

Supplier Agent Management: Technical Assurance of Performance Assurance Parties (TAPAP) Scope

Performance Assurance Board

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Purpose of paper **Decision**

Classification **Public**

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Summary **This paper seeks approval from the Performance Assurance Board (PAB) for a Risk Management Determination and scope of a Technical Assurance Check on Supplier Agent Management**

1. Technical Assurance of Performance Assurance Parties Scope

- 1.1 Each year, the Performance Assurance Board (PAB) deploys the Performance Assurance Framework (PAF) to manage Settlement Risks. To do this, the PAB identifies, evaluates and prioritises the risks that may occur within Settlement and the extent to which they apply to each Performance Assurance Party (PAP). The PAB applies Performance Assurance Techniques (PATs) to PAPs based on the risk they pose to Settlement; this is published in the Risk Operating Plan (ROP).
- 1.2 At the June 2020 PAB Meeting, the PAF Review provided recommendations to the TAPAP technique ([PAB233/11 - 'PAF Technique review recommendations -TAPAP'](#)), including a TAPAP Audit of the actions taken by Suppliers regarding appointed Supplier Agents' BSC Audit Issues.
- 1.3 This TAPAP will:
 - Provide assurance of Suppliers' management of their individual Supplier Hub; and
 - Assess the appropriateness and efficacy of actions taken by Suppliers in order to address BSC Audit Issues raised against their appointed Supplier Agents.
- 1.4 This check is not being undertaken with a view to raising specific non-compliances against Suppliers for failing to take action, but will instead feed into Elexon's view of Risk, by improving visibility of which risk areas Suppliers are putting pressure on Supplier Agents to address and which are being de-prioritised.

2. Details of the check

Candidate selection

- 2.1 Because of the nature of the check, the candidates have been selected primarily based on BSC Audit Issue data. A list of Suppliers was created using Half Hourly (HH) and Non Half Hourly (NHH) Meter Operator Agents (MOA) and Data Collectors (DC) with the highest number of material BSC Audit non-compliances, and determining through Supplier Meter Registration Service (SMRS) data the appropriate Supplier / Supplier Agent relationships.
- 2.2 Suppliers have also been selected where their associated Supplier Agents have issues related to a focus risk area that has been highlighted in the ROP. At the request of the PAB, additional consideration was also given to Supplier Agents that had BSC Audit non-compliances relating to the BSCP504 obligation to visit de-

energised sites once every 12 months¹. Attachment A (confidential) provides Party-specific information on the candidates that have been selected for the check.

- 2.3 In August 2021, Elexon will send Suppliers the Audit Issues of their associated Supplier Agents. Elexon will also send notice of the follow up TAPAP check.

What will the audit cover?

- 2.4 The objective of the check is to draw out information regarding the actions taken by Suppliers in order to address BSC Audit Issues raised against their appointed Supplier Agents. This will cover questioning around:
- Prioritisation of Supplier Agents;
 - Prioritisation of risk areas;
 - Follow up actions to ensure continued resolution of BSC Audit Issues;
 - Frequency of follow ups;
 - Actions taken where progress has not been made;
 - Actions taken following updates from Operational Support Managers (OSMs) regarding Supplier Agent performance; and
 - How effective relationships are maintained with Supplier Agents.
- 2.5 In addition there will be supplementary questions that will be risk specific to look at the impact of Supplier Agent management on specific risk areas highlighted in the ROP.

How will the audit be conducted?

- 2.6 Elexon will conduct the TAPAP audit in accordance with [BSCP535, Technical Assurance](#).
- 2.7 Elexon will inform each candidate of the planned audit at least 10 Working Days (WDs) prior to the audit as per BSCP535.
- 2.8 Elexon will conduct the audits as remote audits via teleconference to accommodate for the ongoing impacts of the COVID-19 pandemic (unless an in-person visit is specifically requested by a Supplier), with any follow up conducted by teleconference as required.

When will the audits take place?

- 2.9 Elexon proposes that these audits are undertaken in Q1 of 2022, taking into account Elexon resourcing, impacts of the BSC Audit and other TAPAP checks that have been planned for this Performance Assurance Operating Period (PAOP).

Potential outcomes of the audit

- 2.10 Following the TAPAP audit, Elexon will:
- Review individual TAPAP findings against their BSC Audit Issues to check alignment and review the ratings provided by the BSC Auditor;
 - Provide Risk Owners with the findings of this check so that it can feed into Elexon's view of each Risk that has been covered in the audit testing;
 - Provide OSMs with feedback from the check so that they are able to discuss the findings with Parties during performance management discussions; and
 - Determine whether further analysis and TAPAP audits should take place.

3. Next Steps

- 3.1 If the PAB approves the scope of this TAPAP audit, the audit site work will be undertaken in Q1 2022. Elexon will present the TAPAP findings report at the April 2022 PAB meeting.

4. Recommendations

- 4.1 We invite you to:
- a) **APPROVE** the Risk Management Determination for each Performance Assurance Party detailed in this paper.
 - b) **APPROVE** the scope for the check on Supplier Agent Management; and

¹ BSCP504 Footnote 102 - Where a Supplier Volume Allocation (SVA) Metering System (MS) de-energised the NHHDC shall make visits to the site concerned every 12 months

c) **PROVIDE** any additional comments for consideration when performing the check.

Attachments

Attachment A – Confidential list of audit candidates

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