

RISK EVALUATION REGISTER 2019/20

MEETING NAME Performance Assurance Board

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Purpose of paper For Decision

Classification Public

Summary This paper presents the Risk Evaluation Register for the 2019/20 Performance Assurance Operating Period for the PAB's approval prior to issuing to stakeholders for comment.

1. Introduction

- 1.1 As required in the Balancing and Settlement Code (BSC) section Z5.5.3, we review the risk register (the Risk Evaluation Register – RER) annually, ready for the start of the new assurance year on 1 April. We use the approved Risk Evaluation Methodology (REM) to identify and evaluate the Settlement Risks. The PAB consults with stakeholders on the Settlement Risks (risks), before approving the register for use.
- 1.2 If the PAB endorses the RER, we will issue it for industry consultation in the week of 3 December 2018, with a deadline for responses on Friday 21 December.

2. The Risk Evaluation Register

Approach to reviewing RER for 2019/20

- 2.1 The risk register for 2019/20, and the evaluation methodology have been substantially revised under the current PAF Review. Full details are available within [September 2018](#) PAB papers 212/06 and 212/10.
- 2.2 We revised the methodology and register to meet the objectives of the PAF Review, to make it more relevant and accessible to stakeholders.
- 2.3 There are now 34 risks (down from 208), a forecasted financial impact for each risk, and a new format of the register with additional fields to provide useful information about each risk.
- 2.4 We have consulted with the [Issue 69](#) working group and presented a draft of the risk register (without impact values) to the PAB, and a PAB sub-group, who have all endorsed it.

Key points to note

- 2.5 The risks are described at a higher level than previously with the main failure points that can cause each risk to occur listed as "Risk Factors" under each risk. The risks are allocated to one of four categories, and assigned a sub-category to make it clearer what area of Settlement the risk relates to.
- 2.6 The risk materiality is expressed as an Impact value (£) and a Volatility rating (the potential variance to the forecasted value, due to uncertainties) - this is described in more detail in the REM. To confirm, the Impact is an informed estimate of the impact on Settlement anticipated in the coming year without additional mitigation activity. This forecast allows risks to be sized, compared and prioritised for risk mitigation.
- 2.7 Key risk indicators are described, which are the primary sources of information used in evaluating the Impact value. Some risks have multiple sources of information about the potential at-risk population, failure rate and average error per failure (e.g. Performance Assurance Reporting and Monitoring System (PARMS) Serials, analysis of data flows, Trading Disputes, Technical Assurance of Metering audit findings, Supplier

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Meter Registration Service extracts, planned and likely changes). Other risks have limited information. Where this is the case, we need to make more assumptions to estimate the likely Impact in the coming year.

- 2.8 ELEXON has drafted supplementary 'risk evaluation supplementary information' for each risk which describes how the Impact and Volatility has been calculated.
- 2.9 The risk register contains blank fields that we will populate as part of the Risk Operating Plan. These fields contain the target Impact and Volatility that are aimed to be achieved through deployment of the mitigating techniques.
- 2.10 The Performance Assurance Parties relevant to the risk have been split into:
 - those roles that could cause the risk; and
 - those responsible for a control.
- 2.11 Primary BSC and BSCP clauses relevant to the risk and its root causes are listed; this is not intended to be exhaustive but will indicate where you can find out more about what the compliant process looks like.
- 2.12 Supporting information fields have been included to describe impacts from the risk outside of the BSC (e.g. how parties may experience the consequences of the risk) and non-BSC controls that parties could consider employing to further mitigate the risk.
- 2.13 The RER is in an Excel workbook format that also contains:
 - a) a list of BSC controls that can help mitigate the risks;
 - b) a list of "events" which may also influence the risks and which the PAB may wish to take steps to control; and
 - c) a change log to provide a history of when and how the register has been amended.

3. Next steps

Risk Evaluation Register

- 3.1 If the PAB endorses the RER 2019/20, it will be published on the ELEXON website and stakeholders invited to comment on it, along with the risk evaluation supplementary information described above.
- 3.2 ELEXON will hold a webinar and invite interested stakeholders to dial in to hear a presentation on the risks, and ask questions to support their consultation responses. 25 attended the REM consultation webinars in October.
- 3.3 The consultation responses will be assessed and a final RER presented to the PAB in January 2019. Changes to the risk register after approval in January can be progressed as within-period revisions.

Risk Operating Plan

- 3.4 The draft Risk Operating Plan (ROP) will be drawn up for the PAB to endorse for stakeholder consultation at the January meeting. It is planned that a schedule of risk reviews will be agreed alongside the ROP, to give a guide on how often each risk should be re-evaluated based on latest information available.

4. Recommendations

- 4.1 We invite you to:
 - a) **ENDORSE** the draft RER 2019/20; and
 - b) **AGREE** to publish the draft RER for consultation.

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Attachments

Attachment A – Risk Evaluation Register 2019/20 consultation questions

Attachment B – Risk Evaluation Register 2019/20 (Excel workbook)

Attachment C – Risk Evaluation Supplementary Information sheets (1-34)

For more information, please contact:

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