

PAB223/14 PAF REVIEW: UPDATE ON REVIEW ACTIVITIES

MEETING NAME	Performance Assurance Board
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Purpose of paper	For information
Classification	Public
Summary	This paper provides an update on the PAF Review activities related to data and reporting and performance Standards.

1. Review work to date

- 1.1 In February 2019, we presented a paper to the PAB on the findings from the review of existing PAF data and reporting provisions ([217/12](#)). Since then we have been working on a number of proof of concepts to demonstrate different ways existing data can be used to support assurance activities. Below is a summary of each proof of concept and its status:
- Modelling Payment Default charges – to support estimating Settlement impact as a result of a Supplier of Last Resort event **(complete)**
 - CVA metered data – analysing granular Metering System level data within BSC central systems to assess the impact of estimated and erroneous consumption data **(complete)**
 - Investigating Annual Demand Ratio (ADR) issues – assessing whether a formalised process for investigating issues raised through ADR monitoring is warranted **(complete)**
 - Categorising Metering System faults – text analytics on unstructured data to categorise the different types of metering faults **(in progress)**
- 1.2 We are in the process of implementing findings from the above activities into business as usual operations. An update on the findings from each proof of concept will be provided as part of the end of work stream report described below.

2. Future data and reporting approach

- 2.1 After a detailed planning exercise, we have commenced the assessment of future approaches to data and reporting. This activity will encompass the Performance Reporting & Monitoring (PRM – delivered through PARMS) and Material Error Monitoring (MEM) techniques as the primary existing mechanisms for data acquisition and reporting. For completeness, the approved scope of this review work can be found in Appendix 1.
- 2.2 This work stream will conclude with a report outlining the approaches considered, the findings from the evaluation of those approaches (including any related proof of concepts) and a set of recommendations as to how data should be provisioned in future to support assurance activities. This report will include any impacts on existing PAF data activities. For example, any data sources that may no longer be required (e.g. elements of PARMS or MEM) or existing data sources that should be enhanced or remain largely the same. The report will also define new PAF data sources and how that data would be used to support assurance activities.
- 2.3 The review work is planned to conclude in Q2 2020 with a findings report that will be presented to the PAB.

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3. Performance Standards

- 3.1 As part of the PAF review, we are undertaking a review of the governance surrounding performance Standards¹ defined within the BSC which will cover:
- The process around changing performance Standards, i.e. whether it should require a Modification to BSC or whether the PAB should have discretion to set the Standard when setting its annual risk appetite;
 - The methodology that should be followed when determining an appropriate performance Standard; and
 - An example of how the methodology would be used in practice.
- 3.2 Following recent discussions around performance Standards during Issue 78², Modification P366³ and the Design Working Group (DWG) for market-wide HH Settlement, we feel that a broad review of this area under the PAF review is warranted. This review will take into consideration the discussions at the forums previously mentioned related to performance Standards.
- 3.3 This review activity is due to commence in September 2019 and conclude in Q1 2020.

4. Industry engagement

- 4.1 As with other PAF Review activities, we plan to engage with industry through Issue 69 'Performance Assurance Framework Review' and a PAB subgroup.
- 4.2 For the data, reporting and performance Standards review activities, we have planned industry engagement to start at the beginning of 2020. We will advertise for workgroup members through Newscast and the BSC Change distribution list closer to the date.

5. Recommendations

- 5.1 We invite you to:
- a) **NOTE** the update

Appendices

Appendix 1 – Scope of review

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¹ There are various performance Standards defined within the BSC, the highest profile being the Settlement performance Standards defined in Section S Annex S-1 (e.g. settling 97% of energy on actual Meter reads at Final Reconciliation (RF) in the Non-Half Hourly market)

² Measurement and monitoring of Settlement performance

³ Change to Supplier Charge SP08a calculations to account for small scale non-Domestic Non Half Hourly hard-to-read Meters

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APPENDIX 1 – APPROVED SCOPE

At its meeting in March 2017, the Panel approved the scope and approach of the PAF review. At the same meeting, they delegated the management of the review to the PAB. The below outlines the approved scope for the Data Provision, PRM and MEM review activities.

Data Provision

We will explore all of the issues raised relating to data provision through the relevant work stream. A key part of the work stream is to establish the viability of alternative approaches as early on in the project as possible. When decisions are made later on regarding which approaches are feasible, it is important that we are confident in the feasibility of alternative approaches to data provision.

We will also prototype possible approaches as early on in the process as possible, to give stakeholders a concrete basis for feedback and to get buy-in for alternatives.

Performance, Reporting and Monitoring

PARMS requires a full review to both reflect any changes to the Risk Evaluation Methodology and BUSRRs, and to attempt to improve the way in which we provision its data. We will examine the cost effectiveness of any alternatives with the aim of establishing if there is a better way of providing performance reporting for the PAF.

Material Error Monitoring

We will review MEM along with Supplier Charges and PARMS, to establish if a single approach to data provision is capable of providing credible assurance. Each of the individual areas of monitoring will be reviewed to establish if they remain worthwhile and how they might need to change to reflect changes in the market.