

PERFORMANCE ASSURANCE TECHNIQUE REVIEW – QUALIFICATION AND RE-QUALIFICATION

MEETING NAME Performance Assurance Board

Date of meeting 26 September 2019

Paper number PAB224/11

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Purpose of paper Decision

Classification Public

Summary This cover paper details recommendations for changes to the Qualification and Re-Qualification Performance Assurance Techniques identified as part of the PAF Review. It seeks PAB approval to implement a number of changes to the technique.

1. Background

- 1.1 ELEXON sought stakeholder feedback prior to the PAF Review commencing. This highlighted issues with the technique, notably:
- Stakeholders felt that Qualification does not provide sufficient assurance on market entry, particularly where NTBMs are concerned and that the process does not always align with when risks to Settlement manifest. The service is believed to be expensive and subsidises off the shelf models.
 - Stakeholders felt that the current Re-Qualification process provided limited assurance but creates significant pain for participants who are required to go through it. The current trigger for the process is dependent on subjective assessments of what a material change is and is driven by the participant.
- 1.2 Stakeholder feedback contributed to the scope of the BSC Audit review, which was approved by the Panel in March 2017. The review focuses on assessing alternatives to the current Qualification process that are capable of being deployed more flexibly as and when risks to Settlement arise and will consider if the current approach to resourcing the Qualification process is proportionate to the benefits it provides.
- 1.3 With regard to Re-Qualification, focus is on assessing alternative approaches to Re-Qualification that could provide greater flexibility on when and how the technique is applied, in order to provide more effective assurance of material changes to participant business activities.

2. Overview

- 2.1 The review has found that Qualification is a Performance Assurance Technique worth retaining as it is preventative and therefore has the potential to assist participants in avoiding negatively impacting Settlement. Also, the preventative nature of Re-Qualification is important in mitigating the risk of changes but not in its current form.

3. PAF Review Recommendations

- 3.1 Listed below are key recommendations resulting from the review. Full recommendations are set out in the review report (Attachment A).
- Licensed Distribution System Operator (LDSO) (including Independent Distribution System Operator (IDNO)) subject to Qualification.
 - Qualification Check focusing on staff and processes after a change of ownership has occurred.
 - Single assessment of managed service provider's systems and processes.
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- Reworded Annual Statements – inclusion of upcoming changes and party size / risk profile.
- Update Self-Assessment Document (SAD) questions and storyboards scenarios, and maintain them as Category 3 configurable items.
- Replacement of Re-Qualification with “Maintenance of Qualification”.

4. Implementation

- 4.1 We have been working closely with the Performance Assurance Technique owner throughout the review. A number of Modifications and CPs (as noted in section 9 of Attachment A) will be required to implement these changes and these will be taken forward by the operational and Change teams.
- 4.2 We will be working on how best to schedule these changes and an update on these will be brought back to a future PAB meeting.

5. Recommendations

- 5.1 We invite you to:
- a) **APPROVE** the recommendations outlined in the attached report.

Attachment A – PAT Review Recommendations Report - Qualification including Re-Qualification

For more information, please contact:

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