

## GSP Metering Incident (\_A) Lessons Learnt

### Performance Assurance Board (PAB)

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**Summary** **A decline observed in the Annual Demand Ratio (ADR) in GSP Group \_A led to the raising of Trading Dispute DA1110. Given the significant volumes corrected through the fluid Settlement Runs and the significant value of the Trading Dispute, Elexon has conducted a Lessons Learnt exercise into the issue.**

### 1. Introduction

- 1.1 Through the Annual Demand Ratio (ADR) monitoring processes, Elexon identified an issue in GSP Group \_A in mid-2020.
- 1.2 After extensive investigations took place, both into Elexon's data and also with physical site visits, it was discovered the cause of the issue was incorrect Metered Volumes for a Grid Supply Point (GSP) entering Settlement for the period 3 July 2019 to 3 February 2021. The total volumes for that GSP had been under-recorded during this period.
- 1.3 The result of this was Parties' charges were incorrect; generally, Generators and Half Hourly Suppliers were overcharged, and Non-Half Hourly Suppliers were undercharged due to GSP Group Correction.
- 1.4 Part of the data was able to be corrected through the normal Settlement Run process (the SF to RF Runs), but some of the period fell outside of the fluid period. Therefore a Trading Dispute (DA1110) was raised (and subsequently upheld by the Trading Disputes Committee (TDC)) to perform further corrections at the DF Run. All data was therefore corrected through either the fluid Settlement Runs or the Dispute Final Run.
- 1.5 Parties affected by a significant financial amount were contacted by Elexon. For the Parties most impacted, either by Elexon's Executive Team (Mark Bygraves, CEO, or Victoria Moxham, Director of Customer Operations), Elexon's Head of Assurance (Oli Meggitt), or the Parties' Operational Support Manager (OSM) or OSM Manager.
- 1.6 Numerous verbal updates were provided to the BSC Panel Committees during the investigation and resolution of the issue, as well as to the Industry via Elexon's communication channels including Newscast and direct contact from the OSMs.
- 1.7 Given the large total impact of the incident, including the value of the Trading Dispute, Elexon conducted a Lessons Learnt exercise. This paper outlines the outcomes from this exercise.

### 2. Lessons Learnt Summary

- 2.1 Firstly, it should be acknowledged that the issue was identified using ADR monitoring, and investigated and 100% resolved with corrected data. Part of this data was entered through the normal Settlement Runs (SF to RF), and part was corrected through the Trading Disputes process (at the DF Run). The multiple Settlement Runs and Trading Dispute process are in place to allow corrected data to be used at a later point in time to

make Settlement as accurate as possible – therefore these processes did perform as they should to allow Elexon to utilise the most accurate data within the prescribed Settlement Run.

- 2.2 The ADR processes exist as a final ‘Key Performance Indicator’, highlighting any significant issues that have not been picked up through general BSC assurance processes and techniques. Therefore, it can be considered that ADR did its job in demonstrating the data was outside of an acceptable tolerance, allowing us to raise an incident for investigation, and resolve the Settlement impacts through the Trading Disputes process.
- 2.3 However, it should be noted that instances such as this are not easy to pick up on. Elexon monitors data at a macro level; whilst we do have data at GSP Group level, it can be challenging to use this as a regular monitoring approach due to the unpredictable nature of GSP consumption.
- 2.4 Whilst we have considered the ADR KPI process, our Lessons Learnt review has resulted in work which should enable issues such as this to be identified and addressed before it breaches the ADR tolerances. However, we do acknowledge that it took longer than we would have wanted to reach a resolution once the incident was identified, and this does form part of the Lessons Learnt and subsequent actions.
- 2.5 Responsibilities to monitor and manage some aspects do sit with Licensed Distribution System Operators (LDSO) and Party Agents. Through engagement and education with Parties (outlined in Section 4 below), Elexon will encourage Parties to review their own processes and provide further education, guidance and training where necessary.
- 2.6 Elexon acknowledges that more Assurance activities could be applied in these areas, for example increases in the number and/or frequency of site inspection visits. However, there would be a significant cost implication of an approach such as this, whilst also providing no further guarantee of an issue being identified. Elexon is mindful of utilising its resources in the most efficient and effective means possible and therefore, the actions noted in the subsequent sections reflect this balance between cost and impacts.
- 2.7 It is important to recognise that whilst the Assurance options have been considered, the obligations, which would prevent incidents such as this occurring, are held by industry participants. Therefore the onus on Parties meeting these obligations cannot be understated and forms the first part of this paper.
- 2.8 In the future, there will be more opportunities for validation of the data, for example through Elexon’s customer solution ‘Kinnect’, but a large part of the data quality is reliant on the work that is physically undertaken when installing Metering Equipment.

### **3. Key Positive Outcomes and Feedback**

- 3.1 We want to highlight that there were a number of positive lessons identified.
- 3.2 In a previous similar incident, it was not always clear who the correct people within BSC Parties were for Elexon to contact. Through use of the Operational Support Managers, this was avoided in this instance and the correct people (often not our usual operational contacts) received information.
- 3.3 A new step in the Trading Disputes process, allowing the Trading Dispute end date to be left open, was utilised. This allowed us to run the Trading Dispute with the best possible data used.
- 3.4 The feedback received from phone calls made by Elexon’s Executive Team was very positive. Industry comments generally noted that they appreciated being informed of the situation, getting an understanding of the financial impact, and being made aware of the Lessons Learnt exercise that was taking place.

### **4. Actions and Improvements Identified – Industry Knowledge and Processes**

- 4.1 As noted above, one of the focuses of the Lessons Learnt exercise was to consider whether the obligations on participants and controls they have in place are sufficient.
- 4.2 Elexon identified that the root cause of the incident arose from participants programming Meters in a potentially non-compliant way. Further to this, Elexon believes that the incident was exacerbated by parties then failing to identify error flags and/or highlight potential issues to other participants and Elexon.
- 4.3 Therefore, throughout the remainder of 2021, Elexon will create and deliver further educational pieces to LDSOs and Central Volume Allocation (CVA) Meter Operator Agents. These specific roles were not impacted financially by this issue, and so this education will outline the obligations which are placed upon the Parties, and the actions that can be taken by Elexon or the PAB against any non-compliances. The focus will be to

highlight the important parts of their roles in relation to this process – actively monitoring their own systems and data, and informing other parties of any concerns in data.

- 4.4 Alongside the educational work in the remainder of 2021, Elexon will investigate whether any Modifications or Change Proposals (to either the BSC or other relevant Industry Codes) may be needed to clarify or enforce the processes to reduce the risk of similar instances occurring in future, or if other steps can be taken to strengthen the obligations placed upon Parties and strengthen any remedial action which is taken when BSC non-compliances are identified
- 4.5 Ultimately, this would support one of the overarching principles of the BSC Performance Assurance Framework that prevention of an issue occurring initially is better than resolving the impacts of it successfully.
- 4.6 Elexon therefore is continuing to engage with both the participants involved in this particular incident, but also similar Parties across the industry, to emphasise the importance of them meeting their obligations and understanding the processes (and thus the impacts of their actions on other Parties and the wider industry). Following the independent BSC Audit, Audit Issues relating to the GSP issue were raised with the BSC Auditor, and so Elexon will proceed with these in the normal manner. It has also been noted through recent Technical Assurance Agent (TAA) checks that Commissioning of GSPs is particularly poor, and therefore this is an immediate area of focus.
- 4.7 Elexon will continue to be involved in discussions with National Grid Electricity Transmission (NGET) and will share these Lessons Learnt with them. Elexon will also seek to improve communications and knowledge sharing between the two Parties.
- 4.8 Elexon will also look for further ways to encourage more communication between Industry participants, including NGET, LDSOs and CVA MOAs, around areas such as this.

## **5. Actions and Improvements Identified – Elexon Knowledge and Processes**

### **5.1 Internal knowledge**

- 5.1.1 Elexon has already begun providing further training to the analysts on the different factors that may influence our data, such as the ADR, and different tools that can be used to speed up analysis. Elexon will also ensure that there are specific KPIs in place for data quality and reviews, and the actions they should take are clear and consistent. This will include ensuring processes are fully documented, so that actions are clear and can be taken quicker.
- 5.1.2 Our internal teams will work together to ensure responsibilities between them are clear, defined and agreed. We will investigate any additional internal tools that can be developed to help monitor and identify trends in data at the earliest time possible, aiming to develop these throughout 2021 and 2022.

### **5.2 CVA Risk Management focus**

- 5.2.1 Elexon presented the 2021/2022 Risk Operating Plan to the March 2021 PAB meeting (PAB242/05). This outlined that one of the focus areas for the year ahead was providing improved assurance within the CVA Market. This will be continually developed and delivered throughout the 2021/2022 Performance Assurance Operating Period (PAOP).
- 5.2.2 This will cover a number of key Settlement Risks, including Registration, Metering Equipment installation, programming maintenance and commissioning, and fault resolution. Elexon will continue to develop the Assurance processes around this area, providing updates to the PAB through the Risk Analytics and Monitoring Dashboards (RAMD) updates.

### **5.3 Trading Disputes Review**

- 5.3.1 Elexon is undertaking a review of the Trading Disputes process; this GSP issue has been fed into this process. Elexon is currently updating its LWIs to include more detail, including ensuring templates for Party contact are available to minimise time and ensure impacted Parties can be contacted as early as possible. These activities are due to be completed by the end of Q2 2021.

### **5.4 Supplier Volume Allocation Agent (SVAA) development**

- 5.4.1 The future development of the SVAA systems will look at validation rules that can be put in place to help identify erroneous data at source. This is due to be delivered in March 2023, but preceded by additional Settlement Data analysis proof of concept work.

## 5.5 **Central Data Collection Agent (CDCA)**

- 5.5.1 Elexon will investigate additional checks and controls that can be added to confirm data is accurate, which may include customer approval of data. This includes investigating new data analysis tools, which will enable a view of longer-term data periods to be seen, helping to identify early any potential issues or trends. This will take longer to implement, and is currently scheduled for completion by March 2024.
- 5.5.2 In the interim, further training will be provided to CDCA staff to help them know what issues or concerns should be raised to Elexon.

## 6. **Next Steps**

- 6.1 Elexon has assigned a full list of actions to staff across the business. The actions will be monitored regularly to ensure completion, with any necessary updates or decision points being presented to the PAB or other relevant Panel Committees at the appropriate time.

## 7. **Recommendations**

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

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### **For more information, please contact:**

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