

PUBLIC

# Supplier Charges – Part 1

PAF Review Recommendations

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## EXECUTIVE SUMMARY

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Supplier Charges is a remedial assurance technique within the Performance Assurance Framework (PAF). It compensates the loss BSC Parties (predominantly Suppliers) suffer from others' underperformance. It also incentivises compliance with the standards where Suppliers can avoid paying Supplier Charges, and potentially receive a net payment from redistribution of the charges.

ELEXON is undertaking a review of the PAF and one workstream is looking at the assurance techniques, including Supplier Charges, to consider each technique and also how they function together as a set of mitigating tools the Performance Assurance Board (PAB) can deploy against Settlement Risks.

The main Supplier Charge review is due to commence in August 2019; ahead of this, ELEXON has done an initial assessment of whether this type of technique does potentially have a role within the PAF going forward (i.e. should it be discontinued), and the extent of changes that may be required to ensure it is effective and flexible.

Our conclusion is that a compensation mechanism could be an effective technique in the PAF toolkit for the PAB to use to manage risk to Settlement; however substantial changes are likely to be necessary to achieve this.

We therefore propose to proceed with the main review of Supplier Charges in August 2019, to examine all aspects of the current approach and alternatives which could increase its effectiveness. Details of the full review will be available on the ELEXON website.

## INTRODUCTION

### Supplier Charges

Supplier Charges is a remedial technique within the Performance Assurance Framework (PAF). It is designed to be a compensation mechanism for loss affecting BSC Trading Parties (predominantly Suppliers) due to underperformance against key Settlement metrics by other Suppliers. The mechanism is based on a calculation of the [genuine pre-estimate of loss](#) suffered. It also has an incidental incentive function through avoidance of having to pay Supplier Charges by minimising underperformance, and/or receiving a greater amount in redistribution than is paid in.

The process, responsibilities and governance are set out in the BSC and subsidiary documents, primarily BSC Sections S and Z, BSCP536 'Supplier Charges' and the PARMS User Requirement Specification. Therefore any changes would require Modification(s) and/or Change Proposal(s).

There are currently six Supplier Charges; four relate to performance measures (Serials within the Performance Assurance Reporting and Monitoring System (PARMS)) and two relate to completeness of PARMS data:

Serial	Serial Description	Standard
SP01	Delivery of Routine Performance Monitoring Reports	Zero Working Days that a full set of PARMS Reports has not been submitted into PARMS
SP02	Delivery of Routine Performance Monitoring Logs	Zero Working Days that Drill Down or Ad-Hoc data has not been submitted to the Performance Assurance Administrator
SP04	Installation of Half Hourly (HH) Metering	Zero Calendar Days where a mandatory HH Meter has not been installed
SP08a	Percentage of Non-Half Hourly (NHH) Energy Settled on Annual Advances	R3 – 80% RF – 97%
SP08b	Percentage of HH Energy Settled on Actual Readings	SF – 99% R1 – 99%
SP08c	Percentage of non-mandatory HH Energy Settled on Actual Readings	RF – 99%

The total charges any one Supplier can incur are capped according to market share, and amounts collected are redistributed to Trading Parties (10%) and NHH Suppliers (90%) in proportion to their [individual market share](#).

More information is available on the [BSC website](#).

### Previous reviews

The last significant attempt to review Supplier Charges was in 2004, when [Modification P157](#) 'Replacement of current Supplier Charges rules' was raised to progress the findings of [Issue 6](#) 'Appropriateness of the Current Supplier Charging Mechanism'.

The solution was to:

- retain Supplier Charges on the Serials listed in the table above
- introduce a new methodology for calculating values that represented a genuine pre-estimate of loss
- have a cap for SP08 Serials only of a specified amount
- cease SP01 and SP02 charges after 12 months
- maintain existing redistribution approach

The alternative solution was the same except it proposed a change to the redistribution so that only Suppliers achieving the standard or above average performance would receive redistributed funds.

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The P157 Alternative Modification solution was approved by the BSC Panel, but both the Modification and Alternative were rejected by the Authority due to a lack of clear definition of the underlying assumptions behind key variables used to calculate the genuine pre-estimate of loss. Therefore the solution was not considered to better facilitate the relevant BSC objectives.

No elements of P157 were subsequently raised as a new Modification. However, concerns about the effectiveness of the technique have continued and views are very mixed on all aspects of Supplier Charges, including capping and redistribution. In late 2009 ELEXON issued a consultation on reviewing Supplier Charges again. Six of the seven respondents believed Supplier Charges should be applied, and five supported a review of the criteria. The review was included in the PAB Strategy but was not carried out at the time due to Modifications in progress that would significantly impact the landscape for SP08. These were [P272](#) and [P280](#) (raised May 2011 and November 2012 respectively), which facilitated the move of a substantial proportion of Metering Systems registered as NHH to HH. Subsequently the current PAF Review project was initiated and Supplier Charges included in the scope.

The scope and depth of the assessment carried out for P157 was very extensive. Our view is that it covered many of the areas that would be valid to assess again now, albeit 15 years further on with the BSC arrangements, a very different Settlement Risk environment, and with a different horizon of future change and industry development in front of us.

### PAF Review

ELEXON has been carrying out the current [PAF Review](#) in four workstreams; one is for the Performance Assurance Techniques. The objective for the review of the Supplier Charges is:

Full review of Supplier Charges including the system shared with PARMS. The review will focus on confirming whether it is feasible to improve the areas of focus for Supplier Charges using a more accurate risk appraisal and improving the methodology for pre-estimate of loss. If it is not feasible, the review will consider what alternatives might exist and if the technique should be entirely discontinued.

Ahead of the main Supplier Charge review due to commence in August 2019, ELEXON has done an initial assessment of whether a compensation mechanism could be an effective technique within the PAF going forward (i.e. should it be discontinued), and whether minor or major amendments to the current Supplier Charge arrangements would likely be necessary to make it as effective as possible.

## STAKEHOLDER FEEDBACK

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We have a substantial amount of detailed comments on Supplier Charges from various sources including interviews for the commencement of the PAF Review in 2016. Views relate both to the high level principles and whether it is an effective technique, and on the detail of the various aspects of it.

To get current views on the questions in this initial report about discontinuation and major/minor amendments required, we carried out a survey in April 2019. We asked for views on:

- whether Suppliers consider the mechanism does compensate them for others' underperformance
- the extent to which the charges are recognised within Supplier businesses and incentivise efforts to improve Settlement performance
- ranking of Supplier Charges against other PAF techniques that may also encourage standards to be met
- views on which elements of Supplier Charges are, or aren't effective

We had 11 responses, eight from Suppliers (including those who perform various industry roles) with some other stakeholder types also. Of the eight, two are larger, three medium and three smaller. We acknowledge that this is a low proportion of the 217 Supplier MPIDs currently registered across 177 organisations, and therefore the PAB's

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view from a broader PAF risk management standpoint will be critical. The full results, anonymised, are in Appendix 1; in summary:

For overall effectiveness:

- A majority (two thirds) of respondents that received re-distributed amounts felt it is a somewhat useful compensation; one third felt it does not compensate to any useful extent.
- All respondents for whom the question was relevant reported that Supplier Charges were recognised in the organisation and drove attempts to improve performance – one quarter reported strong internal recognition and regular reviews / action from Supplier Charges; three quarters reporting some recognition / action.
- Of the five techniques that can directly mitigate risks around obtaining and using quality reads, Supplier Charges was listed as the third most effective technique in driving improvements in Settlement performance, behind Error and Failure Resolution (EFR) and Material Error Monitoring.

For charge effectiveness:

- A small majority of respondents felt SP01 charges were not effective.
- A small majority felt SP04 charges were effective.
- A majority (60%) felt SP08 charges were effective.

For capping and redistribution:

- A majority (70%) felt capping was not effective.
- Of the eight respondents for whom redistribution was relevant, 75% do not agree it reflects the extent of disadvantage from others' underperformance.

Overall, the feedback indicates that Parties feel Supplier Charges do provide some risk mitigation, stakeholders' perception is in the main that they have a role to play, and that there is scope to improve this, for instance the pre-estimate of loss calculation methodology.

## CONSIDERATIONS

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Looking ahead, we have considered what Settlement Risks could be emerging and / or prioritised over the coming years, and if a Supplier Charges-type of technique could help mitigate them. The following areas are noted:

### **SVA export and micro-generation**

Identified as a likely growth area, when accurate metering will become important as energy volumes rise as a proportion of the total. Therefore Trading Parties could be disadvantaged if energy volumes are inaccurate.

### **Party Agent performance**

It is noted in the PAB Strategy that an increasing number of customers are directly appointing agents. This can impact how Suppliers interact and manage performance standards with the agents. There has previously been a move to deploy additional techniques on agents in direct response to performance measures, such as Peer Comparison. There are PARMS Serials measuring key Agent activities currently, therefore we may wish to consider how a compensation scheme could remedy damages incurred from Agent underperformance from, for example, poor data quality.

### **Market-Wide Half Hourly Settlement (MHHS)**

The Target Operating Model (TOM) of the MHHS arrangements is currently being worked on by ELEXON under the direction of Ofgem. There is not yet plans/timescales to transition to the fully operational MHHS market. However, we can consider if and how Supplier Charges could have a role in incentivising the transition in terms of energy volumes and timescales, and compensating Parties that suffer negative effects of others not being compliant with the transition timetable set.

- Pre MHHS transition – Assess the effects of Supplier Charges as they are now, based on the survey feedback from parties and consider changes that may improve effectiveness against the current risk register and set of techniques. The PAB will not have the ability to amend Supplier Charges (the value and/or the applicable Serials) without a Modification, but could deploy other techniques such as EFR in response to performance levels above or below the formal standards to incentivise certain behaviours.
- Transition to MHHS – Supplier Charges’ function as a remedial compensation scheme may become less applicable. As NHH MSIDs and energy volumes move to the HH market, the allocation of Group Correction Factor could cause increasingly erratic effects. However, Supplier Charges’ function as an incentive technique may be useful in encouraging Suppliers to move their portfolios across.
- Full MHHS - Any substantive change to Group Correction Factor rules would prompt a reassessment of the Supplier Charges redistribution calculation, at which point the view of the technique’s effectiveness in driving Settlement performance may change. The TOM design will provide a wider array of estimation techniques than now, and the accuracy of many estimation types will be much better for domestic SMETS customers as well. Therefore, the PAB may wish to direct Supplier Charges to encourage use of the some estimating techniques over others to support overall Settlement accuracy, and the pre-estimate of loss may vary between estimation methods.

The table below provides some information about current Supplier Charge volumes and proportions, and a view of whether we envisage the charge could be a useful incentive mechanism for the MHHS arrangements.

Serial	Current position	% of total charges (2018)	% of total charges excluding SP01 (2018)	Under MHHS
<b>SP01</b>	Accounts for over 90% of all charges. Does not appear to incentivise complete report submissions. Is cumulative and has no cut-off date. Associated charges are due to double year on year.	91.27%	Not applicable	Possibility of better access to performance data centrally, potentially removing need for self-reported data. Therefore may be a redundant measure.
<b>SP04</b>	Encourages installation of HH Metering. Self-reported; instances appear to have fallen steeply since P272.	0.33%	3.73%	Through smart and advanced meter installation requirements this serial is likely to become redundant.

<b>SP08a</b>	Measures NHH actual reads proportion. The lower NHH of 97% performance threshold does not encourage move to HH (99%). Modification <a href="#">P366</a> and <a href="#">Issue 78</a> seek to make changes to this Serial / charge - potentially weakening the incentive to be compliant. The SP08 Serials are generally considered to be effective at encouraging improved performance, providing a clear performance standard.	4.88%	55.85%	NHH reads will technically not exist. Consumption patterns will be based on load shaping from smart metering, making this serial redundant. During the transition period, the Serial could be used as an incentive to move sites to HH settled.
<b>SP08b</b>	Measures HH actual reads proportion. As above, generally considered to be effective at encouraging improved performance, providing a clear performance standard.	1.48%	16.99%	Will be an enduring measure as HH Settlement will be market-wide, albeit with amendments. For instance, there will be multiple types of estimating method; a Serial may be useful in incentivising use of the more accurate estimation types. During the transition, the Serial could incentivise moving sites to HH settled.
<b>SP08c</b>	Measures non-mandatory HH actual reads proportion. As above, generally considered to be effective at encouraging improved performance, providing a clear performance standard.	2.05%	23.43%	Serial could be used with amendments, e.g. may be a desire to have reporting sub 100kWh meters.

## Capping

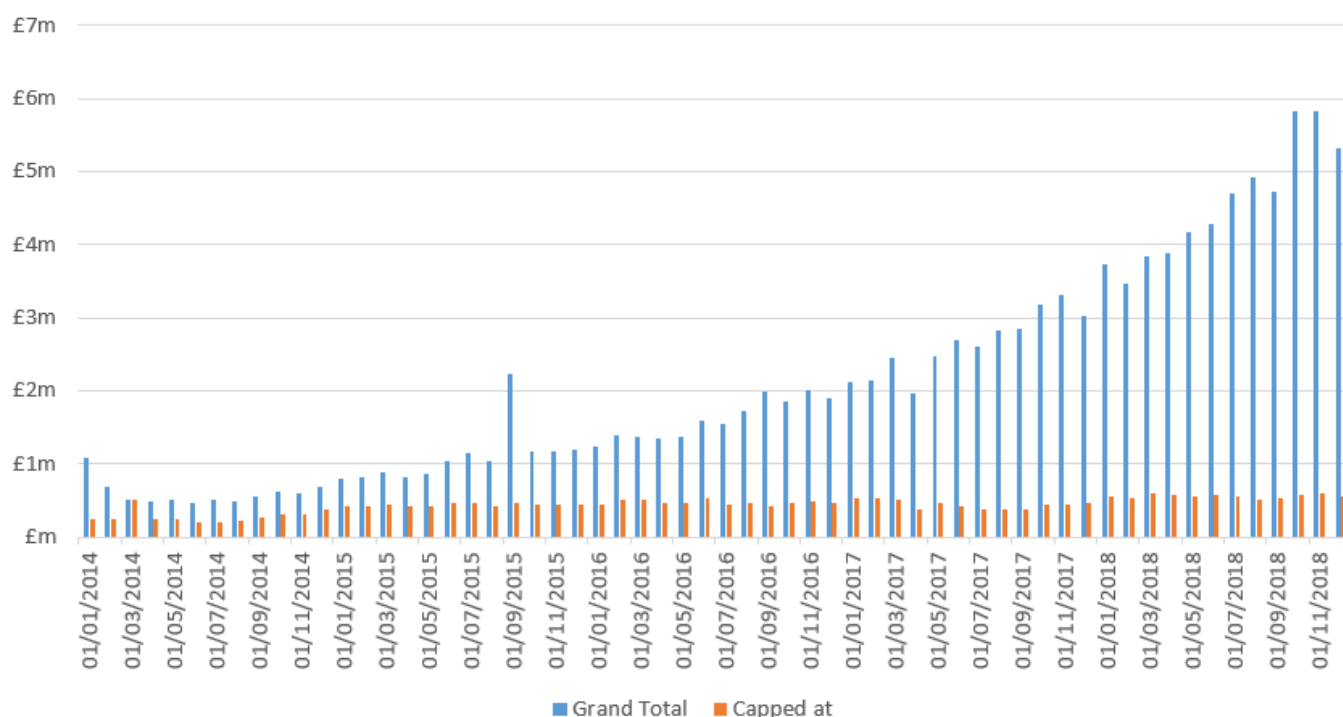
Each Supplier's total monthly Supplier Charge for a GSP Group is limited by a cap that is reflective of the Supplier's 'active import energy' market share. It is adjusted annually by RPI. According to the P157 research, the cap was originally designed to reflect the fact that Supplier / Supplier Agent contracts weren't likely to allow unlimited liabilities, should Suppliers choose to pass on the cost of the underperformance to its agents.

However, because of the significant growth of the SP01 charges, a Supplier's capped limit is often substantially below the total charge. This means that even significant performance improvements (e.g. for SP08) would mean that the Supplier was still over its cap, so paid no less.

The chart below shows the total Supplier Charges and capped volumes at market level over the last five years.



## Monthly Total Supplier Charges



### Redistribution

All Supplier Charges collected are redistributed to NHH Suppliers (90%) and Trading Parties (10%), proportional to market share. This compensates the participants viewed as bearing loss from others' underperformance.

However, again because of the high proportion of SP01 charges, the compensation for underperformance in SP08 (and SP04), which are the important standards for accuracy of Settlement, is very low compared to that for SP01. So a larger Supplier incurring substantial SP08 charges for poor Settlement performance may receive far more back through redistribution, much of which may have come from smaller Suppliers' SP01 charges. We do see this scenario on a regular basis.

This is not driving the right behaviours and undermines the value of Supplier Charges as an incentive technique to mitigate risk to Settlement.

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## IS THERE A CASE FOR SUPPLIER CHARGES?

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Looking at the information above on the purpose of Supplier Charges, stakeholder feedback, and future usage considerations, we can assess the arguments for and against maintaining a Supplier Charge technique.

### **Against** (discontinue Supplier Charges):

- There is evidence that Supplier Charges have not been an incentive to maintaining or achieving the BSC standards (SP08). This is supported by the overall reduction in performance from 2015 and the failure of so many Suppliers to improve performance significantly, and the length of time improvements are taking.
- The high level (as a proportion to the total Supplier Charges) of SP01<sup>1</sup> charges, which are avoidable by Suppliers. This indicates the charge does not serve to incentivise maintaining accuracy and completeness of PARMS reporting.
- As SP01 charges often heavily outweigh SP08 charges, this suggests the SP08 charges are not at a level that would encourage action (which is often investing financially in systems, additional metering / reading agent services and staff) to improve performance.

### **For** (retain Supplier Charges):

- A majority of BSC stakeholders who responded do indicate the current regime provides at least some compensation and incentive, and are more effective than not.
- There is a cost of inaccurate data in Settlement which can be calculated, albeit with assumptions, providing a reasonable basis to compensate damaged parties. Additionally, the organisations causing and bearing loss can be identified.
- We have no other remedial techniques in the PAF that can provide compensation in instances of loss except for Trading Disputes which is designed for individual or batches of specific errors. Therefore there is a gap in the toolkit that Supplier Charges can fill.
- The main criticisms of Supplier Charges are around the detail of how they are delivered. Apart from a few voices recommending they are discontinued, most stakeholders suggest adjustments that could make them more effective.
- In other industries and scenarios, financial incentives are used to drive behaviours. In terms of similar schemes to the BSC's Supplier Charges, the water arrangements have 'Market Performance Standard Charges' that are applied to parties failing to meet defined performance levels<sup>2</sup>. And in the gas market, two UNC [Modifications](#) are currently in progress proposing charging parties for underperformance – 0664 and 0672. These are not at an advanced stage of development at the time of writing. The PAF Review project will maintain a watching brief on progress.

### **Legal Opinion**

ELEXON's legal team has submitted the view that, provided the liquidated damages are not extravagant or unconscionable, the law now allows liquidated damages in circumstances where an innocent party may not suffer a financial loss as a result of a breach (so can't make a genuine pre-estimate of their loss) but nevertheless has a

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<sup>1</sup> 91.27% (£49,891,239) of uncapped Supplier Charges were attributable to SP01 in 2018

<sup>2</sup> See Code Subsidiary Document 0002 - <https://www.mosl.co.uk/market-codes/codes>

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legitimate interest in the performance of a contractual obligation. However, the value of the liquidated damages should still be proportionate to the interests of the innocent party. The interests currently are captured in SP08 and SP04 as accuracy of Settlement data, and in SP01 and SP02 that performance reporting data is submitted sufficiently to time and quality that parties' performance can be measured.

## CONCLUSION

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### Continuation of Supplier Charges

Our conclusion is that a compensation mechanism could be an effective tool in the PAF for the PAB to use to manage risk to Settlement, at least as a remedial technique, with scope to provide an incentive too. However, substantial changes are likely to be necessary to achieve this.

We would aim to follow the same principle we have taken for the PAF Review in general, that is to ensure the techniques and other elements of the PAF can be used and deployed proportionate to risk. For instance, with Supplier Charges, when Supplier performance began dropping and parties cited the challenges of P272 as a significant cause, could the PAB have decided to use Supplier Charges as added incentive for parties to invest resources in maintaining Settlement performance standards (by raising a Modification, for example). Currently this sort of deployment decision would be very difficult due to the Supplier Charges provisions sitting in the BSC and requiring a Modification to change.

We therefore propose to proceed with the main review of Supplier Charges from August 2019, to examine all aspects of the current approach and alternatives which could increase its effectiveness. We will issue recommendations for change for the PAB's approval, currently planned for December 2019. BSC Changes necessary to enact approved recommendations would be raised after that.

### Proposed interim Modification

In the meantime, we propose that the PAB considers raising a Mod to switch off SP01 or set to zero as an interim measure to refocus Supplier Charges back on losses from underperformance against Settlement standards.

As indicated in the table above, over 90% of total Supplier Charges are levied against SP01. This strongly suggests that this charge does not act as an incentive for Suppliers to submit the necessary reports, and swamps the actual performance reports. We forecast that within a year, on the current trajectory, uncapped SP01 charges could be £10m a month. This does not provide any risk mitigation power for the PAB, and undermines any incentivising effect of SP08.

The PAB can propose Modifications to the Panel.

### Modification P366 – hard to read sites

[P366](#) 'Change to Supplier Charge SP08a calculations to account for small scale non-domestic Non Half Hourly hard-to-read Meters' was raised in April 2018. It seeks to negate the impact of the difficulties in obtaining reads from some sites ('hard to read' - HTR) which has a disproportionate effect for smaller Suppliers on achieving performance standards and therefore exposure to SP08a charges. The working group has developed main and alternative solutions. The main creates a process to identify and exclude HTR sites from SP08a calculations. The alternative solution does not require exclusion of any sites, but sets the SP08a Supplier Charge to £0.00 for all Suppliers.

At the May 2019 Panel meeting, the Panel rejected P366 on the basis that it did not better facilitate the BSC objectives. The final Modification report will be presented to the June 2019 Panel and will then be submitted to the Authority for final decision. Depending on when the Authority decision is received, implementation could be November 2019 or February 2020. As we would not envisage any substantial Supplier Charges modifications being raised until early 2020, P366 implementation needn't affect development of other improvements to the technique.

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From the PAF Review perspective, we consider that setting the SP08a charge to zero would significantly impair overall the effectiveness of Supplier Charges. It would mean an even greater proportion of the charges levied were solely from SP01 (already over 90%), which is reflective of submission of administrative data, not directly related to Settlement performance. Therefore the technique's effect as a remedial or incentive tool would be weakened and there could be an even more disproportionate redistribution of Supplier Charges as smaller Suppliers tend to incur higher SP01 charges and larger Suppliers are usually net recipients of the redistributed amounts.

If P366 is approved by the Authority, we would still propose to progress with the full Supplier Charges review as there are many other elements and Serials that should be assessed for ways to improve them looking at the technique as a whole.

### **What do we want the technique to look like?**

If we accept as above that there is justification for having a remedial / incentive technique in the PAF that provides a compensatory mechanism for underperformance, we need to consider if and how the elements that make up Supplier Charges could be changed to improve its effectiveness.

A provisional list of the elements is (the more detailed assessment of Supplier Charges in part 2 of the review may reveal more):

- The [performance measures / standards](#) charges are applied to; including in relation to risk appetite / priority and the reliability of source data (in particular where self-reported).
- Use of a charge to [incentivise co-operation](#) with the PAF (e.g. as SP01 and SP02 are now) or contribution to the cost of the PAA's efforts in managing extensive underperformance.
- The [methodology](#) for calculating charges, e.g. which costs to factor in as a loss, whether to have a punitive element to provide additional incentive rather than just remedial.
- Whether and how to [redistribute](#) collected charges. For instance, should only parties performing above the standard or above average be eligible to receive redistributed amounts as P157 proposed.
- Whether and how to [cap](#) charges. Originally caps were include to reflect the limited liabilities in Supplier / Agent contracts. But in part due to the high proportion of SP01 in the total charges for many Suppliers, the caps are considered by many to be ineffective and unhelpful. If the charge is a genuine reflection of the damage inflicted on others, is a cap reasonable?
- Accompanying [reporting](#) e.g. peer comparison to add further incentive and clear invoicing so that parties can see exactly what they are being charged for, and what is being redistributed and why.
- How often performance measures and the value of charges should be [reviewed](#) and changed e.g. annually with the Risk Operating Plan to mitigate the priority risks. There may be arguments that a longer period between reviews would provide more certainty of standards and potential liabilities, but also that a shorter period between reviews would allow the PAB to use the technique to respond promptly to risk when we are facing a number of significant changes such as MHHS.
- The [party types/market roles](#) charges should be applied to. For instance, should Supplier Agents be subject to charges given the changing market place for service providers? Also, what level should charges be applied to such as treating Supplier MPIDs individually or in aggregate if an organisation has more than one? Is it still appropriate to have performance measured separately by GSP Group due to Group Correction Factor, or is it fairer to consider a Party's performance at market level?

It is the conclusion of this report that there is high likelihood that amending some or all of these elements of Supplier Charges would allow the technique to be substantially more effective as a risk mitigation tool than now.

### **Scope and approach for part 2 of the review**

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- We will focus on the principles that will best support an effective charging regime.
  - We will look to introduce flexibility, to better allow the PAB to respond proportionately and promptly to changing Settlement Risk landscape.
  - We will work with stakeholders to examine in detail the elements above to understand how they are likely to influence performance, to understand how they can be useful for risk management in the future.
  - We will look to propose a high level methodology for estimating loss that can be deployed against various scenarios/risks.
  - We will propose a governance structure for the charge regime within the PAF e.g. how to propose and implement changes and to make decisions.
  - We will look to propose make any immediate changes to improve efficiency of the technique, such as raising a Modification to set SP01 charges to zero or removing it from the Supplier Charges set to focus attention on the performance standards.

## Appendix 1 – Questionnaire responses

**Q5** - The stated aim of Supplier Charges, as a remedial technique, is to compensate Parties affected by other Parties not meeting defined standards. Where you are a recipient of re-distributed amounts, do you consider you are compensated for others' underperformance?

Supplier Charges provides a valuable compensation scheme and I feel it adequately reflects the impact on my organisation of others' underperformance	0.00%	0
Supplier Charges provides a somewhat useful compensation scheme and to an extent it offsets the impact on my organisation of others' underperformance.	45.45%	5
Supplier Charges does not compensate my organisation at all (or to any useful extent) for the impact on my organisation of others' underperformance.	27.27%	3
N/A (Parties not recipients of re-distributed amounts)	27.27%	3
Total responses		11

**Q6** - Would you say that paying/receiving the charges has any effect on your decisions around the activities that impact Settlement performance e.g. setting read cycle frequency or activities around actioning faults or exceptions. In short, does it provide an incentive?

Supplier Charges are recognised throughout my organisation, are reviewed regularly and drive attempts to improve our Settlement performance.	27.27%	3
Supplier Charges are somewhat recognised throughout my organisation, are sometimes reviewed and may drive attempts to improve our Settlement performance.	54.55%	6
Supplier Charges are not recognised throughout my organisation, are not reviewed and do not drive attempts to improve our Settlement performance.	0.00%	0
N/A (Managed service provider / Meter Administrator?)	18.18%	2
Total responses		11

**Q7** - The following five Performance Assurance Techniques mitigate the risk of poor read quality and not obtaining actual reads. Please rank them from 1 to 5 in order of importance where 1 implies "This technique drives my organisation's attempts to improve Settlement performance" and 5, "This technique does not drive my organisation's attempts to improve Settlement performance".

Note the lower the weighted average, the more of a driver the technique is.

Technique	1		2		3		4		5		Weighted average
Peer Comparison	9%	1	36%	4	18%	2	0%	0	36%	4	3.18
Error and Failure Resolution	55%	6	9%	1	9%	1	9%	1	18%	2	2.27
Material Error Monitoring	27%	3	27%	3	27%	3	0%	0	18%	2	2.55
Supplier Charges	27%	3	9%	1	18%	2	27%	3	18%	2	3.00
Education	18%	2	9%	1	36%	4	9%	1	27%	3	3.18

**Q8** - Which elements of the charges, if any, do you believe are effective, or ineffective and why?

	Effective		Not effective	
SP01 charges (submitting reports)	45.45%	5	54.55%	6
SP04 charges (installation of HH metering)	55.56%	5	44.44%	4
SP08 charges (settled on actual reads)	60.00%	6	40.00%	4
Capping of charges	30.00%	3	70.00%	7

**Q9** - Redistribution of charges compensates my organisation to the same extent that we have been disadvantaged by others' poor performance.

Agree	9.09%	1
Neutral	9.09%	1
Disagree	54.55%	6
N/A	27.27%	3
Total responses		11