

PAF REVIEW RECOMMENDATIONS – PEER COMPARISON

MEETING NAME	Performance Assurance Board
Date of meeting	26 March 2020
Paper number	230/08
Owner/author	Nathan Flood
Purpose of paper	Decision
Classification	Public
Summary	This cover paper details recommendations for changes to the Peer Comparison Performance Assurance Technique, identified as part of the PAF Review. It seeks PAB approval to implement changes to the technique

1. Background

- 1.1 In March 2017 Panel approved the objectives for the review of Peer Comparison, as follows:
 - Peer Comparison will be redesigned to work with new Settlement Risks and key performance indicators (KPI)
 - If the techniques on which it is based are significantly altered through the review, Peer Comparison may have to focus on a much smaller set of key metrics than it does currently
- 1.2 The review of Peer Comparison was conducted between August 2019 and March 2020. The Performance Assurance Framework (PAF) Review team engaged with the Performance Assurance Technique (PAT) Owner, subject matter experts, and industry (via the Issue 69 Working Group) in order to develop recommendations for change.
- 1.3 Mindful of the objectivesⁱ of the entire PAF Review as the team sought to resolve perceived issues with the technique.
- 1.4 Although the PAF Review team drew up some examples of new comparisons which could be useful, the Issue 69 working group could not reach a consensus. As a result we developed a methodology for the operational team to use in assessing potential new comparisons. This can be put to use once the Risk Operating Plan (ROP) identifies Peer Comparison reporting should be deployed against a new/existing risk and new data sources become available.
- 1.5 We gained clear support for our proposed recommendations which are as follows:
 - Decouple comparisons from Performance Assurance Reporting and Monitoring System (PARMS) Serials by removing the provisions linking reporting to PARMS Serials and instead govern Peer Comparison entirely through BSCP533
 - Introduce a methodology for introducing new comparisons
- 1.6 The PAT Owner is currently assessing a quick win – aiming to identify any comparisons which do not provide value. The current intention is to survey industry to get their thoughts on which comparisons are useful.

2. Recommendations

- 2.1 We invite you to:
 - a) **APPROVE** the removal of ties only to PARMS Serials

PAF REVIEW RECOMMENDATIONS – PEER COMPARISON

- b) **APPROVE** the introduction of an operational methodology¹ for introducing new comparisons

Attachments

Attachment A – PAF Review Recommendations Report – Peer Comparison

For more information, please contact:

Nathan Flood, PAT Review Lead

nathan.flood@elexon.co.uk

020 7380 4130

ⁱ to provide a PAF that a) engages Performance Assurance Parties in identifying and, from time to time, re-appraising the things that do and don't matter to them (their risk appetite); b) meets the current and future needs of the Panel, the PAB and the wider electricity industry for the delivery of efficient, effective and economic assurance on those things that matter; and c) enables the Performance Assurance Administrator (PAA) to deliver a valued and trusted assurance service to BSC Parties under the strategic and tactical guidance of the BSC Panel and PAB.

¹ Appendix 1 of the Attachment A