

CVA REGISTRATIONS

This document outlines the methodology used to assess the Settlement Risk related to the registration of Central Volume Allocation (CVA) Balancing Mechanism (BM) Units, Grid Supply Points (GSPs), Distribution Systems Connection Points (DSCPs) and Interconnectors. 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... a Volume Allocation Unit (VAU) is registered incorrectly or not at all such that the Central Data Collection Agent (CDCA) does not collect any or the relevant data **resulting in...** erroneous, estimated or missing data in Settlement.

Category: Registration and Appointments

Sub category: Registration

Covers: Registration of a new BM Unit, Transfer of an existing BM Unit registered in SVA to CVA, ,De-registration of a CVA VAU, Transfer of a CVA BM Unit to SVA

Does not cover: Errors at an existing site which are covered by Risk 020 Metering Equipment installation, programming, maintenance and commissioning and Risk 023 Fault resolution.

Estimated impact in 2019/20

Lower	Middle	Upper
£0	£483k	£2.4m

Please note: The impact is based on an unregistered CVA VAU, either caused as a new connection or a failure in the SVA to CVA transfer process. Failure in the de-registration process has not been estimated as the main failures we see with the de-registration process is Metering being removed prior to de-registration. In this scenario the CDCA estimates the data in line with the process in the BSCP meaning that there is no Settlement impact.

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 the registration of new VAUs, the de-registration of VAUs and the transfer of BM Units from SVA to CVA and vice versa.

Data point considered

To identify previous registration and de-registration of VAUs and registration transfers we analysed the data for the 2016/2017 and 2017/2018 periods from our registration tracking database.

	2016/17	2017/18
Number of CVA reg/de-reg/transfers	74	63

Forecast

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

- National Grid's [Transmission Entry Capacity \(TEC\) register](#) gives an indication of the number of directly connected BM Units current planned to connect in the 2019/20 period, however the dates in this could change and it only gives a subset of the registrations included in this risk.

CVA REGISTRATIONS

- We often do not receive notice of embedded BM Unit registration and registration transfers until between three months and six weeks before the energisation date. We normally receive notice of changes at GSPs a year in advance.
- We have therefore forecast using an average of the CVA registrations, de-registrations and transfers seen over the last two years giving a mid-point of 69 transfers and a range of 59 to 79 transfers.

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.

Data points considered

When assessing historical performance in the area, we considered:

- Trading Disputes relating to errors in the registration of CVA VAU
- BSC Audit issues

In the 2015/15-2017/18 Audit year there was a single low rated Audit issue at one CVA Meter Operator Agent (MOA) spanning two Audit periods. There was an average of 13 CVA MOAs audited. The Audit issue related to the delay in sending Meter Technical Details for new connections. This was not Settlement-impacting as although the Meter Technical Details were sent later than the BSC timescales, they were sent prior to the energisation of the site. ELEXON would not give approval for the connection to be energised without Meter Technical Details being received. Therefore BSC audit data has not been included in the calculation of the failure rate.

There have been two Trading Disputes relating to failure in the registration of VAUs since 1 April 2015:

- A)
 - Effective From and To Settlement Dates: 11/7/14 - 5/6/16
 - Impacted days: 695
 - Total materiality: £2,400,000
 - Annualised materiality: £1,260,432
- B)
 - Effective From and To Settlement Dates: 1/1/09-1/2/18
 - Impacted days: 3318
 - Total materiality: £6,000,000
 - Annualised materiality: £660,036.

	2015/16	2016/17	2017/18
Number of Trading Disputes affecting Settlement days in the year	2	1	1

Forecast

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

- Although the table above shows at least one Trading Dispute relating to this risk in each period, there were no new Trading Disputes relating to the risk raised in 2016/17; the one raised in 2017/18 affects the whole of the 2016/17 period.
- Therefore we have forecast a mid-point of 1 Trading Dispute in the 2019/20 year and a range of zero to two Trading Disputes.

CVA REGISTRATIONS

Impact

To estimate the impact of a risk we need to understand the days impacted and error volume on average per instance.

Average days impacted

Both Trading Disputes that relate to this risk have lasted over one year so our estimate for the maximum length of time that risk could affect is 365 days, i.e. the whole period.

Registration errors, if noticed quickly can be resolved before RF without the need of a Trading Dispute. There is one example of this in the last three years where the CTs were wired round the wrong way meaning that import was collected as export and vice versa. This was noticed quickly but it took seven months to resolve. Therefore we have estimated the mid-point average days impacted to be 210.

We have estimated the lower number of days impacted to be 50. This assumes that the error is noticed quickly and quickly resolved on site and/or in the Central Registration Agent (CRA) and CDCA systems. We do not have any data that this figure relates to.

Average error per day

The average error per day has been calculated as

Lower	Middle	Upper
36.166	44.391	52.616

- The lower figure was calculated by dividing the lowest annualised materiality of £660,036 by 365 by 50 (as an average price per MWh)
- The middle figure was calculated by dividing the average annualised materiality of £810,135 by 365 by 50.
- The upper figure was calculated by dividing the highest annualised materiality of £1,920,468 by 365 by 50.

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