

# CP Progression Paper

## 'Switching off participant-reported PARMS Serials (excluding SP04)'

**ELEXON**



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### Committee(s)

Supplier Volume Allocation Group (SVG) & Performance Assurance Board (PAB)

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### About This Document

This document provides information on a new Change Proposal and outlines our proposed progression timetable for this change, including when it will be issued for CP Consultation in the next suitable Change Proposal Circular (CPC) batch.

We are presenting this paper to the Performance Assurance Board (PAB) on 29 July 2021 and to the Supplier Volume Allocation Group (SVG) on 3 August 2021 to capture any comments or questions from Committee Members on this CP before we raise it and issue it for consultation.

There are three parts to this document:

- This is the main document. It provides a summary of the solution, impacts, anticipated costs, and proposed implementation approach, as well as our proposed progression approach for this CP.
- Attachment A contains the CP proposal form.
- Attachment B contains the proposed redlined changes to deliver the CP solution.

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# 1 Summary?

## Why change?

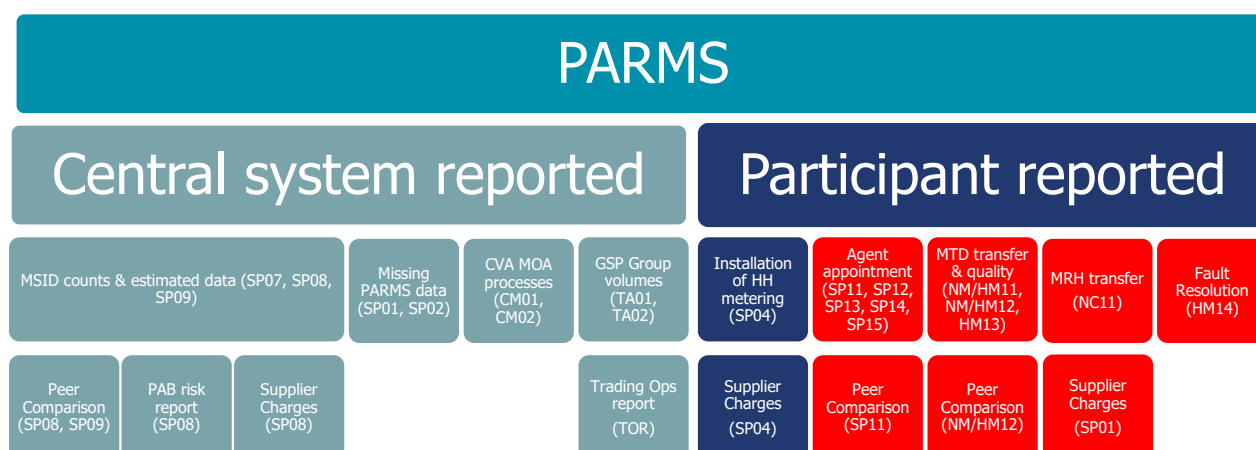
The cost of reporting and processing participant-reported Performance Assurance Reporting and Monitoring System (PARMS) serials is significant. The data that is reported is of limited value and has established weaknesses. Moreover, there are other techniques that can be used to manage the associated Settlement Risks more effectively.

Given the cost of reporting these Serials, the relative weakness of the data provided and the alternative methods available to monitor the same Settlement Risks, the continued provision of this data cannot be justified.

## Solution

This CP will remove the requirement for Data Collectors (DCs) and Meter Operator Agents (MOAs) to submit the impacted PARMS Serials. Suppliers will no longer be required to ensure that their Agents submit this data. Suppliers will not be required to include these Serials in their Data Provider Information (DPI) file.

The solution will remove all obligations relating to the Serials highlighted in red within this diagram.



## Impacts and costs

We estimate it will cost between £13k to £15k to deliver the PARMS system changes required for this change.

There may also be costs to Suppliers and BSC Party Agents where they need to update systems, processes or resource allocation on the basis that the data previously provided to support the participant reported PARMS Serials will no longer be required, but we expect these to be minimal. There may also be operational cost reductions, as the impacted reports will no longer need to be sent and exceptions managed.

Since this CP removes obligations on BSC Parties and Party Agents it is anticipated that the CP will result in a net benefit to market participants following the implementation in terms of cost saved (estimated to be greater than £250k).

## Implementation

If approved, document and system changes will be implemented on 24 February 2022 as part of the standard February 2022 BSC Release.

## 2 Why Change?

### What is the issue?

The cost of reporting and processing participant-reported Performance Assurance Reporting and Monitoring System (PARMS) Serials is significant. The data that is reported is of limited value and has established weaknesses. Moreover, there are other techniques that can be used to manage the associated Settlement Risks more effectively.

Given the cost of reporting these Serials, the relative weakness of the data provided and the alternative methods available to monitor the same Settlement Risks, the continued provision of this data cannot be justified.

### Reporting Cost

As part of the PAF Review project, industry and PAB engagement was undertaken and it was found that - across the various industry participants, which provide data for PARMS - an average of 10 FTE is spent supporting this reporting burden. This was found to cost industry around £250k per year ([PAB234/12](#)). These costs fall directly on market participants, though Elexon also incurs costs by maintaining the Serials and processing the data albeit to a lesser extent.

### Data Weaknesses

The reporting of participant-provided PARMS serials has established weaknesses. For example, the participant-reported nature of the data relies on all participants reporting data consistently and accurately – this cannot be guaranteed. As a result, there cannot be absolute confidence in data provided and any conclusions drawn from it.

### Alternative Techniques

New Risk Dashboards are being developed by Elexon that will report on the Settlement Risks using more reliable data than the Serials. This centralised approach will apply any calculations and analysis consistently across all participants. Supplier Volume Allocation (SVA) data will be pulled from the Data Transfer Network (DTN) and Supplier Meter Registration Service (SMRS), whereas Central Volume Allocation (CVA) data will be taken from the Central Data Collection Agent (CDCA) and Central Registration Agent (CRA). They will take this data and translate it into actionable insights that support Elexon's risk management efforts.

A dashboard is being created against each of the 34 Settlement Risks. At the time of writing, they have been completed for five Settlement Risks, and we aim to have them in place for all Risks by February 2023. We do not believe that there is any significant increase in the level of risk to Settlement in the interim period between the proposed implementation of this change and the completion of the Risk dashboards. Elexon is providing regular updates to the PAB and industry as to the development of these dashboards.

### Background

Through collaboration with industry via the [Issue 69 'The Performance Assurance Framework Review'](#) workgroup and the Performance Assurance Board (PAB), Elexon concluded that some participant-reported aspects of the PARMS Serials are not adding sufficient value. The issue identified through this collaborative work with industry was that a number of the PARMS Serials currently in place are costly for market participants to

support and these costs are disproportionate to the value of the assurance provided by these same PARMS Serials.

It was also noted that given the anticipated changes to our Assurance Framework and data driven by the transition to [Market-Wide Half Hourly Settlement](#) (MHHS) and the [Retail Energy Code](#) (REC), Elexon are unable to justify the investment to deliver sufficient improvements at this time.

One of the work streams of the PAF review focused on the provision and use of data under the PAF. This work stream sought to propose a recommended approach to future data provision under the PAF. One area identified for improvement was in the provision of data under the PARMS Performance Assurance Technique (PAT). The PAF review project delivered a recommendations report in respect of Data Provision ([PAB234/12](#)). While three options were presented to the PAB in respect of PARMS, the PAB approved the first option, which was to cease participant reported PARMS serials excluding SP04 (Installation of HH Metering). The PAB also approved the proposed implementation approach, which includes the raising of this CP to enact the approved recommendation.

## Performance Assurance Reporting and Monitoring System (PARMS)

PARMS is a database containing information about how Suppliers and their Supplier Hubs are performing. As part of the PAF, Elexon use a set of PATs to help mitigate the Settlement Risks. We use PARMS data primarily to support the Performance Monitoring, Peer Comparison and Supplier Charge techniques<sup>1</sup>, and to report to the PAB. Data from PARMS supports the BSC Audit and we periodically provide information to the BSC Panel and other Panel Committees or Modification groups. In particular, PARMS helps ELEXON monitor potential breakdown in communication within the Supplier hub, which could adversely affect the accuracy of Settlement if left unattended.

### Who provides the data?

PARMS data comes from a variety of sources including:

- Suppliers;
- Supplier Agents;
- Supplier Meter Registration Agents (SMRAs); and
- Supplier Volume Allocation Agent (SVAA).

Each data provider sends data to ELEXON from an authorised email address and contact.

### How often is data provided?

PARMS data is provided monthly. Each calendar month is referred to as a reporting period.

- The SVAA provides data within seven Working Days (WDs) of the end of a reporting period;
- SMRAs provide data within 10 WDs of the end of a reporting period; and

<sup>1</sup> These processes are in [BSCP533 'PARMS Data Provision, Reporting and Publication of Peer Comparison Data'](#) and [BSCP536 'Supplier Charges'](#).



### What is the DPI file?

The Data Provider Information (DPI) file is for a single reporting period and contains information on which Supplier Agents a Supplier has appointed in each GSP Group, so PARMS knows what data to expect from those Agents.

- Suppliers or Supplier Agents (on behalf of the Supplier) provide data within 20 WDs of the end of a Reporting Period.

These deadlines are in the PARMS reporting calendar, which we send to all identified data providers in November each year for the following calendar year. The calendar is also available on the [BSC Website](#).

## What are PARMS Serials?

PARMS data is provided in reports referred to as Serials. A Serial is a defined area for measuring a Supplier or Supplier Agents' performance against key industry processes. The majority of PARMS Serials are submitted by Supplier Agents. The notable exceptions to this are the Data Provider Information (DPI) file and the SP04 PARMS Serials which are submitted by the Supplier. The DPI file is for a single reporting period, and contains information on which Supplier Agents a Supplier has appointed in each GSP Group, so that PARMS knows what data to expect from those Agents.

The Serials are defined from obligations in the BSC or Code Subsidiary Documents. For example SP04 – 'Installation of Half Hourly (HH) Metering' – relates to the obligation to install HH metering at a site, which has qualified for HH Metering.

Each Serial has one or more Standards associated with it. A Standard is a performance measure contained within a Serial. Using the SP04 as an example again, the Standards are:

- The number of Days for which a HH Meter should have been installed;
- The number of Days for which a HH Meter was not installed, when it should have been; and
- The percentage of Days for which a HH Meter was not installed, when it should have been

Further information on PARMS reports and PARMS reporting can be found in [BSCP533 'PARMS Data Provision, Reporting and Publication of Peer Comparison Data'](#) and its two appendices.

## PAF Review

The Performance Assurance Framework review project was undertaken by Elexon on behalf of the Performance Assurance Board. The key objectives for this review were:

- Better engagement with parties about issues that do and don't matter to them (their risk appetite)
- Increase the quantity and quality of participation in consultations
- Meet the current and future assurance needs of the Panel, the PAB and the wider electricity industry e.g. smart metering, alternative business models, CVA risk
- Improve the measurability of Settlement error and the mitigating effect of assurance activities
- Deliver a valued and trusted assurance service to BSC Parties under the strategic and tactical guidance of the BSC Panel and PAB



### PARMS data includes the following serials

SP04 Installation of HH metering

SP11 Timely Appointment of Agents

SP12 Timely Notification of Changes of the Data Aggregator via D0148

SP13 Timely Notification of Changes of the Meter Operator Agent via D0148

SP14 Timely Notification of Changes of the Data Collector via D0148

SP15 Missing Appointments of Agents

HM11 Timely Sending of HH MTDs to Half Hourly Data Collectors (HHDCs)

HM12 Missing HH MTDs

HM13 Quality of HH MTDs

HM14 Timely HH Meter Investigation Requests

NM11 Timely Sending of NHH MTDs to Non-Half Hourly Data Collectors (NHHDCs)

NM12 Missing NHH MTDs

NC11 Missing NHH Meter Reads & History from Old NHHDC to New NHHDC

SP07 SMRA & SVAA MSID Count – SMRA File

TA01 GSP Group Correction Factor

TA02 Annual Demand Ratio

SP07 SMRA & SVAA MSID Count – SVAA File

SP08 Energy and MSIDs on Actuals

SP09 NHH Defaults

CM01 CVA Meter Operator Agent (MOA) Proving Tests

CM02 CVA MOA Fault Resolution

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The project was divided into four workstreams, the last of which was data provision. The aim of this workstream was to create Proofs of Concept to test the viability of alternative methods of data provision that place less burden on participants to provide data and that support more accurate risk appraisal. One of the areas of focus for this work was a review of PARMS with a view to identifying potential changes required to ensure that the system meets the present needs of the PAF and the risk climate across the market.

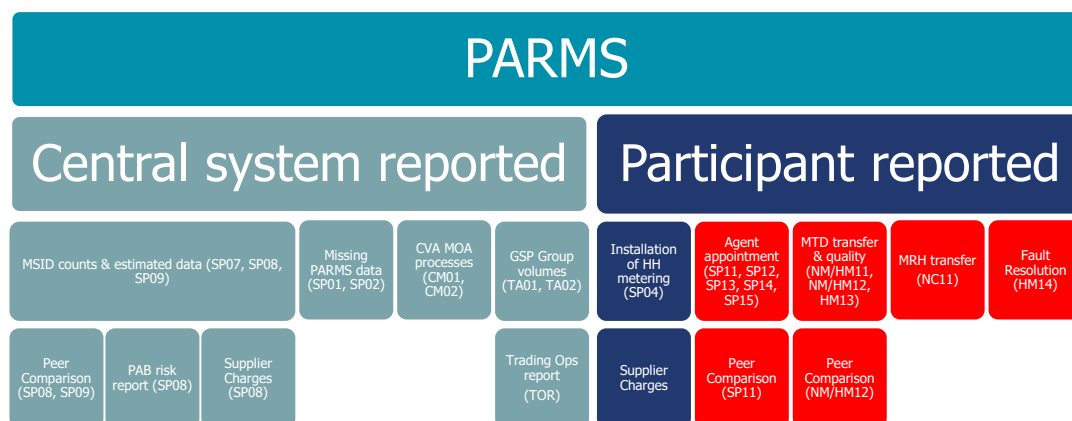
This work lead to the conclusion that certain PARMS serials (namely the participant reported Serials highlighted by this change) would require significant investment to enhance and update. Investment which cannot be justified until the impacts of REC implementation and the transition to MHHS are better understood. Since this investment cannot currently be justified and the cost to market participants to deliver these Serials has been found to be disproportionate to the value those Serials present in terms of Assurance in their current form, the recommendation was submitted proposing the cessation of those Serials.

### 3 Solution

#### Proposed solution

This CP will remove the requirement for DCs and MOAs to submit the impacted PARMS Serials. Suppliers will no longer be required to ensure that their Agents submit this data. Suppliers will not be required to include these Serials in their DPI file.

The solution will remove all obligations relating to the Serials highlighted in red within this diagram.



The solution will also amend the PARMS system to ensure that it is able to continue to operate as intended once market participants cease providing data against those highlighted Serials. Please note that if this Change Proposal is approved and implemented, the deleted Serials will not be included in SP01 charges.

In regards to SP04: the Supplier Charges review presented to the PAB in March 2020 ([PAB230/08](#)) did conclude that this Serial, which is an old PARMS Serial and the only one reported by Suppliers, was still necessary and should be kept.

The significance of the Serial has been greatly reduced with Profile Classes 5-8 moving to HH under Modification [P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'](#). As a result of P272, the number of applicable Metering Systems has been greatly reduced, with numbers now so low as to preclude any significant material impact. However, we do still see sufficient volumes reported against SP04 to justify its continued use. Therefore, we propose that this Serial is left in its current form as it will remain a useful form of monitoring and reporting until we have completed the transition to MHHS. Suppliers will therefore continue to be required to report SP04 data in the meantime.

#### Supplier Charges

Exelon notes that while SP01 (the Supplier Charges Serial applied in respect of missing or incomplete PARMS data) is set to £0, there will not be a mechanism to incentivise Suppliers to provide SP04 data. Exelon will be working with the PAB and with industry to determine the appropriate next steps in terms of Supplier Charges. This will include any actions deemed to be appropriate to enforce compliance with provision of SP04 data.

## Proposer's rationale

Disabling the relevant participant-reported PARMS Serials will reduce the reporting burden on participants which industry spends an estimated 10 FTE per year (or ~£250k). At the same time, the benefits seen in respect of the assurance delivered by the PARMS solution have declined since its original implementation. Likewise other more flexible reporting, monitoring and auditing solutions outside of PARMS continue to grow more effective in providing assurance against key Settlement Risks.

## Proposed redlining

The redlining removes the highlighted Serials from the [BSCP533 'PARMS' Data Provision, Reporting and Publication of Peer Comparison Data](#) and its two appendices [BSCP533 Appendix A 'Data Provider File Formats'](#) and [BSCP533 Appendix B 'PARMS Calculation Guidelines'](#). Doing so will remove the obligations on Suppliers and their Agents to provide data in support of any of these removed serials. Since the PARMS system and the associated Performance Assurance Technique will persist no further redlining is required to the BSCP and its appendices at this time. References to P flows which relate to the Serials proposed to be discontinued have also been deleted from the [Supplier Volume Allocation Data Catalogue Volume 1](#).

The proposed redlining to deliver this CP is in Attachment B.



## 4 Impacts and Costs

This change will impact:

- Suppliers;
- Half Hourly Data Collectors (HHDCs);
- Non Half Hourly Data Collectors (NHHDCs); and
- Meter Operator Agents (MOAs).

### BSC Party & Party Agent impacts and costs

BSC Party & Party Agent Impacts	
BSC Party/Party Agent	Impact
Suppliers (BSC Parties)	Minor costs where they need to update systems, processes or resource allocation on the basis that the data previously provided to support the participant reported PARMS Serials will no longer be required. These implementation costs are anticipated to be offset by the cost saving of not having to support the delivery of these reports.
HHDCs, NHHDCs and MOAs (BSC Party Agents)	Minor costs where they need to update systems, documents or resource allocation on the basis that the data previously provided to support the participant reported PARMS Serials will no longer be required. These implementation costs are anticipated to be offset by the cost saving of not having to support the delivery of these reports.

We will seek confirmation of these impacts as part of the CP consultation.

## Central impacts and costs

### Central impacts

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none"><li>• BSCP533 PARMS Data Provision, Reporting and Publication of Peer Comparison Data</li><li>• BSCP533: Appendix A PARMS Data Provider File Formats</li><li>• BSCP533: Appendix B PARMS Calculation Guidelines</li><li>• Supplier Volume Allocation Data Catalogue Volume 1 – Appendix A – Main Index</li><li>• Supplier Volume Allocation Data Catalogue Volume 1 – Appendix B – Data Flows</li></ul>	<ul style="list-style-type: none"><li>• PARMS System Changes (~£13k to £15k)</li></ul>

The central implementation costs for the CP will be approximately £15k. This is expected to cover the following activities:

- Delivering required changes to the PARMS system to end date relevant Serials;
- Testing to ensure system functionality for various anticipated scenarios following implementation including where participant systems continue to submit data; and
- Amending the relevant Code Subsidiary Documents.

## Impact on BSC Settlement Risks

### Impact on BSC Settlement Risks

The PARMS Serials proposed to be discontinued primarily provided data in respect of the following risks:

- Risk 004 – The risk that Agents are not appointed or de-appointed correctly, such that SMRS is not complete or up to date, members of the Supplier Hub do not hold the correct MPID of other Hub members or the appropriate agents are not appointed
- Risk 005 – The risk that a fault with SVA Metering Equipment is not resolved, such that metered data is recorded incorrectly or cannot be retrieved
- Risk 006 – The risk that on a change of agent, Meter Technical Details are not transferred or processed correctly or at all, such that parties do not use the latest Meter Technical Details

Whilst the impacted Serials provided data in respect of Settlement Risks 4, 5 and 6, in practice they are no longer effective because of the unreliability of the data provided. Moreover, it is expected that the risk dashboards described on page 3 will provide the necessary insights against these Risks moving forward.

## 5 Implementation Approach

### Recommended Implementation Date

We propose that the document and system changes are implemented on **24 February 2022** as part of the standard February 2022 BSC Release.

This is the earliest Release that this change can be implemented and therefore will realise its benefits for industry at the earliest possible time. We believe this allows sufficient time for market participants to amend its systems and processes and will seek confirmation of this as part of the CP Consultation.

## 6 Proposed Progression

### Progression timetable

The table below outlines the proposed progression plan for this CP:

Progression Timetable	
Event	Date
CP Progression Paper presented to PAB for information	29 July 21
CP Progression Paper presented to SVG for information	3 August 21
CP Consultation	9 August 21 – 6 September 21
CP Assessment Report presented to PAB for decision	30 September 21
CP Assessment Report presented to SVG for decision	7 October 21
Proposed Implementation Date	24 February 22 (Feb 22 Release)

### CP Consultation questions

We intend to ask the standard CP Consultation questions for the CP. We do not believe any additional questions need to be asked for this CP.

Standard CP Consultation Questions
Do you agree with the CP proposed solution?
Do you agree that the draft redlining delivers the CP proposed solution?
Will the CP impact your organisation?
Will your organisation incur any costs in implementing the CP?
Do you agree with the proposed implementation approach for this CP?

## 7 Recommendations

We invite you to:

- **NOTE** the proposed progression timetable for the CP; and
- **PROVIDE** any comments or additional questions for inclusion in the CP Consultation.

## Appendix 1: Glossary & References

### Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
BAU	Business As Usual
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
CDCA	Central Data Collection Agent
CP	Change Proposal
CRA	Central Registration Agent
CVA	Central Volume Allocation
DC	Data Collector
DPI	Data Provider Information [file]
DTN	Data Transfer Network
FTE	Full Time Equivalent
HH	Half Hourly
HHDC	Half Hourly Data Collector
LWI	Local Working Instruction
MHHS	Market-wide Half Hourly Settlement
MOA	Meter Operator Agent
NHHDC	Non Half Hourly Data Collector
PAB	Performance Assurance Board
PAT	Performance Assurance Technique
PAF	Performance Assurance Framework
PARMS	Performance Assurance Reporting and Monitoring System
REC	Retail Energy Code
SMRS	Supplier Meter Registration Service
SVA	Supplier Volume Allocation
SVAA	Supplier Volume Allocation Agent

### DTC data flows and data items

No DTC data flows or data items are referenced in this document.

### External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

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External Links		
Page(s)	Description	URL
2	MHHS webpage	<a href="https://www.elexon.co.uk/operations-settlement/market-wide-half-hourly-settlement/">https://www.elexon.co.uk/operations-settlement/market-wide-half-hourly-settlement/</a>
2	REC webpage	<a href="https://www.retailenergycode.co.uk/">https://www.retailenergycode.co.uk/</a>
2	PAB meeting page link	<a href="https://www.elexon.co.uk/meeting/pab-234/">https://www.elexon.co.uk/meeting/pab-234/</a>
3	PAB committee webpage	<a href="https://www.elexon.co.uk/group/performance-assurance-board-pab/">https://www.elexon.co.uk/group/performance-assurance-board-pab/</a>
3	Issue 69 webpage	<a href="https://www.elexon.co.uk/smg-issue/issue-69/">https://www.elexon.co.uk/smg-issue/issue-69/</a>
3	PAB meeting page link	<a href="https://www.elexon.co.uk/meeting/pab-234/">https://www.elexon.co.uk/meeting/pab-234/</a>
5	PAB meeting page link	<a href="https://www.elexon.co.uk/meeting/pab-234/">https://www.elexon.co.uk/meeting/pab-234/</a>
5	PAB meeting page link	<a href="https://www.elexon.co.uk/meeting/pab-230/">https://www.elexon.co.uk/meeting/pab-230/</a>
5	BSC Mod page	<a href="https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/">https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/</a>