques](#) to find out what you need to do if one is applied to your organisation
- Check the legal text of [BSC Section Z](#) 'Performance Assurance' on the website
- If you have any questions, you can contact paa@elexon.co.uk or ask your [Operational Support Manager](#)

You can get involved in the assurance framework by:

- Submitting comments on the Risk Evaluation Methodology, Risk Evaluation Register and Risk Operating Plan in the annual reviews, or sending your comments to ELEXON at any time
- Attending events such as industry days and the open sessions of the PAB meetings

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DEFINITIONS AND OBJECTIVES

The BSC definition of Settlement Risk (BSC Section Z 5.1.1(a)) is:

"Settlement Risk is a risk of any failure or error in a step or process required under the Code (including in each case a risk which has materialised as an actual failure or an error) for the purpose of effecting Settlement "

The PAB should take particular account of (BSC Section Z 5.1.4):

- (i) the efficient, equitable and accurate allocation of energy between Suppliers resulting from the aggregated consumption of Metering Systems for which each Supplier is responsible; and*
- (ii) the efficient, accurate and co-ordinated transfer of Metering Systems data by Performance Assurance Parties between Suppliers and Supplier Agents.*

The PAF assesses the compliance of those BSC stakeholders defined as Performance Assurance Parties (PAP) in BSC Section Z 5.1.1 (c):

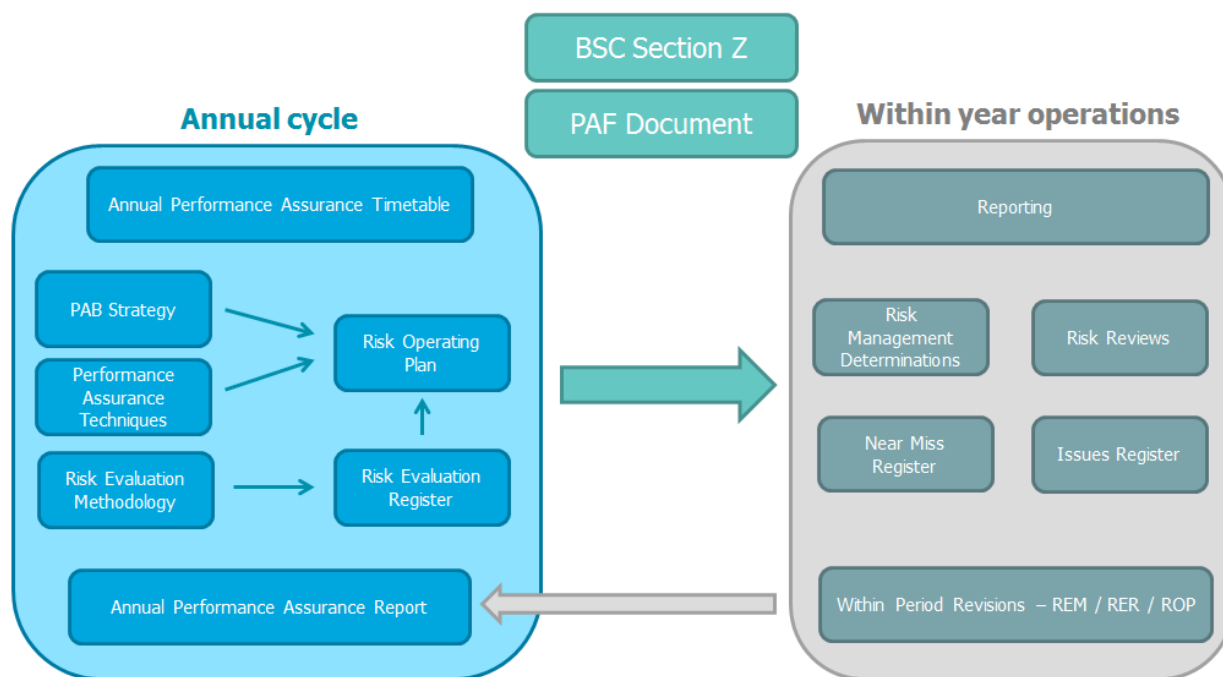
"a "Performance Assurance Party" is a Supplier, Meter Operator Agent, Data Collector, Data Aggregator, Meter Administrator, Licensed Distribution System Operator and/or a Registrant¹ "

¹ The Registrant is the person registered to the Metering System in the Central Meter Registration Service (CMRS) or the Supplier Meter Registration Service (SMRS)

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PROCESS SUMMARY

The Performance Assurance Framework is designed to support Settlement Risk management as follows:



Annual Performance Assurance Timetable

The PAB agrees a timetable (APAT) for production of the key Performance Assurance procedure documents (the Risk Evaluation Methodology (REM), Risk Evaluation Register (RER) and the Risk Operating Plan (ROP)) for the assurance year – known as the Performance Assurance Operating Period (PAOP), which runs from April to March.

The timetable describes when the documents will be issued for interested parties to comment on, and when the PAB will be asked to approve them for use.

The timetable can be revised at any time as per BSC Section Z 5.2.1.

PAB STRATEGY

Annually the PAB determines its priorities and strategy in relation to Performance Assurance. The PAA, together with the PAB Chair, draws up a draft strategy for discussion and approval by the PAB. The final strategy is presented to the BSC Panel for information. The PAB Strategy drives the Risk Operating Plan (ROP).

The Strategy may, for example:

- Review the current risk landscape and the risk themes and set a strategy for dealing with them e.g. prioritise risks of a certain type / theme or impact
- Set process priorities e.g. to enhance risk reporting, or review a mitigating technique

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- Manage costs differently e.g. reduce costs overall, or deploy more resource to a particular risk area

IDENTIFYING AND EVALUATING RISK

The evaluation methodology and the risk register

Risk Evaluation Methodology

The approach to risk identification and evaluation is described in the Risk Evaluation Methodology (REM) as directed by BSC Section Z 5.4; it is published on the ELEXON website. The PAB reviews the methodology each year and invites stakeholders to comment on it. If there are changes approved it is updated and a new version published.

The REM can be updated outside the annual review as a within-period revision. The PAB will determine if within period revisions are sufficiently material for stakeholders to be invited to comment on the changes before approval. Some examples of what might be considered (im)material are:

Immaterial:

- Change to the title of a field in the RER

Material:

- Changes to the risk impact bandings or how impact volatility is expressed

Risk Evaluation Register

The Risk Evaluation Register (RER) produced from application of the methodology above is described in BSC Section Z 5.5; it is published as an Excel workbook on the ELEXON website. The PAB reviews the risk register annually and invites stakeholders to comment on it. The PAA ensures all comments are considered and responded to as appropriate. The new version of the RER will be published when approved by the PAB.

Within-period revisions to the RER may be made. As with the REM, if the PAB determines these changes are material interested parties should be invited to comment. Some examples of what might be considered (im)material are:

Immaterial:

- Corrections or clarifications
- Addition of supporting information or controls
- Update to the movement of a risk (increasing/decreasing/stable)

Material:

- New or closed risk
- Change to impact or volatility rating
- New risk category
- Change to responsible PAP role

Some points to note on the contents of the RER:

- A change log and list of closed risks are provided for reference
- Fields are included to provide the rationale for Impact, Volatility and control ratings
- The 'target' fields (Impact and Volatility) will be populated after approval of the Risk Operating Plan
- Several fields are available to capture non-BSC information that might be useful to parties in understanding the broader context of the risk, e.g. non-BSC impacts or controls – send your ideas for additional points to paa@elexon.co.uk

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- A controls log lists all activities which could or should be used to prevent or control the risks
- An events log lists scenarios that influence Settlement processes but can't usefully be described as risks in their own right, or that affected multiple risks which would be hard to helpfully capture on the RER
- BSC and Subsidiary Document references are included to point to where compliance is described, but aren't exhaustive

The events and controls are considered alongside the Settlement Risks during reviews, to identify changes required. For potential triggers for change, see section below.

Within year risk evaluation

Risk reviews

The PAA carries out periodic reviews to identify material changes to any fields in the risk register for existing risks (e.g. clarifications and amendments or that risks should be closed, merged or split) or that new risks are emerging. The reviews could be:

- a) Scheduled – in line with the priority set, each risk could be reviewed monthly, quarterly six-monthly or annually; review schedule is available on the ELEXON website
- b) Ad hoc – for example changes in risk indicators or BSC Changes (Modifications, Change Proposals or Issues)
- c) Other triggers – for example industry developments or market data indicators

Issue Register

The PAA will maintain a register of where risks have materialised ("issues"). It is anticipated most issues will come from detective Performance Assurance Techniques such as BSC Audit issues or Technical Assurance of Metering non-compliances, or from performance monitoring that indicate required standards have not been met. The nature and number of issues will feed in to risk evaluation.

If there is an issue which is not reflective of any Settlement Risk documented in the risk register, the PAA will investigate whether an existing risk should be amended, or a new risk proposed – this may be done as a within-period revision or in the next scheduled review of the risk.

A non-confidential version of the issue register is posted on the ELEXON website. OSMs will provide information to PAPs about any issues applicable to them; issues may trigger additional assurance techniques such as a request for an Error and Failure Resolution (EFR) plan to resolve errors and mitigate the risk going forward.

Near Miss Register

A near miss is where an issue was avoided through good fortune. They can help in predicting where risks may materialise in the future so that they can be pre-emptively dealt with.

The near miss register will be particularly useful following a change, for instance implementation of a Modification or Change Proposal that entails a new or substantially different process. The PAB may ask affected parties to report near misses during preparations for or in the early days after implementation to identify where guidance, controls or further change may be necessary to prevent Settlement Risk.

Similar to the issue register near misses will be linked to risks on the risk register. If there is no appropriate risk on the register the PAB will decide if the RER should be updated. The PAB may ask ELEXON to follow up with the party

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to confirm resolution and that there have been no further occurrences, but it is unlikely further PAF action would be taken on the specific instance raised.

A non-confidential version of the near miss register is posted on the ELEXON website – redacted as necessary to maintain confidentiality.

PRIORITISING RISKS

Risk Operating Plan

The Risk Operating Plan (ROP) is described in BSC Section Z 5.6 and published on the ELEXON website as a Word document and accompanying ledger (Excel workbook). It sets out how the PAB Strategy will be implemented, states the PAB's risk appetite for each risk through target ratings (for both Impact and Volatility), and describes projected deployment of mitigating Performance Assurance Techniques (PATs)² in order to meet the target ratings. This includes an estimation of the cost of the techniques.

The ROP is reviewed annually and published for stakeholders to comment on. The PAA ensures all comments are considered and responded to as appropriate. The new version of the ROP will be published when approved.

Within-period revisions to the ROP may also be made. As with the evaluation methodology and the risk register, if the PAB determines these changes are material, interested parties will be invited to comment. Some examples of what might be considered (im)material:

Immaterial:

- Corrections or clarifications
- Removal of a planned technique deployment where a risk's Target Impact is achieved

Material:

- PAT deployment changes for a new or closed risk
- PAT deployment changes incurring cost changes over [25%]

Some points to note on the ROP:

- A change log is provided for reference within the ledger
- Some PATs are mandatory and the PAB does not exercise discretion within the year on deployment
- PAT deployment against individual PAPs is not described in the ROP – see Risk Management Determinations below
- Once the Impact and Volatility targets are approved in the ROP, they are added to the RER along with a rationale
- Techniques may be deployed against events or controls in order to mitigate Settlement Risk(s)

² PATs are "...provisions of the Code, and/or processes established pursuant to the provisions of the Code, which the Panel considers can mitigate (by detecting or preventing the occurrence, or correcting the effects, of) Settlement Risks." (BSC Section Z, 5.3.1).

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- The ROP captures at a high level the desired outcome for each planned technique deployment

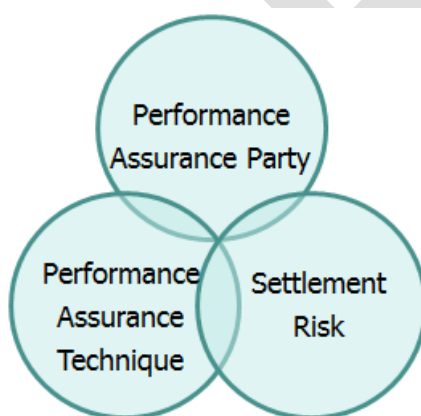
The Performance Assurance Techniques

The list of approved assurance techniques is published on the BSC website. The Panel has the authority to amend the list – a technique is defined as a PAT by being placed on this list. The PAB has the authority to 'administer' the PATs i.e. decide when and how to assign and deploy them. The PAA is responsible for deploying the PATs as directed by the PAB.

Information about all the techniques is available on the ELEXON website [[link](#)].

Risk Management Determinations

When the PAB decides to deploy a technique, as planned in the ROP, against a specific Performance Assurance Party (PAP) to mitigate a risk(s), it does so as a Risk Management Determination (RMD), as per BSC Section Z 5.7. The PAB will consider if a risk materially affects a PAP – that is if the party can contribute to controlling or preventing a risk that the PAB wants to focus on, or if the PAP is materially non-compliant or underperforming against a standard the PAB has set.



ELEXON will log the RMD in a register, which will serve as a record of PAT deployment to support future risk evaluation and reporting.

PAPs will be provided with notice of a RMD made in relation to them, with rationale; they can request a copy of their RMD register entries and discuss any questions about deployment of techniques with ELEXON. PAPs may formally challenge PAT deployment - the RMD Queries and Appeals process is set out in BSC Section Z 6.

ANNUAL PERFORMANCE ASSURANCE REPORT

The Annual Performance Assurance Report (APAR) is described in BSC Section Z 8.1. It is produced by the PAA for approval by the PAB. It is intended as a review of effectiveness of the PAF, comparing outcomes of the Settlement Risks and the PAF costs to the targets and forecasts in the PAB Strategy and the ROP. It comments on changes in, improvements to and worsening of the risk landscape, over the past year.

The report may make recommendations in relation to new PATs or amendments to PATs or other proposals reflective of the learning from events during the year. The report is sent to the Panel to note.

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Quarterly versions are produced through the year to build up a picture of movement in risks and issues.

REPORTING

Reporting to support the PAF process will be determined from time to time by the PAB. The reports will serve three main purposes:

- Risk reporting – report showing a summary of risk ratings, and more detailed reports of individual risks especially where they are increasing or decreasing in materiality or where further action may be required to meet the target ratings
- PAP reporting – reports that show individual (potential) PAP contribution to risks, and that describe the wider risk profile of a PAP
- Insight reporting – highlighting insights from various market indicators which can provide useful information about the overall health of the market, emerging risks etc.

The reports will support ELEXON, external stakeholders (PAPs) and the PAB in risk management. PAPs can speak with their OSMs about the reports available to them.

[add detail on reports when they are developed]

SETTLEMENT RISK AND BSC CHANGE

The PAA will assess all BSC Change (Modifications, Change Proposals and Issue), and consider external changes from Ofgem or other industry codes, for impact on the PAF. Any potential impacts will be fed into the appropriate review(s) of the risk register and/or operating plan – either an annual, scheduled or ad hoc review (depending on the scale of the impact and the proximity of implementation).

Change (whether implemented or rejected) could affect Settlement Risks and may present opportunities to introduce or strengthen controls and obtain new or improved data for evaluating risks. The PAB will consider any potential amendments to the RER or ROP, or other aspect of the assurance framework such as reporting.

ENGAGEMENT WITH STAKEHOLDERS

The workings of the PAF are available to interested persons in various ways. Sometimes information is actively issued to Performance Assurance Parties and other stakeholders, other times it is made available for them to access as they wish.

The PAF has many parts, and ELEXON seeks to make the PAF as accessible as possible to stakeholders, PAPs in particular. ELEXON staff including OSMs are available for questions on the PAF, and the PAF section [\[link\]](#) of the ELEXON website has links to the key documents and more.

Information issued to Performance Assurance Parties:

- Invitations to comment on the annual reviews of the REM, RER and ROP, as well as for material within-period revisions
- Risk Management Determinations and issues relevant to individual PAPs

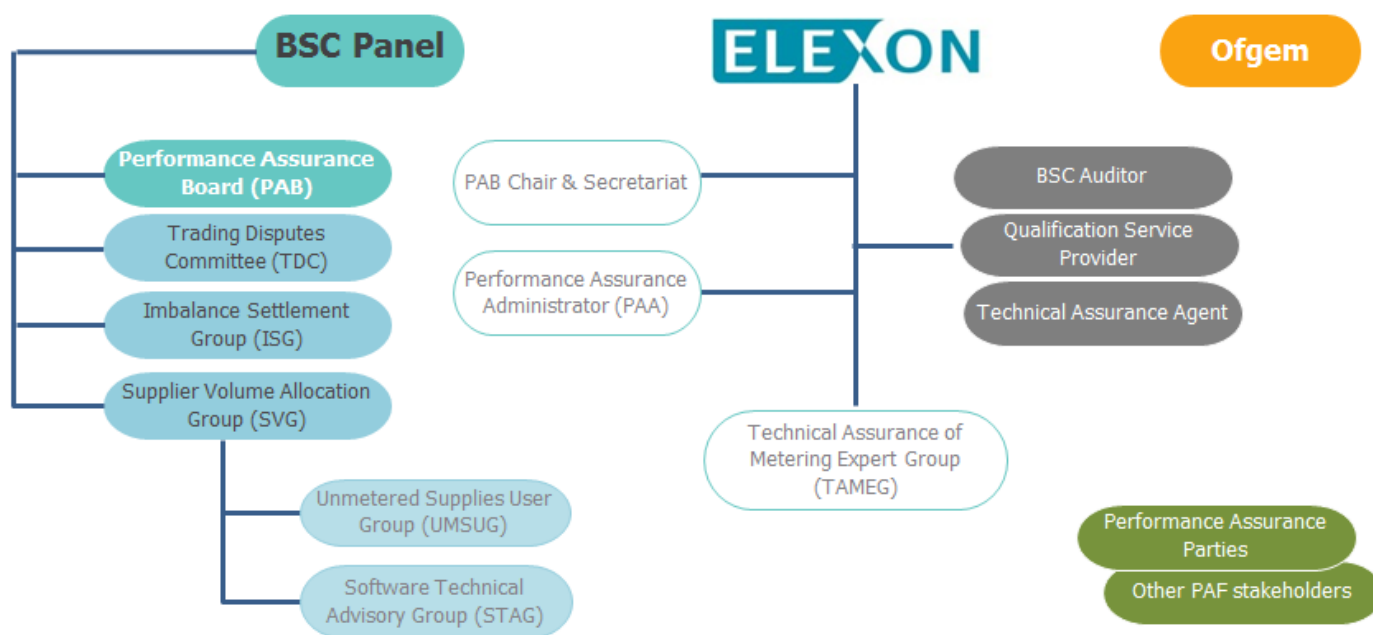
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- Risk reporting for individual PAPs
- Presentations on risks and issues, and the opportunity to discuss them with ELEXON and other stakeholders at industry events (remote attendance facilitated where possible)
- Training sessions provided on the PAF and Settlement Risk

Information available to stakeholders:

- Meeting documentation for PAB agenda items held in open session
- Non-confidential risk reporting and insight reports
- Annual Performance Assurance Report for past years
- Anticipated impacts on the PAF from BSC or other change (within PAB papers)
- Supporting detail about Settlement Risks including controls available and impacts outside the BSC

ROLES AND RESPONSIBILITIES



The Panel

The BSC Panel is responsible for independently ensuring that the terms of a multi-party contract (the BSC) are given effect and operate fairly and effectively for the benefit of all parties (or prospective parties) to the contract but

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always in favour of the greater common good in a way which is consistent with achieving the Applicable BSC Objectives in a transparent, economic, efficient and non-discriminatory fashion.³

In relation to the PAF, the Panel oversees Settlement Risk management to ensure that the policies, processes and systems are implemented effectively.

The Panel:

- Establishes the Performance Assurance Board (PAB), approves the PAB Terms of Reference (ToR) including any additional delegations (described in the ToR), approves and may remove PAB members/alternates, appoints the PAB's Panel Sponsor and appoints the PAB Chair
- Prepares and amends the list of Performance Assurance Techniques (PAT)
- In relation to the assurance techniques:
 - Approves the BSC Audit scope, and receives the Annual Report from the BSC Auditor
 - Can ask the BSC Auditor to carry out ad hoc audits/checks, including on any/all BSCPs to ensure they are appropriate to give effect to the Code according to the Panel's objectives
 - Can vary the Technical Assurance of Metering sample principles and receives the Annual Report from the Technical Assurance Agent
 - Determines what is a Trading Dispute, if has not been confirmed by the Trading Disputes Committee (TDC)
 - Establishes the threshold for Bulk Change of Agent applications (a preventative PAT)
 - Hears cases of escalation of non-compliant parties referred by the PAB. The Panel may commence Removal of Qualification (Party Agents) or Default (BSC Parties – includes suspension of rights) if the non-compliance is not sufficiently remedied.
- Issues derogations to Qualified Persons (in Party Agent roles) from obligations to comply with specified provisions (BSC Section J 3.9)
- Hears Performance Assurance Parties' Appeals to Risk Management Determinations made by the PAB
- Refers on to the relevant industry participant, body or government department, the PAB's views on matters arising on wider industry issues (where outside the BSC but impact the PAB's areas of responsibility directly/indirectly)

The Panel receives the PAB Strategy for information, and will receive reports on the PAF more generally, including where the PAF Procedure documents are presented to the PAB, primarily within the headline report from each PAB meeting and updates from the Panel's PAB Sponsor.

³ Description taken from Panel Governance Review – Initial Thought-Piece: Key Roles and Functions of the BSC Panel, April 2015 - <https://www.elexon.co.uk/group/the-panel/panel-strategy-governance/>

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The Performance Assurance Board

The PAB's primary functions are to assure accurate allocation of energy to Trading Parties, and to provide a level playing field for BSC Parties through risk-based monitoring and enforcement of compliance with BSC obligations.

The PAB provides a clear, effective and robust governance structure for the PAF. It sets the strategic direction of PAF risk management, determines Settlement Risk appetite (in the Risk Operating Plan), reviews key messages from Settlement Risk reporting and makes decisions based on this information including decisions affecting Performance Assurance Parties (Risk Management Determinations and escalations).

The PAB is responsible for discussing, reviewing and approving the:

- PAB strategy
- Annual Performance Assurance Timetable (APAT)*
- the Risk Register (RER)*
- the Risk Operating Plan (ROP)*
- Applications from Supplier for Bulk Change of Agent, and remedial actions to address any issues*
- the Risk Evaluation Methodology (REM)
- the Annual Performance Assurance Report (APAR)

The PAB:

- makes and revises Risk Management Determinations⁴ (RMD)
- hears and responds to RMD Queries

The PAB is also responsible for maintaining the:

- Issues register
- Near miss register
- Risk Management Determinations register
- record of the Delegations from the Panel to the PAB for incorporation into the PAB ToR
- record of the Delegations from the PAB to the PAA (PAB ToR, 5.2.3)

The PAB Terms of Reference are agreed by the Panel; a full list of PAB Functions is described BSC Section Z 1.4.1.

⁴ When the PAB decides to deploy a PAT within period, this is decided as part of a Risk Management Determination (RMD). A record of RMDs will be made at PAB meetings and maintained in the RMD Register by the PAB Secretary and made available on request.

* delegated by the Panel

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Ofgem

Ofgem has regulatory oversight of both the Panel and the PAB. It is an invitee to all PAB meetings.

Performance Assurance Administrator

As the PAA, ELEXON performs the day-to-day administration of the functions that have been delegated by the PAB⁵. The PAA's role is to consistently implement and maintain organisational policies, processes and systems for managing Settlement Risk, consistent with the PAB's risk appetite.

Current delegations to the PAA are:

- Establishment and maintenance of the RER and ROP (Section Z 1.4.1 (a)) – note that approval remains with the PAB
- Application and implementation of PATs in accordance with the ROP and any subsequent Risk Management Determination (Section Z 1.1.1)
- Preparation of the Annual Performance Assurance Report (Z 1.4.1 (d))
- Making recommendations to the Panel that the Code or a Code Subsidiary Document be modified (Z 1.4.1 (e)) – note that the recommendations are first approved by the PAB

ELEXON also manages the commercial and operational relationship with the three BSC Agents / Service Providers that deliver assurance functions – the BSC Auditor, Qualification Service Provider and Technical Assurance Agent.

Two key risk management functions the PAA provides:

- **Risk manager** encompasses responsibility for the design, maintenance and ongoing development of the PAF. It provides challenge and support within ELEXON and for the PAB and other stakeholders for PAF inputs and outputs, risk measurement, risk mitigation and reporting systems. Key activities:
 - Support the work of the PAB, attend PAB meetings
 - Propose strategy for risk management in the nearer and longer term
 - Propose improvements to the PAF
 - Support stakeholders in commenting on the PAF Procedures; ensure comments fully considered
 - Co-ordinate collection, analysis and reporting of key risk indicators; propose changes to risks, including emerging risks
 - Track completion and effectiveness of mitigating actions
- **Risk owner** is the active management of individual risks through regular reviews and assessing information and insights to ensure the PAF is responsive to a changing risk landscape. Key activities:
 - Review risks as per agreed review schedule or other drivers
 - Consider metrics that could be new risk indicators

⁵ Functions that cannot be delegated are listed in section 5.2.4 of the PAB ToR

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- Work with the risk manager to rate risks, propose target risk ratings and PAT deployments, and suggest changes to controls
- Review findings from techniques and suggest necessary action
- Report on risks to the PAB, parties, BSC Service Providers and publically
- Provide advice and education internally and externally on the risks
- Maintain the information in the risk register that relates to their assigned risks
- Help assess BSC / industry change to identify potential new risks or close redundant ones

Performance Assurance Parties

A Performance Assurance Party (PAP) is a Supplier, Meter Operator Agent, Data Collector, Data Aggregator, Meter Administrator, Licensed Distribution System Operator and/or a Registrant.⁶

PAPs are required by being a BSC Party or Qualified Person to comply with the BSC, and may be the subject of a Performance Assurance Technique deployment if the PAB determines a PAP could help control or reduce a Settlement Risk.

The PAA will engage with PAPs to provide guidance and share understanding of Settlement Risk both from an industry-level perspective and a PAP-specific perspective; input from PAPs is critical to the success of the PAF.

Trading Disputes Committee

The TDC is a Panel Committee, which looks after Settlement issues that arise after the final Settlement Run and to deal with Manifest Error issues. More detail can be found in BSC Section W and in BSCP 11⁷.

Trading Disputes are a remedial PAT.

Where the TDC is being hindered in its role they refer the matter to the PAB as a compliance matter for resolution. The Terms of Reference are available on the ELEXON website⁸.

Supplier Volume Allocation Group

The SVG is a Panel Committee, delegated to support the Panel in meeting its objectives with respect to all matters under the Code that relate to Supplier Volume Allocation (SVA) processes and systems. The SVG can support the PAF with guidance on technical matters and potential changes to the SVA arrangements to mitigate risk.

Any suggested improvements to processes and systems should be directed to the SVG; the committee decides on SVA Change Proposals. The Terms of Reference are available on the ELEXON website⁹.

⁶ Definition from BSC Section Z 5.1.1 (c)

⁷ BSCP 11 Trading Disputes <https://www.elexon.co.uk/bsc-and-codes/bsc-related-documents/bscps/>

⁸ <https://www.elexon.co.uk/group/trading-disputes-committee-tdc/>

⁹ <https://www.elexon.co.uk/group/supplier-volume-allocation-group-svg/>

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Imbalance Settlement Group

The ISG is a Panel Committee, delegated to support the Panel in meeting its objectives with respect to all matters under the Code that relate to Central Volume Allocation (CVA) processes and systems. The ISG can support the PAF with guidance on technical matters and potential changes to the CVA arrangements to mitigate risk.

Any suggested improvements to processes and systems should be directed to the ISG; the committee decides on CVA Change Proposals. The Terms of Reference are available on the ELEXON website¹⁰.

Technical expert groups

The Technical Assurance of Metering Expert Group ([TAMEG](#)), the Unmetered Supplies Expert Group ([UMSUG](#)) and the Software Technical Advisory Group ([STAG](#)) can support the PAF with guidance on technical matters and potential changes to the SVA arrangements to identify, evaluate and mitigate risk.

BSC Auditor

The BSC Audit provides formal Assurance in respect of Central Systems, through an ISAE 3000 Assurance Opinion. The BSC Auditor does not issue a formal ISAE 3000 Assurance Opinion in respect of SVA Parties, Agents and arrangements, rather a risk based, flexible and responsive BSC Audit scope is agreed proportionate to risk. Findings are reported as observations and non-compliances related to Settlement Risks.

The Auditor is a BSC Agent and provides a report to the Panel including the BSC Audit Opinion. More information is available on the ELEXON website¹¹.

The BSC Audit is a detective Performance Assurance Technique.

Qualification Service Provider

The Qualification Service Provider is an independent agent, who reviews the preparations of systems and processes for Qualification applicants who want to operate (or Re-Qualify after a material change) as a Supplier, Supplier Agent or Supplier Meter Registration Agent. The Qualification Service Provider drafts a report for the PAB on the readiness of applicants. More information is available on the ELEXON website¹².

Qualification and Re-Qualification are preventative Performance Assurance Techniques.

¹⁰ <https://www.elexon.co.uk/group/imbalance-settlement-group-isg/>

¹¹ <https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-techniques/bsc-audit-performance-assurance-framework/>

¹² <https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-techniques/sva-qualification-re-qualification-within-performance-assurance-framework/>

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Technical Assurance Agent

The Technical Assurance Agent carries out inspections of larger SVA Half Hourly and CVA Metering Systems to review compliance with BSC requirements and help assure the accuracy of the metered data. The TAA presents an annual report to the Panel setting out its findings and conclusions. More information is available on the ELEXON website¹³.

Technical Assurance of Metering is a detective Performance Assurance Technique.

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¹³ <https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-techniques/technical-assurance-metering-systems-within-performance-assurance-framework/>

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PAF DOCUMENTS AND DOCUMENT OWNERS

Document	BSC Section ref.	Who owns	Who Updates
Terms of Reference - Performance Assurance Board	Section B 5.3	Panel	PAB Secretary
PAB Strategy	n/a	PAB	PAA
PAF - Performance Assurance Framework document	n/a	PAB	PAA
REM - Risk Evaluation Methodology	Section Z 5.4	PAB	PAA
Performance Assurance Techniques document	Section Z 5.3	PAB	PAA
ROP - Risk Operating Plan	Section Z 5.6	PAB	PAA
APAT - Annual Performance Assurance Timetable	Section Z 5.2	PAB	PAA
APAR - Annual Performance Assurance Report	Section Z 8.1	PAB	PAA
RER - Risk Evaluation Register	Section Z 5.5	PAB	PAA
Delegations from the Panel to the PAB for incorporation into the PAB TOR	Section Z 1.2.2	PAB	PAB Secretary
Delegations from the PAB to the PAA	Section Z 1.5 and 3.1.2	PAB	PAB Secretary
Issues Register	n/a	PAA	PAA
Near Miss Register	n/a	PAA	PAA

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GLOSSARY

A glossary of terms used in the Performance Assurance Framework

Term	Definition
APAR	Annual Performance Assurance Report – A review of the PAF delivery in the last year, including results from risk mitigating activities, costs of delivering the PAF and recommendations for future risk management.
APAT	Annual Performance Assurance Timetable – a schedule for the drafting, review and approval of the REM, RER and ROP.
BSC	Balancing and Settlement Code - The Legal document setting out the rules for the operation and governance of the Balancing Mechanism and Imbalance Settlement. All licensed electricity generators and suppliers must sign up to the BSC and other interested parties may also choose to do so.
Control	A process or procedure that helps to avoid a risk manifesting or reduce its impact, and is described in the BSC or Subsidiary Documentation. For instance exception reports, validation steps, error codes. Performance Assurance Techniques are not considered as controls. In general failure to perform controls are not described as 'risks' in themselves unless the PAB determines it is useful to draw focus onto it. Failure to perform controls may however be non-compliant, and mitigating techniques could be deployed to strengthen the effectiveness of the control. Risk evaluation will take estimated control strength into account.
CMRS	Central Meter Registration Service - The service for registration of data relating to CVA Metering Systems maintained by the Central Data Collection Agent
CVA	Central Volume Allocation - those processes affecting metering systems registered in the Central Meter Registration Service, and the processing of data that leads to allocation of energy to BM Units, Interconnectors, Grid Supply Points (GSP) and GSP Groups.
EFR	Error and Failure Resolution – a remedial PAT, where Performance Assurance Parties are requested to provide a resolution plan for non-compliances
ISG	Imbalance Settlement Group – Panel sub-committee supporting CVA systems and processes
Issue Register	A register of risks that have materialised; maintained by the PAA
Key risk indicator	Data items that provide information about the at risk population, failure rates, error volumes and other metrics, for risk identification and evaluation
Near Miss Register	A register of instances where risks nearly materialised; maintained by the PAA
OSM	Operational Support Manager – ELEXON staff offering dedicated operational support to BSC Parties and Party Agents
PAA	Performance Assurance Administrator – ELEXON's role performing the day-to-day PAF

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	administration functions delegated by the PAB, including implementing and maintaining organisational policies, processes and systems for managing Settlement Risk, consistent with the PAB's risk appetite
PAB	Performance Assurance Board – Panel sub-committee that conducts and administers activities to provide assurance that all participants in the BSC arrangements are suitably qualified and that the relevant standards are maintained
PAB Strategy	A document prepared annually by the PAB to set the strategic direction and focus of the PAF
PAF	Performance Assurance Framework – the governance and administration structure that delivers assurance through risk identification, evaluation and mitigation
PAF Procedures	The elements of the assurance framework described in BSC Section Z <ul style="list-style-type: none"> • Annual Performance Assurance Timetable (APAT) • Risk Evaluation Methodology (REM) – the “evaluation methodology” • Risk Evaluation Register (RER) – the “risk register” • Risk Operating Plan (ROP) – the “operating plan” • Risk Management Determinations (RMD) • Annual Performance Assurance Report (APAR)
PAOP	Performance Assurance Operating Period – the assurance year which runs from April to March
PAP	Performance Assurance Party – the roles defined under the BSC that are subject to the PAF
PARMS	Performance Assurance Reporting and Monitoring System – System that collects and reports on defined performance standards, as specified in the BSC and BSCP 533
PAT	Performance Assurance Technique – an incentive, preventative, detective or remedial activity that the PAB can deploy to mitigate Settlement Risks
Qualification Service Provider	A Service Provider appointed to review applications for Qualification and Re-Qualification by those parties operating in relevant roles
REM	Risk Evaluation Methodology – the methodology for identification and evaluation of Settlement Risk
RER	Risk Evaluation Register – the log of identified Settlement Risks
RMD	Risk Management Determination – the decision taken by the PAB to deploy a PAT to a PAP
ROP	Risk Operating Plan – the PAB's plan of PAT deployment to mitigate Settlement Risks to reflect the PAB's risk appetite
SMRS	Supplier Meter Registration Service - The service for registration of data relating to SVA Metering Systems provided by each Licensed Distribution System Operator
SVA	Supplier Volume Allocation - Panel sub-committee supporting SVA systems and processes
SVG	Supplier Volume Allocation Group - Panel sub-committee supporting SVA systems and

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	processes
TAA	Technical Assurance Agent – A BSC Agent appointed to deliver Technical Assurance of Metering
TAM	Technical Assurance of Metering – a detective PAT, delivered by the TAA by inspections of Half Hourly SVA and CVA Metering Systems and associated records
TAPAP	Technical Assurance of Performance Assurance Parties – a detective PAT, usually delivered by ELEXON through targeted audits
TDC	Trading Disputes Committee - Panel sub-committee supporting the Trading Disputes processes
ToR	Terms of Reference – ToR for the PAB and other Panel sub-committees are available on the ELEXON website