

DRAFT

Senior Management Acknowledgement of SVA Risk and Obligations

[Performance Assurance Party and/or Supplier Name]

[Date]

[Dear Senior Stakeholder]

The following letter aims to raise the profile of the Balancing and Settlement Code (BSC); its Code Subsidiary Documents; and to highlight the importance of Settlement performance. The BSC is a legally binding document which defines the rules and governance for the balancing mechanism and imbalance settlement processes for the electricity industry within Great Britain where your organisation operates one of a set of defined roles.

At the Performance Assurance Board's (PAB's) January 2019 meeting (PAB216), the PAB agreed to ask all Performance Assurance Parties (PAP) within scope of the [Process Assessment portion](#) of the BSC Audit to carefully read and sign the attached letter, confirming receipt, understanding and acknowledgement of the information included herein.

Management

You should identify a Senior Manager or Director accountable for each business area against which a BSC Audit Issue or Settlement Risk may be assigned (for example a metering manager for metering related issues). The signing of this letter will provide an acceptance on behalf of the identified Senior Manager(s) and/or Director(s) of their responsibilities under the BSC and of the acknowledgements set out below.

Audit Issues

Appendix 1 outlines Settlement impacting Audit issues identified by the BSC Auditor at your organisation for the 2018/19 audit period (if any). These issues have been reviewed internally by ELEXON and the factual accuracy of these issues was agreed with your team at your BSC Audit close meeting.

We would like to highlight that unresolved Settlement issues have the potential to cause wider regulatory, operational, reputational and/or financial impact to your organisation and other parties.

Appendix 1 includes recommendations your organisation should consider to support the resolution of the issues identified through the 2018/19 BSC Audit.

Should you have any further questions about this letter, please contact ELEXON at BSCAudit@elxon.co.uk

Yours sincerely,

[PAB Chair]

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Appendix 1. Settlement Impacting BSC Audit Issues identified by BSC Auditor in 2018/19

The first three columns under *Audit Issue(s)* below outlines settlement impacting BSC Audit issues which have been agreed with your representatives as part of BSC Audit clearance meeting.

The following four columns (*Potentially Associated Settlement Risks*) outline potential Settlement Risks of ELEXON's Performance Assurance Framework which may be related to these Issues and is provided for information only. This has been done to draw your attention to some of the wider impacts which could result from such Audit Issues. There may be instances where multiple or different Settlement Risks are associated with the relevant testing program and neither ELEXON or the BSC Auditor make any guarantee that the Settlement Risks noted below are the most relevant risks to each Audit Issue above. It is our intention however that in most instances this should be the case.

Further detail regarding Settlement Risks including key drivers and information regarding how ELEXON calculated the gross material market impact can be found by following the links provided against each risk within the table below.

Audit Issue(s)			Potentially Associated Settlement Risks			
Issue	Root Cause	Recommendation	Category	Sub-Category	Risk Title – “The risk that...”	Estimated Market Wide Impact (Gross)
Issue ID# 'Example short title'	Example Root Cause	Example Recommendation	Example Category	Example Sub-Category	The risk that... resulting in. [Hyperlink to Risk Summary Sheet]	<i>Lower:</i> £example <i>Plausible:</i> £example <i>Upper:</i> £example
“			“	“	“	“
“			“	“	“	“
“			“	“	“	“
“			“	“	“	“



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Appendix 1. No Settlement Impacting Issue having been identified in BSC Audit. Appendix is unused.

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Senior Management Acknowledgement of Risk and Obligations – Response

[Date]

Dear [PAB Chair]

Audit Issues

I confirm that I and the Senior Management team, outlined below, have read and understood your letter (dated [Date]) including Appendix 1 setting out 2018/19 BSC Audit Issues.

Acknowledgment

We acknowledge that as a Performance Assurance Party, we have certain responsibilities under the Balancing and Settlement Code, as set out in the Code and specifically in the Balancing and Settlement Code Procedures (BSCPs).

We have provided the BSC Auditor with access to all information, data and records of which we are aware are relevant to enable the BSC Auditor to properly undertake the BSC Audit in accordance with its terms of reference, and as required under the Code pursuant to Section H 5.5

We have disclosed to the BSC Auditor all known instances of material* non-compliance or suspected settlement impacting non-compliance with the Code in respect of our role, being audited by the BSC Auditor as part of the agreed scope for the 2018/19 audit.

**for guidance the materiality level is 1.2 TWh as agreed by the Panel and as set out in the BSC Audit Scope 2018/19 document.*

We also acknowledge our obligation to co-operate with ELEXON in order to ensure the timely resolution of any and all Audit Issues identified, such that the material impact of these issues may be mitigated to the greatest extent practicable.

Management

The table below is a list of accountable Senior Managers under each Business Area:

Business Area	Accountable Senior Manager	Job Title
Metering	[...]	[...]
Billing	[...]	[...]
Settlement	[...]	[...]
Data Retrieval/Processing	[...]	[...]

[Senior Stakeholder, Signature]