SVA AGENT APPOINTMENTS

This document outlines the methodology used to assess the Settlement Risk related to SVA Agent appointments.

We are not seeking to exhaustively outline all aspects considered during this assessment; our aim is to draw out the main data items considered and any key assumptions when estimating a future impact range.

The risk that... Agents are not appointed or de-appointed correctly, such that SMRS is not complete or up to date, members of the Supplier Hub do not hold the correct MPID of other Hub members or the appropriate agents are not appointed **resulting in...** Estimated data in Settlement

Estimated impact in 2019/20

Lower	Middle	Upper
£1.3m	£3m	£5.9m

Category: Registration and appointments

Sub category: Agent appointments

Covers: Change of Supplier / Agent, New connection, Change of Measurement Class

Does not cover: Meter Administrators

At risk population

As part of this assessment, we seek to understand the population at risk in the upcoming period, i.e. how many times will the underlying process occur where the risk can manifest.

The at risk population for this risk is changes of Meter Operator Agent (MOA) and Data Collector (DC), HH and NHH, concurrent or distinct.

Data point considered

Quarterly extracts from the Supplier Meter Registration Service (SMRS) that ELEXON receives, show change of agent (MOA and DC) events. For the most recent full years available:

Market	2016/17	2017/18
HH 100kW	32,278	30,997
HH sub-100kW	64,540	111,632
NHH	8,873,771	8,270,410

Forecast

Below are the key considerations and assumptions when forecasting the at risk population in the 2019/20 period:

- NHH and HH 100kW CoA events will remain relatively static; a reasonable forecast equates to the average of the previous two years was 8.5m and 32,000 respectively.
- HH sub-100kW CoA events will be significantly fewer as the exercise to move the NHH Profile Class 5-8 meters to HH has now completed (see Modification P272). Therefore we estimate a similar proportion in future of CoAs as for the HH 100kW market, at approximately 40,000.

Failure rate

From the population at risk, we need to estimate the proportion where the risk will manifest, i.e. the failure rate. To do this, we assess historical performance in the area and consider any upcoming changes that have the potential to impact future performance.

SVA AGENT APPOINTMENTS

Data points considered

When assessing historical performance in the area, we used SMRS quarterly extracts, which provide a view of the percentage of CoA events where the change was notified late, by reviewing the Effective From Date of the change and the date the change was made in SMRS.

Market	2016/17	2017/18
HH 100kW	3.07%	2.44%
HH sub-100kW	2.67%	2.00%
NHH	0.18%	0.48%

Note:

- We have focused on the impact of late appointments on a change of MOA or DC. As there are central controls surrounding Data Aggregators' (DA) appointments via SMRS, there will always be a DA appointed to a site and therefore the risk appears less significant.
- We have assessed historical failure rates through late appointments. This does not cover where appointments are currently missing.
- This assessment covers the direct appointment of agents (i.e. through D0155 data flows). We have not assessed the impact for missing/late notification of changes (i.e. through D0148 data flows), as it is assumed generally immaterial, as concluded by the Technical Assurance audit in 2017/18.

Forecast

Below are the key consideration and assumptions when forecasting failure rates in the 2019/20 period:

- The failure rate for CoA events will remain static from the most recent data available at 2.44%, 2.00% and 0.48% for the HH 100kW, HH sub-100kW and NHH market segments respectively.
- There will be a similar failure rate and days impacted for new connections as that estimated for existing connections.

Impact

To estimate the impact of a risk we need to understand the days impacted and error volume on average per instance. We have derived this data from the SMRS extracts.

Average days impacted

Market	2016/17	2017/18
HH 100kW	82	112
HH sub-100kW	36	78
NHH	125	112

Average error per day

When estimating the error per day, we used the standard rate card related to estimated data. Please see the rate card for estimation inaccuracy for more details.

We convert the error volume into a monetary value by the forecast system buy and sell price for the upcoming period.