

TECHNIQUE REVIEW RECOMMENDATIONS – TECHNICAL ASSURANCE OF METERING

MEETING NAME	Performance Assurance Board
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Date of meeting	28 February 2019
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Owner/author	Nathan Flood
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Purpose of paper	Decision
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Classification	Public
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Summary	This paper details recommendations for changes to the Technical Assurance of Half-Hourly Metering Systems identified as part of the Performance Assurance Framework (PAF) Review. It seeks the Performance Assurance Board's (PAB's) approval to implement a number of changes to the technique.
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1. Background

ELEXON sought stakeholder feedback prior to the PAF Review commencing. Stakeholders, both internal and external, did not raise fundamental concerns with Technical Assurance of Metering (TAM) as a technique within the assurance framework's toolkit; it was seen as an important aspect to monitor key risks. However, feedback suggested that random sampling may not be the best use of the technique, the current sample size could be too small to provide a view of potential risks areas, and that the annual report lacks detail around those risk areas.

Stakeholder feedback contributed to the scope of the TAM review, which was approved by the Panel in March 2017 and focuses on reviewing the sampling methodology and size, the way in which we scope, resource and deliver the technique, and reviewing the relationship between the three audit techniques.

2. Overview of findings

The review has found that the TAM technique continues to be a valuable element of the assurance framework. It is the primary technique that provides assurance over the quality of Metering System installations, which we consider one of the most significant risks to Settlement at this time. However, we have identified a number of opportunities to improve how the technique is scoped and delivered to facilitate a risk-based approach that remains proportionate to the perceived risk.

3. Recommendations summary

Audit scope

The review of TAM has noted that the deployment of the technique has remained relatively static for several years. However, the BSC provides an element of flexibility in setting the scope of each audit at the discretion of the PAB, with additional flexibility at the discretion of the Panel.

When determining the TAM audit scope through Risk Operating Plan (ROP), we are recommending that the available flexibility is considered to focus on areas of greatest risk. For example, this could be certain market segments, such as high voltage sites or following key risk events such as Metering Equipment changes. We also recommend that the Panel is requested to delegate its discretion to vary the scope of TAM to the PAB, to ensure the scoping exercise can be undertaken in an efficient manner.

Sample size

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As with the scope, the principles used to determine the sample size have remained relatively static. The review has identified various considerations, when determining a sample size for TAM, that largely depend on the scope of each audit and how certain we want to be in the findings.

We are recommending that we review the sample size for TAM each year in line with the scoping exercise and apply statistical rigor and best practice to ensure we are able to achieve the desired objectives.

Lower intensity audits

The current TAM technique is focused around inspections at the sites where Metering Equipment is installed; however, we are recommending that the scope of TAM be extended to include lower intensity desktop audits. Whilst we acknowledge that such desktop audits will provide less assurance than an onsite inspection, we feel that it would be a useful addition to the technique to provide pragmatic and cost effective assurance. This would require a BSC Modification to the TAM technique.

Coordination with other audit techniques

Following discussions with stakeholders, we do not feel it necessary to formally merge the audit technique processes to increase their interaction. There is existing flexibility within the audit techniques that allows us to look at an issue from different perspectives.

We recommend taking advantage of the existing flexibility within the audit techniques (BSC Audit, TAM and Technical Assurance of Performance Assurance Parties (TAPAP)) to ensure no duplication of effort and that the relevant expertise for the testing involved is deployed.

Non-compliance categorisation

Currently, there isn't a great deal of focus on Category 2 non-compliances, i.e. non-compliances that were deemed not to be impacting Settlement at the time of inspection. However, we feel that a subset of these non-compliances can provide insights into potential risk areas and underlying process issues. Therefore, we recommend that analysis is performed on Category 2 non-compliances to understand the potential for Settlement impact and any trends and root causes in non-compliances.

Comparison of audit results

The Issue 69 Working Group were keen to explore the use of Public Peer Comparison¹ of audit results. However, the BSC only allows Public Peer Comparison on Performance Assurance Reporting and Monitoring System (PARMS) serials and there are no current serials related to the TAM audit. We could perform anonymised comparison of audit results, as is currently done within the BSC Audit technique, although the current sample size may not support meaningful and equitable comparisons for Category 1 non-compliances.

We recommend that Public Peer Comparison of TAM audit findings be considered as part of the Peer Comparison technique review in autumn 2019. In the meantime, if the PAB intends peer comparison to be deployed for TAM audit findings, an assessment of the required sample size should be undertaken.

Engagement

We note issues with participants not engaging with the technique when attending site and rectifying non-compliances. In addition, we note that systems limitations do not allow Commissioning non-compliances to be assigned to the correct participant, which also has the potential to negatively impact engagement. The comparison

¹ Please note that Peer Comparison is a Performance Assurance technique that publishes comparisons publically. When we refer to peer comparison (lowercase) it is implied that comparisons will be anonymised and will not be conducted as part of the Peer Comparison technique.

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of audit results may incentivise improved engagement with the technique. We are progressing system changes to allow non-compliances to be assigned to the appropriate participant. We recommend that efforts are continued to increase engagement with the technique.

EFR and escalation

EFR could be deployed where non-compliance is the symptom of a wider systems or process issue. This would enable analysis of root cause and identification of best practice and tighter controls. There is sufficient provision within BSCP27 to escalate issues to the PAB. Using the existing escalation routes, where deemed appropriate, could increase engagement with participants and speed up the rectification of issues. We recommend that, where there are delays in rectification or they present a significant impact on Settlement, we manage Category 1 non-compliances through EFR. Consideration could also be given to escalating to the PAB.

Risk profile

The Issue 69 Working Group were keen to explore whether cross-code audits could be combined to reduce the burden of participants supporting audits. We found that there was limited scope for combining audits due to their differing purposes and selection criteria. However, we did note that the results of other audits, specifically the Capacity Market and Meter Operation Code of Practice Agreement (MOCOPA) audits, could assist in building a risk profile for participants. We recommend that we continue to explore the possibility of sharing the findings from the Capacity Market and MOCOPA audits to support building a risk profile for each participant.

4. Recommendations

4.1 We invite you to:

- a) **APPROVE** the recommendation to put additional focus on the annual scoping exercise for TAM;
- b) **APPROVE** the recommendation to propose that the Panel delegates its discretion to vary the scope of TAM to the PAB;
- c) **APPROVE** the recommendation to review the sample size each year as part of scoping exercise;
- d) **APPROVE** the recommendation to propose to the Panel that a BSC Modification is raised to include desktop audits in the scope of TAM;
- e) **APPROVE** the recommendation to apply audit techniques in a complementary way.
- f) **APPROVE** the recommendation to undertake analysis on Category 2 non-compliances.
- g) **APPROVE** the recommendation to consider public Peer Comparison of audit results as part of the detailed Peer Comparison review in autumn 2019.
- h) **APPROVE** the recommendation to continue to make efforts to increase engagement with the technique.
- i) **APPROVE** the recommendation to manage Category 1 non-compliances through EFR if there are delays in rectification or they present a significant impact on Settlement.
- j) **APPROVE** the recommendation to continue to explore the possibility of sharing the findings from the Capacity Market and MOCOPA audits to support building a risk profile for each participant.

Attachments

Attachment A – TAM Recommendations Report v1.0

For more information, please contact:

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