

# ELEXON RESPONSE TO THE 2019/20 TECHNICAL ASSURANCE AGENT (TAA) ANNUAL REPORT

<b>MEETING NAME</b>	Performance Assurance Board
<b>Date of meeting</b>	30 July 2020
<b>Paper number</b>	234/07
<b>Owner/author</b>	Michael Taylor
<b>Purpose of paper</b>	Decision
<b>Classification</b>	Confidential
<b>Summary</b>	Elexon's response to the Technical Assurance Agent (TAA) 2019/20 annual report discusses key findings and strategic priorities for the 2020/21 audit year.

## 1. Introduction

1.1 The Technical Assurance Agent (TAA) annual findings report was endorsed by the Performance Assurance Board (PAB) at its May 2020 meeting and approved by the BSC Panel at its June 2020 meeting. Elexon's response paper addresses a number of queries raised by the PAB and outline strategic priorities for the 2020/21 audit year.

## 2. Review of Technical Assurance of Metering (TAM) reporting

2.1 Elexon will be undertaking a review of the TAM reporting, to ensure that audit findings are delivered in a concise product that meets the requirements of committees, Risk Owners and customers.

2.2 The ultimate aim will be for TAM reports to also be made available to stakeholders through the Technical Assurance Agent Management Tool (TAAMT). The PAB and the Technical Assurance of Metering Expert Group (TAMEG) will be given the opportunity to comment and make recommendations on report style and contents, prior to reports being embedded in the TAAMT.

### Condensing audit findings

2.3 Elexon will look to significantly reduce the size of the TAM audit reporting by introducing a number of dashboards which will cover the key audit statistics (audits completed, no access rates, non-compliances). The updated TAM reporting will look to replace a significant part of the TAA annual report, which will instead focus on market trends.

### Increased frequency of reporting and reporting window

2.4 Elexon's understanding of underlying issues that result in non-compliances can change, as new insights emerge following the conclusion of the rectification process and the Trading Dispute validation checks. As such, we recommend that updated findings are included in the Quarterly Performance Assurance Report (QPAR). This will allow for external stakeholders to have greater visibility of key issues, as our understanding improves.

### Improved visibility on collaboration with other Performance Assurance Techniques (PATs)

2.5 Elexon will work to improve external stakeholder's visibility of collaboration with other PATs. This will provide a holistic end to end view of how the audit findings impact other assurance techniques.

2.6 Initially, the progress of Trading Disputes associated with Category 1 non-compliances will become standard in quarterly reporting. Furthermore, Elexon are in discussions with the BSC Auditor to improve on how the TAM findings inform the BSC Audit activities.

2.7 Further synthesis with other assurance activities will be discussed during internal Elexon workshops.

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## 3. Category 1 Non-compliances key findings

3.1 Elexon has highlighted three key findings for Category 1 non-compliances identified in the 2019/20 audit:

- Inaccuracy of Standing Data (Key MTD fields) held by Data Collector;
- Commissioning; and
- Outstation clocks incorrectly set to British Summer Time (BST) rather than Coordinated Universal Time (UTC).

Please note that our understanding of these key findings will be subject to change following the rectification of the outstanding non-compliances and conclusion of the Trading Dispute process. All findings are provided to the appropriate Risk Owner, who will advise on the appropriate next steps.

3.2 Please refer to Attachment A for detailed Category 1 non-compliances root causes.

### **Inaccuracy of Standing Data (Key MTD fields) held by Data Collector**

3.3 Initial 2019/20 audit findings indicated a significant rise in Category 1.01<sup>1</sup> non-compliances, when compared to the 2018/19 audit findings (from 1 to 9 observed non-compliances). However, 22% of the 2019/20 Category 1.01 non-compliances resulted from an erroneous evidence submission, rather than a material error with the Metering System.

3.4 Furthermore, whilst 78% of Category 1.01 non-compliances have outstanding Trading Disputes, initial analysis indicates that the majority of identified non-compliances will not result in a valid Trading Dispute. Trading Disputes may not be valid as the HHDC has corrected the data within the Settlement window, the £3,000 materiality threshold has not been met, or the non-compliance resulted from erroneous evidence submission. This correlates with the BSC Audit findings, which suggests that the frequency of Meter Technical Detail (MTD) related non-compliances is increasing, yet materiality is decreasing.

### **Commissioning**

3.5 The TAA highlighted Commissioning as a key control failure that allowed Category 1 non-compliances to manifest. However, the BSC Audit noted a significant reduction in the potential Settlement impact of Commissioning processes.

3.6 This indicates that Commissioning process improvements have had a positive impact on Commissioning activity following implementation. However, there are still a significant number of faults associated with historic systems present in the Half Hourly (HH) Metering population, which have not yet been identified due to Commissioning failures. This is evidence from the consistent number of Category 1.02<sup>2</sup> non-compliances observed in recent TAA audits that would have been prevented if Commissioning had been completed.

3.7 Elexon will continue to monitor the situation to capture underperforming Parties so the appropriate support can be offered to improve performance.

### **Outstation clocks incorrectly set to British Summer Time (BST) rather than Coordinated Universal Time (UTC)**

3.8 The prevailing root cause for a Category 1.03<sup>3</sup> non-compliance was where outstation clocks were incorrectly set to BST. Whilst observed instances had not resulted in a material error, the issue has the potential to

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<sup>1</sup> Category 1.01 – Inaccuracy of Standing Data (Key MTD fields) held by Data Collector

<sup>2</sup> Category 1.02 – Metering Equipment Incorrect or Unsatisfactory

<sup>3</sup> Category 1.03 – Timing Error (Major)

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result in a material error and can become resource intensive for Half-Hourly Data Collectors (HHDC) to correct errors.

- 3.9 Elexon recommends engaging with the Associates of Meter Operators (AMO) to ensure that working practices are up to date and will also raise as a point of discussion with the TAMEG.

## 4. Trading Disputes

- 4.1 The PAB queried why Category 1 non-compliances did not always result in a material Trading Dispute. Elexon has highlighted the following reasons why Category 1 non-compliances do not always result in material Trading Disputes:

- Category 1 non-compliance was raised due to an erroneous evidence submission at the time of inspection. A rectification process was required to confirm the incorrect evidence submission, but no material error was found on the Metering System;
- Category 1 raised and rectified prior to the Meter registering any energy consumption. The observed instance related to a temporary building supply;
- HHDC confirms no change in data, post non-compliance rectification. Examples included where the Meter has been replaced due to a blank screen;
- HHDC confirms the estimated data is in line with actual data, as such the Trading Dispute threshold was not met; and
- Following an investigation by the HHDC, timing errors were found not to have impacted data that was used for Settlement purposes.

- 4.2 Elexon recognises that Category 1 non-compliances are often found not to have a material impact on Settlement. Elexon will in future acknowledge these instances when reporting Category 1 statistics, rather than altering instructions to the TAA or downgrading non-compliances post rectification. This is to ensure that auditors continue to take a conservative approach when noting issues onsite.

- 4.3 Attachment B presents a graphical representation of Category 1 non-compliance materiality.

## 5. No Access Strategy

- 5.1 The TAA noted a no access rate of 16% for the 2019/20 audit year, the same percentage identified in the 2018/19 audit. Reducing no access rates remains priority in the TAM strategy, as no access directly reduces assurance offered by the TAM technique and results in additional costs to the industry.

- 5.2 Elexon recommends the following steps to reduce the rate of no access for TAA inspection visits:

- **Improve audit participants visibility of no access rate** – The most recent TAAMT update included the introduction of a 'widget' which will give Parties a live feed of their no access rate;
- **Peer Comparison** – Introduce a no access league table onto the TAAMT, tracking Parties' performance. This has also been included in the Performance Assurance Framework (PAF) review recommendations for Peer Comparison;
- **Teleconferences to be held with underperforming Parties** – Following the success of holding teleconferences to progress the rectification of Category 1 non-compliances, Elexon recommends extending teleconferences to Parties with a poor no access rate. The current system involves reporting poor performance to Parties via its Operational Support Manager (OSM); and
- **Review escalation contacts** – A review of Parties' escalation contacts will be undertaken to ensure that attendees to improvement discussions are held with the appropriate persons.

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## 6. Calibration certificate Non-compliances

- 6.1 The PAB raised concerns on the number of existing calibration certificate associated non-compliances. It is widely recognised that there has been poor retention of calibration certificates for Metering Equipment installed pre-P283<sup>4</sup> (6 November 2014).
- 6.2 Elexon recommends removing the obligation to present calibration certificates for TAA site inspections for all Metering Equipment installed before 6 November 2014. Furthermore, calibration certificates will not be required for post-P283 Metering Equipment, providing Parties can provide alternative evidence to demonstrate that overall accuracy is maintained.
- 6.3 In order to tackle the number of existing calibration certificate related non-compliances, which have an extremely low likelihood of being rectified, we recommend removing all existing non-compliances for pre-P283 Metering Equipment. Prior to clearing legacy non-compliance, we will undertake a data extraction, so that existing data is still available for analysis.
- 6.4 Elexon will submit recommendations to the TAMEG for comment, prior to PAB approval. Furthermore, information papers will be provided to the Imbalance Settlement Group (ISG) and Supplier Volume Allocation Group (SVG).

## 7. Recommendations

- 7.1 We invite you to:
- NOTE** the response to the TAA 2019/20 annual report;
  - COMMENT** on the TAM reporting review;
  - COMMENT** on the Category 1 key findings;
  - COMMENT** on the No Access strategy;
  - COMMENT** on removal of calibration certificate non-compliances; and
  - APPROVE** the strategic priorities for the TAA work for the 2020/21 audit year.

## Attachments

Attachment A – Category 1 non-compliances key issues

Attachment B – Category 1 non-compliance tables CONFIDENTIAL

Attachment C – Trading Dispute materiality

### For more information, please contact:

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<sup>4</sup> [P283: Reinforcing the Commissioning of Metering Equipment Processes](#)