
New Modification Proposal ‘Publication of Performance Assurance Parties’ impact on Settlement Risk’

Performance Assurance Board

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Owner/author **George Crabtree**

Purpose of paper **Decision**

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Summary **A request for the PAB to recommend that the BSC Panel raises a Modification, which would allow publication of notices to industry in respect of Parties’ contribution to Settlement Risk, along with relevant risk data.**

1. Issue

- 1.1 Through industry engagement undertaken as part of the [Performance Assurance Framework](#) (PAF) review project, it was identified that issues often take longer to resolve than expected. This was particularly evident through the application of the Error and Failure Resolution (EFR) process where EFR plans often take a considerable time to be resolved, with many plans remaining open for over a year. If EFR plans could be resolved more quickly it would mitigate the material Settlement impact of the associated Error/Failure.
- 1.2 Moreover, were it that poor performance identified through all Performance Assurance Techniques (PATs) was addressed more quickly, this would have a significant beneficial impact on all [Settlement Risks](#) being managed directly through the application of PATs.

2. Background

- 2.1 One of the recommendations following the PAF review was to amend the EFR process such that the PAB could issue notices to industry following failure of a PAP to meet one of the milestones within their plan or otherwise meet the EFR escalation criteria. This was due to stakeholders noting that PAPs often remain in EFR for far longer than one would expect given that the issues are having a material impact on Settlement accuracy.

3. Proposed Solution

- 3.1 The proposed solution seeks to amend [BSC Section Z – Performance Assurance](#) to allow the Panel to publish notices to industry following recommendation from the PAB in respect of PAPs’ contribution to Settlement Risk along with relevant risk data where:
- This action is approved by the BSC Panel; and
 - At least one of the following criteria are met:
 - a) The relevant PAP has failed to meet an EFR milestone following prior escalation for the same issue; or
 - b) Exceptional circumstances require that such a notice is issued outside of the EFR process, e.g. where the relevant PAP’s contribution to Settlement Risk is sufficiently significant to risk serious impact on other market participants and the resolution of the associated issue is therefore time critical.

- 3.2 Where a PAP is escalated to the PAB for failing to meet a milestone in its EFR plan, the PAB shall serve notice to the PAP that should it fail to meet a further milestone in the same EFR plan:
- a) the PAP will be again escalated to the PAB;
 - b) a public notice will be issued (via a mechanism to be confirmed by the Workgroup) to inform other PAPs of the escalated PAP's contribution to Settlement Risk, along with associated Risk data; and
 - c) further notices will be published where they continue to miss milestones within the same EFR plan.
- 3.3 The intention underpinning this Modification is aligned with Elexon and the PAB's view that one of the most effective incentives for achieving compliance and improving performance is public peer comparison and public notices of impact on other market participants.
- 3.4 It is anticipated that this change will deliver improved efficiency in respect of Elexon's PAF with swifter issue resolution.
- 3.5 In order for this approach to be effective, the PAB would need to be mindful that utilising notifications to industry of PAP's failure to resolve an EFR plan too frequently or too widely would weaken its effectiveness. This action should therefore only be applied in extreme cases.

4. Governance

- 4.1 Pursuant to BSC Section Z8.2, the PAB may make a recommendation to the Panel that a Modification be raised in order to 'Establish a new Performance Assurance Technique or Modify an existing Performance Assurance Technique'. We believe that allowing the sharing of risk data via EFR constitutes a change to an existing PAT to mitigate risk posed to Settlement.
- 4.2 Subject to the PAB agreeing to recommend to the Panel that this Modification be raised, we will present it to the Panel to be raised in line with BSC Section F2.1.1(d)(vi) at the Panel's meeting on 14 October 2021.
- 4.3 Delivery of this Modification would require amendment to BSC Section Z and [BSCP538 'Error and Failure Resolution'](#) in order to allow for the publication of such notices, including data which would be considered confidential and/or commercially sensitive. The publication of such data is currently prohibited by 3.3.8 [BSC Section B – The Panel](#), "save as expressly provided by the Code". Updates to guidance would also be required.
- 4.4 Details surrounding when the PAB would recommend to Panel that data should be published, and what data can be published should to be established through assessment of the Modification by an industry Workgroup.

5. Recommendations

- 5.1 We invite the PAB to:
- a) **COMMENT** on the proposal to allow the Panel to publish notices to industry following recommendation from the PAB in respect of PAPs' contribution to Settlement Risk along with relevant risk data; and
 - b) **RECOMMEND** to the Panel that the Modification in Attachment A be raised.

Attachments

Attachment A – Modification Proposal Form

For more information, please contact:

George Crabtree, Change Analyst
george.crabtree@elexon.co.uk
020 7380 4017