

Public

PAB233

25 June 2020

PAB 233 Skype meeting ground rules

- No video please - bandwidth
- All on mute – use IM if you can't break through
- Talk – pause – talk
- Switch everything off except Skype – have found that it's best to turn off the VPN, but also Outlook and anything else that uses broadband
- Lots of us are at home – be mindful of background noise and connection speeds
- Commit to the meeting – don't work on other things and leave a deafening silence where you miss a question

PAB Strategic Objectives

- 1: Review consequential impacts on the PAF of future changes/developments
- 2: Ensure that accurate allocation of Settlement volumes is a priority
- 3: Develop a more flexible approach to PAB meetings, membership and resources
- 4: Create clear and visible communication channels between the PAB, PAP's and Ofgem
- 5: Support the PAA in the implementation of the PAF review recommendations.
- 6: Ensure that the cost of delivering the PAF is optimised

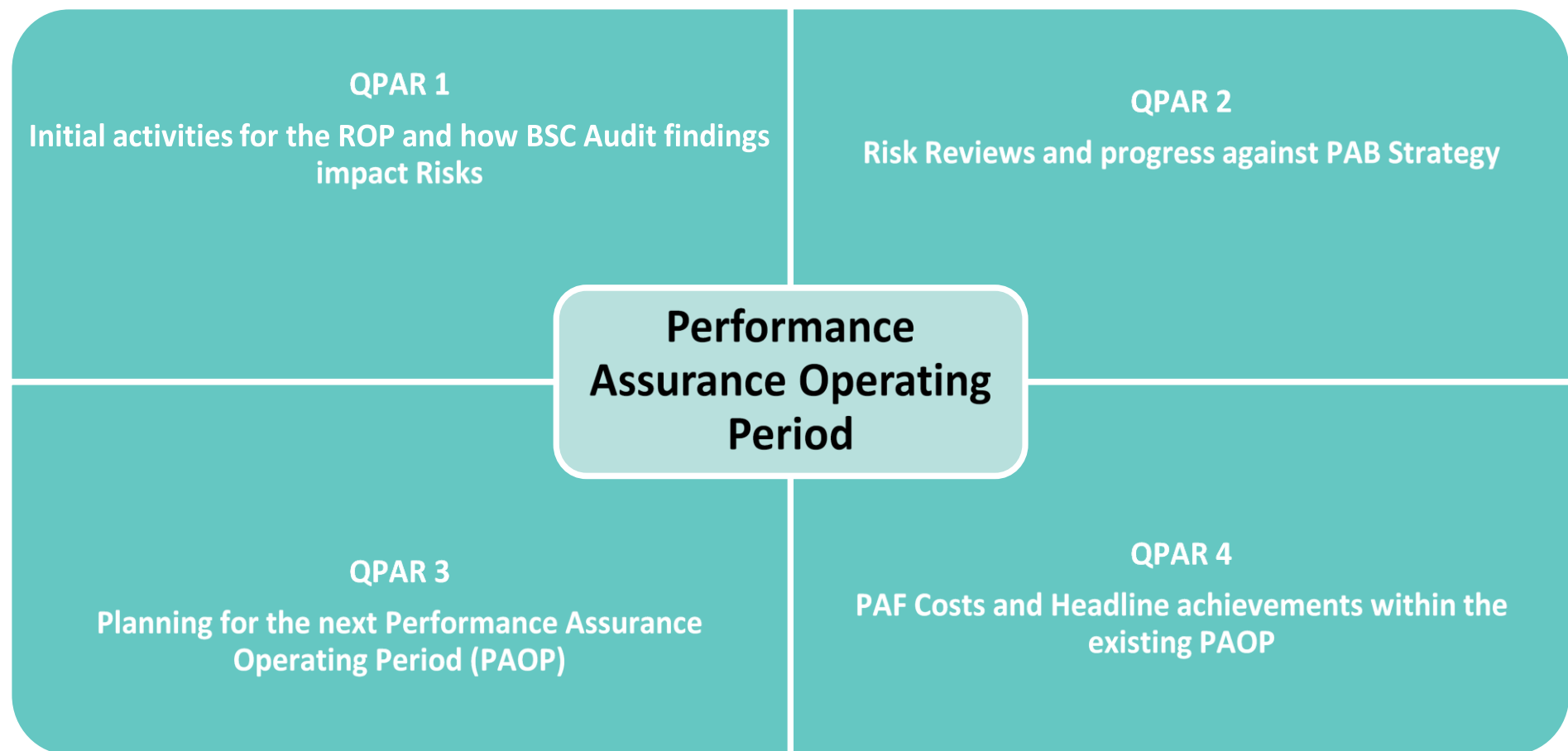


APAR 2019/20

25 June 2020
Ryan Dale

Introduction

- The Annual Performance Assurance Report (APAR) represents the 4th Quarterly Performance Assurance Report with a focus on headline achievements in the year and a summary of PAF costs



Headline achievements

- Overall reduction in Risk Impact, from £290m to £269m
- Improved Engagement and interaction across Panels and Work Groups
- Ongoing improvements to Risk Reporting
- Ongoing improvements to Risk Assessment
- Refinements and improvement to Performance Assurance Techniques

In addition

- 180 Papers considered over the year, with 114 requiring decisions
- 8 Party escalations
- 11 PAF Review papers reviewed

PAF Costs

Cost Type	2019/20 Forecast (£k)	2019/20 Actual (£k)	2020/21 Forecast (£k)
Operational	£645	£565	£675
Contractual	£2,769	£2,490	£2,765
Total	£3,414	£3,056	£3,440

PA Area	Operational Days	Operational Costs (£k)	Contractual Costs (£k)	Total Costs (£k)
Qualification			£283	£283
Training	19	£7		£7
Disputes	191	£69		£69
EFR	136	£67		£67
BSC Audit	53	£23	£1,260	£1,283
TAPAP/TAM	423	£162	£678	£841
Committee Support	167	£116	£14	£131
Risk Management	257	£118	£252	£371
Total	1244	£565	£2,490	£3,056

Recommendations

The PAB is invited to:

- a) **NOTE** the updates provided in the APAR 2019/20
- b) **APPROVE** the APAR 2019/20 for publication to parties.

Public

CVA Risk Reporting Update

Creating Performance Assurance
Reporting for the CVA market
Verbal

25 June 2020
George Player

Proposed Monitoring of CVA Market

- The CVA Market Risks are of Focus for 2020/21
- Current CVA Monitoring is fragmented
- Reliant on Technical Assurance Audit

Work Plan – Items Complete

- Item One:
 - Risk factors have been identified for Monthly reporting for Risks 19-34.
 - Complete on 17th April 2020

- Item Two:
 - Identified existing data sources to be utilised
 - Detailed data sharing request to CDCA
 - Proposed Central Register of VAUs and CVA 'DTN'
 - Complete on 16th June 2020

- Item Three:
 - Described all data entities and attributes to be used in CVA Risk Reporting
 - Complete on 16th June 2020

Next Steps

- Data Model Design
 - Develop Model to display the relationship between data entities
 - To be complete by 26th June

- Internal Workshops
 - Propose and refine the Data Model
 - Explore CVA Database Management
 - To be complete 12th August

- Present Data Model to PAB
 - Discuss and finalise Data Model
 - To be complete 30th August

Post PAB-Approval

- ELEXON will raise a Change for the CVA DTN equivalent
- ELEXON will raise a Change for the CVA Register of VAUs
- ELEXON will produce the Power BI reports.

Recommendations

- We invite the PAB to:
 - a) **NOTE** the update.

Public

PAB233

BSC Audit Remote Auditing
Approach

25 June 2020

BSC Audit Remote Auditing Approach

- PAF Review recommendation to extend the use of remote auditing to reduce time spent on site and to improve efficiency of site visits
- ELEXON conducted a proof of concept remote auditing trial took place at eight Parties:
 - Two Parties were planned to be involved in the trial
 - Six Parties were included as a result of the COVID-19 Pandemic
- Findings and feedback positive, showing little difference to on site work
- Additional finding that sending enquiry questions ahead of the audit allowed greater discussion on the day of the audit

Recommendations

The PAB is invited to:

- a) **NOTE** the contents of the paper.
- b) **APPROVE** the change to the BSC Audit process enabling remote auditing.
- c) **APPROVE** the change to the BSC Audit process enabling enquiry questions to be sent ahead of the audit.

Public

PAB233

BSC Audit Scope Review

25 June 2020

2020/21 BSC Audit Scope Review

- Annual performance assurance cycle - BSC Audit Scope Document due for review.
- 2020/21 Scope changes continue to be in line with Risk Operating Plan
- COVID-19 pandemic and government lockdown considered, Risks split into 4 main Categories
- Remote Auditing Approach considered following trials
- Expansion of the Audit period considered to run from October to March



Recommendations

The PAB is invited to:

- a) **COMMENT** on the revised BSC Audit scope document; and
- b) **APPROVE** the BSC Audit scope document for use in the 2020/21 Audit cycle

Public

Recommendation to raise a Modification to include LDSOs in Qualification

233/09

25 June 2020
Matthew Woolliscroft

Background and issue

- LDSOs (and IDNOs) have numerous BSC responsibilities that are linked to Settlement Risks
- New entrant LDSOs complete Qualification as SMRA and UMSO, but there is no preventative assurance for the LDSO specific activities
- LDSOs are considered Performance Assurance Parties are subject to other assurance techniques such as the BSC Audit and EFR
- We believe new LDSOs should complete Qualification in the LDSO specific role before beginning operations
- The PAF Review presented recommendations at PAB224 in September 2019, which the PAB endorsed
- This included that the new entrant LDSOs are included in Qualification in the role of LDSO in addition to SMRA and UMSO

Proposed Solution

- Include new entrant LDSOs in the scope of Qualification in the role of LDSO
- Add a new role specific section to the SAD for questions relating to LDSO activities
 - New LDSOs will respond to this section in addition to the SMRA and UNSO roles
- Extend the Qualification Service Providers scope to assess responses to the new SAD section
- Recommended changes to re-Qualification will be considered under a subsequent workstream

Recommendations

We invite the PAB to:

- a) **COMMENT** on the proposal to require new LDSOs to Qualify in the LDSO role; and
- b) **RECOMMEND** to the Panel that the Modification in Attachment A be raised.

Public

PAT Review: TAPAP Recommendations

PAB233/11

Jason Jackson
25 June 2020

Objectives of our review

- TAPAP is a key detective technique
- Its insights support our view of risk
- Our recommendations seek to:
 - Improve quality of assurance
 - Increase volume of assurance activity
 - Reduce resource burden
 - Broaden the range of risks addressed
 - Maximise the visibility of insight

PAT Review Recommendations

1. Amend the timescales and process for agreeing TAPAP Findings Reports **(M)**
2. TAPAP audit of the actions taken by Suppliers regarding appointed Party Agents' BSC Audit Issues **(M)**
3. Clarify communication channels and procedures of non-compliances identified through TAPAP processes **(M)**
4. Providing assurance against Settlement Risks relating to Central Data Collection Agent (CDCA) processes **(L)**
5. Sharing best practice **(L)**
6. Reduce overlapping PAT application **(L)**
7. Introduce formal assurance of BSC process knowledge for TAPAP auditors **(L)**

Recommendations

The PAB is invited to:

- a) **APPROVE** the recommendations outlined in the report.

Confidential

Panel Update

PAB233

Confidential

Big Ticket Items

PAB233

Confidential

Actions

PAB233

25 Jun 2020
Simon Waltho

Confidential

Minutes

PAB233

25 June 2020
Simon Waltho

Confidential

AOB

PAB233