

PUBLIC

PAT Review Recommendations

Peer Comparison

Nathan Flood
PAB230/08a
26 March 2020

CONTENTS

INTRODUCTION.....	3
Peer Comparison background	3
EXECUTIVE SUMMARY	4
Key recommendations.....	4
Next steps.....	4
Review of the Peer Comparison technique.....	4
PERFORMANCE ASSURANCE TECHNIQUE (PAT) REVIEW RECOMMENDATIONS – PEER COMPARISON..	5
Introducing flexibility and the ability to innovate	5
Alternate example comparisons that could be introduced	6
1. Large scale industry change measurement.....	6
2. Engagement with the PAF.....	7
3. Material performance measures	7
Parameters of Peer Comparison reporting	7
4. Level of comparison	7
5. Grouping measures	8
Methodology for choosing new comparisons.....	8
Governance.....	8
Reporting	9
IMPLEMENTATION.....	9
Modifications and Change Proposals.....	9
Operational	9
APPENDIX 1 – PEER COMPARISON METHODOLOGY.....	10

INTRODUCTION

Peer Comparison background

The Peer Comparison technique is designed to encourage performance improvement and compliance and is therefore regarded as an incentive. Comparisons are based on Performance Assurance Reporting and Monitoring System (PARMS) Serials to show comparative performance across Suppliers and Supplier Agents.

There are two types of Peer Comparison: Public Peer Comparison (produced and published monthly on the ELEXON website) and Non-Public Peer Comparison (produced quarterly and circulated to Performance Assurance Board (PAB), sometimes anonymised).

Requirements of Peer Comparison reporting are set out in BSCP533, which includes the following list of twenty PARMS Serials upon which comparisons may be based:

Serial	Titled	Reporting Level for PC (National or GSP)
CM01	CVA MOA Proving Tests	National by MOA
CM02	CVA MOA Fault Resolution	National by MOA
SP11	Timely Appointment of Agents	GSP Group by Supplier
SP12	Timely Notification of Changes of the Data Aggregator via D0148	GSP Group by Supplier
SP13	Timely Notification of Changes of the Meter Operator Agent via D0148	GSP Group by Supplier
SP14	Timely Notification of Changes of the Data Collector via D0148	
SP15	Missing Appointments of Agents	GSP Group by Supplier
HM11	Timely Sending of HH MTDs to HHDCs	GSP Group by HHMOA
HM12	Missing HH MTDs	GSP Group by HHMOA
HM13	Quality of HH MTDs	GSP Group by HHMOA
HM14	Timely HH Meter Investigation Requests	GSP Group by HHMOA
NM11	Timely Sending of NHH MTDs to NHHDCs	GSP Group by NHHMOA
NM12	Missing NHH MTDs	GSP Group by NHHMOA
NC11	Missing NHH Meter Reads & History from Old NHHDC to New NHHDC	GSP Group by NHHDC
SP01	Delivery of Routine Performance Reports	National by Supplier
SP02	Delivery of Routine Performance Logs	National by Supplier
SP04	Installation of HH Metering	GSP by Supplier
SP07	SMRA & SVAA MSID Count	GSP by Supplier
SP08	Energy and MSIDs on Actuals	GSP by Supplier
SP09	NHH Defaults	GSP by Supplier

Only five of the above Serials are currently used for Peer Comparison, these are:

- SP08a – Percentage of Non Half Hourly Energy settled on Annualised Advances at Final Reconciliation (RF)
- SP08b – Percentage of Half Hourly Energy settled on actual Meter readings at the Initial Volume Allocation Run (SF)

-
- SP09 – Percentage of Non Half Hourly Metering Systems settled on default Estimated Annual Consumptions at Third Reconciliation (R3)
 - SP11 – Timely Appointment of Agents after the Initial Settlement Run (SF)
 - HM12 and NM12 – Missing Meter Technical Details in the Half Hourly and Non-Half Hourly Sectors

The introduction of PARMS Serials in 2001 provided ELEXON with the capability to effectively and efficiently process the data necessary for this type of reporting. At the time other data sources were not considered robust and complete enough for this type of manipulation. Since this time a wealth of data has become accessible and had quality improvements.

EXECUTIVE SUMMARY

Key recommendations

- Decouple comparisons from 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

Next steps

Change Proposal to amend BSCP533 removing the PARMS linkage and add the methodology. The methodology will be used as a guide to structure workgroup input into changing or making a new charge. This could happen concurrently with awaiting Authority decision on the core Recommendation modification, though ELEXON and stakeholders are currently experiencing a high level of change processing.

Review of the Peer Comparison technique

It is worth recalling here the original scope of the entire Performance Assurance Framework (PAF) Review which included ensuring the PAF meets the challenges of a rapidly changing industry and continues to provide value to its stakeholders and to enhance the application of the risk-based PAF. The stated objective of the review was to provide a PAF that:

- a) engages Performance Assurance Parties (PAPs) 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.

Stakeholder engagement took place ahead of the PAF Review commencing. Key feedback was:

- Stakeholders were all in favour of Peer Comparison in principle. However, they noted that a number of the current Serials reported are not viewed as sufficiently accurate (general comment not linked to any Serial in particular). Any comparison has to be based on credible data in order for it to be effective in encouraging improvement.
- Some believe that the metrics have to have meaning and be easily understood by Supply business employees outside of their Settlement department. Other participants felt that comparisons encouraged

improvements through competition and fear of negative publicity/brand tarnishing, even in Supply businesses. But the impact would be greater the more accurate the data was.

- Support for Supplier Agent Peer Comparison was broader, in that Supplier Agents have clear business drivers which relate to their Settlement performance.
- Comparing participants on a Market Participant ID (MPID)-level could also make the technique less compelling, because not all participants have meaningful business distinctions between their MPIDs. Because Peer Comparison is currently wholly linked to PARMS Serials and PARMS Serials sit in BSC we cannot report on comparisons in this way.

Stakeholder engagement informed the scope agreed by Panel in March 2017 (paper [264/07](#)) 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, it may have to focus on a much smaller set of key metrics than it does currently.

As part of our review we continued to engage with industry and met with the Issue 69 Working Group in November 2019. Feedback received from the group is included in our full recommendations, where relevant.

PERFORMANCE ASSURANCE TECHNIQUE (PAT) REVIEW RECOMMENDATIONS – PEER COMPARISON

Introducing flexibility and the ability to innovate

Recommendation

- De-couple comparisons from PARMS Serials
- Incentivise positive behaviours

- **Decouple from PARMS**

Peer Comparisons currently can only be based on PARMS Serials, as set out in Balancing and Settlement Code Procedure (BSCP) 533. The PAB may choose which Serials or Standards to publish¹ but must give Suppliers at least 2 months' notice of any new publication. There are 20 Serials which have been approved for use as Peer Comparisons, however, only 5 are used and published.

The published comparisons have seldom been changed and it is ELEXON's view that Peer Comparison, as a comparatively inexpensive technique, could be used more flexibly and strategically. Decoupling the technique from PARMS Serials would allow the PAB to choose other data sources to compare performance. As part of routine review of risks alternate data sources may come to ELEXON's attention and may be recommended as a useful basis for comparisons. Such recommendations would be included in the annual Risk Operating Plan (ROP), which industry is consulted on. The cost benefit of acquiring and storing any new data source would need to be assessed before

¹ BSCP533 5.16.2 states "PAB may choose to publish all, none or some of the Serials and Standards set out within this BSCP"

inclusion in the ROP or through applying the methodology. Acquisition of new data sources is not dependant on the findings of the Data workstream of the PAF Review.

A move away from the constraints of the current PARMS Serials would allow Peer Comparison reports to be produced covering topics not currently covered by the Serials such as:

- Material Error Monitoring (MEM) reporting (such as for Large Estimated Annual Consumption/Annualised Advance (EAC/AA), energisation status mismatches, NHH Unmetered Supplies (UMS) error
- Commissioning

In addition other ways of measuring, such as on a company wide basis instead of MPID level, would be possible. We would like to introduce the flexibility to aggregate up or down based on the needs of the PAB.

It is hoped that the move to new data types and cross industry reporting will provide early warning of new risks and issues as well as evidence of ongoing structural issues which can then be remedied.

- **Incentivise positive behaviours**

In addition to including alternate data sources we recommend that comparisons be used strategically to encourage positive behaviours in addition to just highlighting good or bad performance against performance standards.

In the future we are moving to Market-wide Half Hourly Settlement (MHHS). Monitoring and publishing comparisons of Supplier's half hourly portfolio may encourage proactive behaviours as competitors progress will be evident and compared.

Alternate example comparisons that could be introduced

The PAF Review recommendation is to remove the linkage to PARMS Serials. If this were to be accepted and implemented we would expect to move to different reporting parameters. As part of this technique review we considered a number of potential examples of where comparison of performance may be useful in incentivising future behaviours:

1. Large scale industry change measurement

The aim of this type of comparison would be to monitor and incentivise progress towards compliance with a significant industry change (an historic example would be [P272 compliance preparations](#)). We would want to compare peers in this scenario as it is important that all Parties are ready for go live date so that they are able to operate compliantly. If parties are not ready for the change:

- Risk may be introduced
- Risk may not be managed
- The benefits of change documented in a Final Modification Report may not be realised
- There may be cost of effort introduced to other parties

We presented a P272 example performance chart to the Issue 69 Working Group and asked for their feedback. The general feeling was that while parties haven't yet become non-compliant it might be appropriate to have anonymised Peer Comparison, and then, if they become non-compliant a public comparison may be more suitable.

An issue group member highlighted that another industry change that might be a good candidate for Peer Comparison pre-implementation is the progress being made towards the increase in performance standard for Measurement Classes E, F and G.

2. Engagement with the PAF

2.1 Access to metering systems – Technical Assurance of Metering (TAM)

The aim of this example comparison is to ensure costs are not wasted on abandoned visits. Although there are genuine reasons for no-access there are times we find organisations are routinely failing to prepare sufficiently with their own staff, records and their customers to ensure the inspection can take place.

The example presented to the Issue 69 working group showed a stacked bar chart detailing the reasons for access not being gained. ELEXON operational teams believe this view would be beneficial to encourage focus on different types of no access. Public comparison of no access rates during TAM audits could improve performance.

The Issue Group noted that such monitoring could instead be used for ELEXON's internal monitoring as the example comparison isn't fair since parties will have differing levels of visits and portfolio sizes. ELEXON could introduce portfolio size to the comparison in order to add context.

This example assumes that Power BI (or similar) could be employed to allow PAPs to filter the data in ways that would be meaningful to them.

2.2 Age of Error & Failure Resolution (EFR) issues

Some EFR plans stay open for many years which means the risk mitigation is either not working or working slowly. There may also be a resulting cost element in associated Operational Support Managers (OSM)/PAB time also.

An example chart was provided which showed open EFR plans by age (in years), these were grouped by topic (BSC Audit issues, Business Unit Settlement Risk Reports (BUSRR) etc.) and then by associated risk. We asked the group if this aspect of PAF engagement is one that could benefit from Peer Comparison.

The general consensus of the group was that this type of comparison is not particularly helpful. They were not persuaded that just because an issue remains open it is therefore materially affecting Settlement. ELEXON is keen not to dis-incentivise complex remedial actions which just happen to take longer.

3. Material performance measures

3.1 Alignment to risk

The group discussed use of comparisons for Large EAC/AA, UMS and Energisation Status. The Issue Group were not persuaded that comparisons could add more to the mitigation of these risks than the current reports do.

Parameters of Peer Comparison reporting

4. Level of comparison

The Issue Group considered ELEXON should be able to aggregate by organisation where this is useful or appropriate. The need to aggregate would depend on the nature of the risk we would want to mitigate and how it is considered necessary for performance to improve.

ELEXON considers that showing top (and bottom) risk impactors as an overview for a comparison could provide a more dynamic format (particularly in the case of SP08a, which currently presents a compact and unreadable graph since there are so many active Suppliers). It is proposed that the underlying dataset of all PAPs be provided as BSCP533 states "Each public Peer Comparison Report published must include the performance data of all Suppliers or Supplier Agents for which a full set of data is available across the reporting period".

ELEXON's legal opinion is that this proposal will be fine as long as it is not breaching any of the other requirements set out in paragraph 5.16.2 of BSCP 533.

5. Grouping measures

An example of holistic grouping was presented to the Issue Group – single view of risk / Star chart

An Issue Group member felt that one holistic view may unintentionally hide individual issues.

Other Issue Group members felt that a grouped measure would certainly be beneficial for use within their organizations but struggled to see the value of public comparison.

Other Issue Group members felt that fully publicised comparisons could incentivise behaviours further than private.

Methodology for choosing new comparisons

Recommendation

-Introduce a methodology to develop new comparisons in a consistent manner

ELEXON believe that a well-designed methodology will enable us to fully consider all the above principles when designing new comparisons. We also consider that having a defined methodology would allow for agility under changing market conditions whilst providing individual Parties with the stability of knowing what to expect from changes. We consider the methodology will allow work groups and the PAB to progress thinking and change decisions in an orderly and timely way. We believe a well-designed methodology will enable operational teams to work through a set of consistent decision points including the following:

- Would Peer Comparison contribute to mitigation of this risk?
- Which risk element should the technique focus on?
- What is the objective of publishing the comparison?
- What attributes or criteria should the report have?
- How public should the report be?
- What publication method should be used?
- Permanence of comparison
- Validity and accuracy
- What tools or systems should be used to create the report?

The full proposed methodology is included in Appendix 1.

The PAF Review team has worked closely with operational teams, particularly TAM who, if our recommendations are approved by the PAB, will work through the methodology to assess the validity of their idea to introduce a comparison around no-access Supplier Volume Allocation (SVA) site visits. The TAM operational team have undertaken a proof of concept exercise on the methodology and found that it would lend itself perfectly to the no-access issue.

Governance

Currently there is agreement that any PARMS Serial can be the basis for Peer Comparison and reports can be switched on or off by the PAB, without further approval by industry. By uncoupling Peer Comparisons from PARMS serials there would no longer be pre-agreed sets of data. ELEXON would therefore need to consult with industry when we intend to introduce new data sources in the governance of a Change Proposal, which includes industry governance.

We recommend that deployment of the Peer Comparison technique be decided at the annual review of the ROP. The PAF Review team have drafted a set of decisions to test when developing new Peer Comparison reports (see Appendix 1 - Methodology). Once a new Peer Comparison has been identified ELEXON would submit an initial version to the PAB in order to gain its approval. The point at which the PAB have first sight of a proposed Peer Comparison would depend on the exact type of change requested or investigated. It is envisaged that there would then be a period of consultation with industry before PAB makes its decision. Any change would be subject to Panel appeal. Similarly the change from non-public to public reporting would be subject to consultation.

Reporting

Peer Comparison reports are currently published on the ELEXON website and provide a static month or quarter view of performance. Due to the requirement to report on all Suppliers or Supplier Agents² the published charts containing Supplier performance are crowded and difficult to read.

It is envisioned that the data would use data displays that cannot be manipulated, such as PDFs or data tools such as Power BI. This would protect the data and all Users. In the Issue 69 working group many Parties said that the ability to 'deep dive' into certain data points was important and this will be balanced with the need to protect Parties data.

The use of Power BI could allow PAPs to view trends, segment by party or role type, and dashboards could initially show a simplified view (e.g. SP09 – top 5/bottom 5 most improved/biggest decrease on previous month)

IMPLEMENTATION

Modifications and Change Proposals

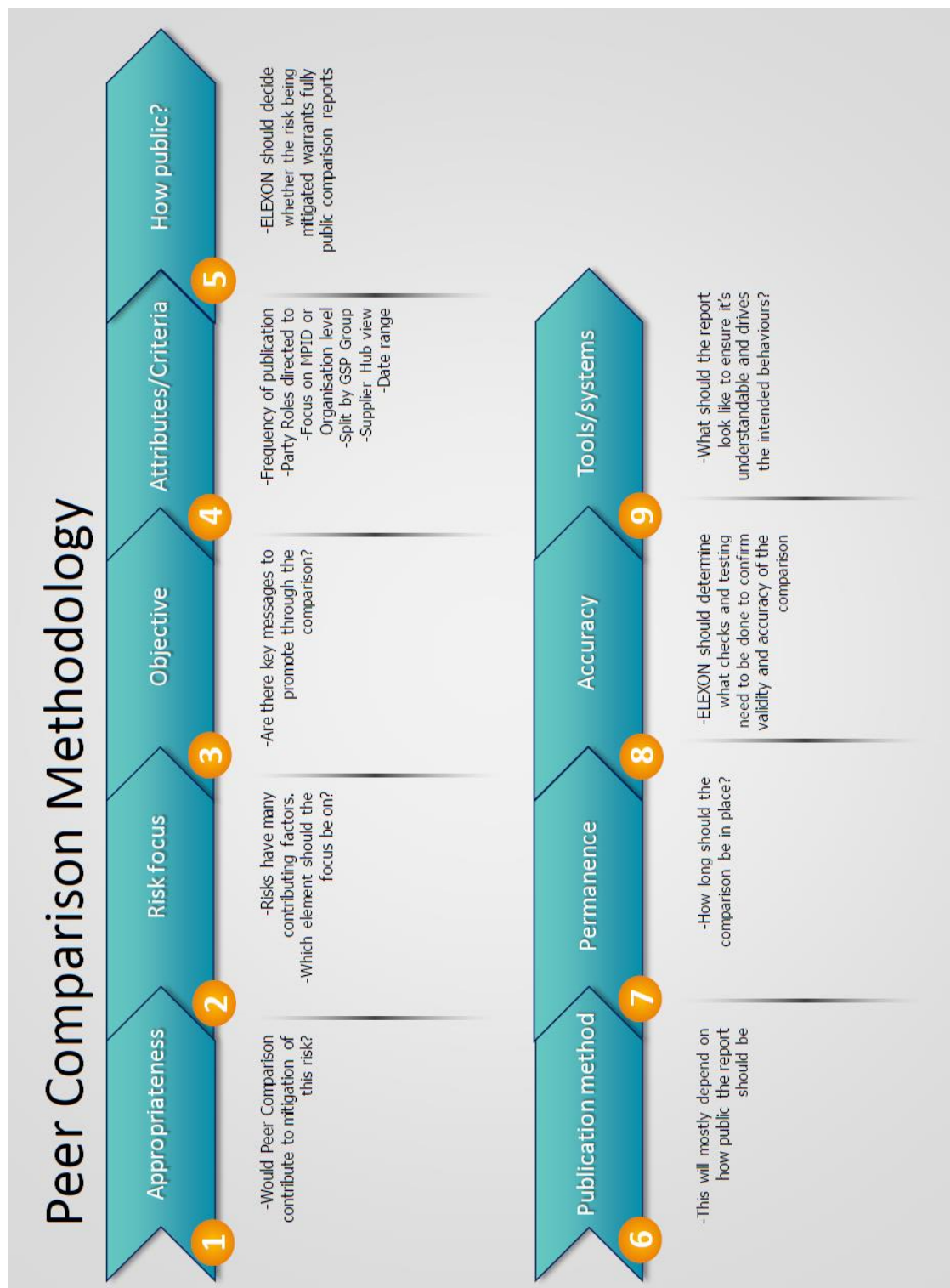
A BSC change (Change Proposal) is required to de-couple Peer Comparison from PARMS Serials. We hope this could be completed and approved in 2020. New reporting software would be needed to optimise the usability of data and would have a lead time of months.

Operational

Until the exact reports, costs, and system changes needed are established it is difficult to estimate the Operational resources required. ELEXON aims to automate the 'scrapping' of as many data sources as possible and minimise staff time. More on the system changes around new data sources and data provision will be presented to the PAB in the PAF Review Data workstream in June 2020. We consider that the fundamental change to decouple from PARMS should begin swiftly if the recommendations in this report are approved by the PAB.

² BSCP533 5.16.2 – "Each public Peer Comparison Report published must include the performance data of all Suppliers or Supplier Agents for which a full set of data is available across the reporting period"

APPENDIX 1 – PEER COMPARISON METHODOLOGY



Decisions to test

- 1 -Would Peer Comparison contribute to mitigation of this risk?
-Is there another Performance Assurance Technique which would provide better mitigation of the associated risk?
-What is the cost/benefit case for this report?
- 2 -Risks have many contributing factors.
-Which element should the focus be on?
-Which element is currently contributing most to the risk?
- 3 -Are there key messages to promote through the comparison?
-Should positive performance be highlighted in order to promote best practice or behaviours helping to achieve a desired target?
-Is publication of performance likely to lead to unintended consequences? (I.e. would publication place unintended focus on quantity over quality?)
- 4 -Would the report benefit from weekly, monthly, quarterly, or annual publication. This would depend on how often the underlying data set is updated, how quickly we would expect performance to improve.
-The Risk Evaluation Register will detail which Party Role is contributing most to a risk. This will direct ELEXON to which Party Role should then be the focus of comparison.
-The comparison may benefit from aggregating MPIDs to an organisational level. Again this will depend on the objective of the comparison.
-Does the comparison show GSPG specific performance? Can the reporting instead show national performance to make the reporting simpler?
-ELEXON should consider what date range is appropriate for a comparison. A snapshot view may be provided or a trend of performance over a longer date range may be useful in achieving the objective of the comparison.
- 5 -ELEXON should decide whether the risk being mitigated warrants fully public comparison reports (i.e. published on the ELEXON website and publicised on social media, published among only the peers compared in the report, non-public anonymised report).
- 6 -This will mostly depend on how public the report should be (above). ELEXON website / external comparison website / promotion via social media / email to peers only.
- 7 -How long should the comparison be in place?
-Is there a target date for comparison to no longer be relevant (i.e. comparison in place until a go-live date)?
-Is the comparison designed to mitigate risk long term?
- 8 -ELEXON should determine what checks and testing need to be done to confirm validity and accuracy of the comparison/data source.
-Would this be achieved by piloting the report first and gaining industry feedback?
- 9 -Will Power BI be required (specifically for reports that need to be interactive)?
-What should the report look like to ensure it's understandable and drives the intended behaviours?
-What communications are required?