CP Assessment Report

CP1544 'BSCCo Approved EFR Representative sign-off required for any EFR plan following escalation'

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About This Document

Not sure where to start? We suggest reading the following sections:

- Have 5 mins? Read section 1
- Have 15 mins? Read sections 1, 4, 5 and 6
- Have 30 mins? Read all sections
- Have longer? Read all sections and the annexes and attachments

This document is the Change Proposal (CP) Assessment Report for CP1544 which Elexon will present to the PAB at its meeting on 30 September 2021 and the ISG and SVG at their respective meetings on 5 October 2021. The Committees will consider the proposed solution and the responses received to the CP Consultation before making a decision on whether to approve CP1544.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the PAB, SVG and ISG's initial views on the proposed changes and the views of respondents to the CP Consultation.

Committee

Performance Assurance Board (PAB)
Supplier and Volume Allocation Group (SVG)
Imbalance Settlement Group (ISG)

Recommendation

Approve

Implementation Date

4 November 2021
(November 2021 Release)

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- Attachment A contains the proposed redlined changes to deliver the CP1544 solution.
- Attachment B contains the full responses received to the second CP Consultation.

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1 Summary

Why Change?

At the direction of the PAB, Elexon undertook a project to review the Performance Assurance Framework (PAF) established under the BSC. One of the recommendations of the PAF review project sought to increase senior level engagement with Error and Failure Resolution (EFR) plans in order that issues are resolved more quickly, thus limiting their material impact on Settlement. Specifically it was noted that many EFR plans are repeatedly escalated to the PAB where the Performance Assurance Party (PAP) has failed to meet one or more of the milestones within their EFR plan. Each time a PAP is escalated they are required to update their EFR plan and complete any actions requested by the PAB. In order to increase the likelihood that once an EFR plan is escalated it is resolved promptly, the PAF review project recommended that a CP be raised.

Solution

To update BSCP538 'Error and Failure Resolution' to add that following escalation of an EFR plan, sign off by a BSCCo Approved EFR Representative is required. This BSCCo Approved EFR Representative must be a company director or partner of the PAP, or an employee of management seniority with sufficient authority to be able to ensure delivery of the EFR plan.

The Elexon approved BSC Party or Party Agent representative should be identified and agreed by Elexon at the point of escalation or as shortly thereafter as practicable.

Impacts and costs

CP1544 will impact all BSC Parties and BSC Party Agents that may be subject to EFR escalations. This includes Suppliers, Non Half Hourly Data Aggregators (NHHDA), Half Hourly Data Aggregators (HHDA), Metering Operating Agents (MOAs) (Central Volume Allocation (CVA) Non Half Hourly (NHH) and Half Hourly (HH)), Licensed Distribution System Operators (LDSOs), Supplier Meter Registrant Agents (SMRAs), Non Half Hourly Data Collectors (NHHDCs), Half Hourly Data Collectors (HHDCs), and Meter Administrators (MAs). CP1544 will require changes to BSCP538.

Whilst Supplier Volume Allocation (SVA) MOAs transitioned to the Retail Energy Code (REC) as part of P420 'Retail Code Consolidation Significant Code Review' on 1 September 2021 this is their opportunity to respond to an Industry Consultation as the CP is still anticipated to affect them between the CP1544 Implementation Date and June 2022. This is because Elexon will continue to manage MOA EFR plans until June 2022. CP1544 is not expected to incur any costs to industry as it will not require changes to systems and only requires a minor process change. The cost of amending these documents is expected to be <£1k.

Recommendation & Implementation

CP1544 is recommended for approval and implementation on 4 November 2021 as part of the standard November 2021 BSC Release.

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2 Why Change?

What is the issue?

One of the issues identified by the PAF review was that EFR plans are often not resolved in a timely manner, the PAF review project noted that the majority of EFR plans take over a year to be resolved. Industry and committee feedback supported a view that this was at least in part due to operational teams not being able to secure the resource necessary to resolve non-compliances and implement enduring controls and mitigations. It was therefore proposed that part of the solution should be to facilitate additional focus on issues in EFR amongst senior level management in the hopes that they might decide to make the required resource available to resolve issues effectively.

Error and Failure Resolution is not applied in the case of immaterial non-compliances. Therefore any error or failure which has justified the application of EFR is by its nature introducing material error into Settlement. Further, the majority of such issues present risk or on-going impact to other market participants and consumers.

What is a BSC Settlement Risk?

A Settlement Risk is a risk of any failure or error in a process required under the BSC that may impact (or has impacted) Settlement. Settlement Risks are recorded on the Risk Evaluation Register (RER).

An example of a Settlement Risk description from the RER is:

"The risk that [the NHHDC does not enter valid Meter readings by the Final Reconciliation Settlement Run] resulting in [old/default data entering Settlement]".

Background

Error and Failure Resolution

EFR is a key remedial technique in Elexon's Performance Assurance Framework. It is used to assure Elexon, the PAB and the rest of the industry that parties understand identified performance issues and have robust plans in place to correct them in a timely manner. As part of the EFR process, parties agree with Elexon what steps they will take to resolve the identified performance issues. As part of the EFR process Elexon also works to provide parties with advice and guidance.

EFR can be applied against all BSC Settlement Risks where an associated issue has been identified. EFR is used to assist PAPs to understand and rectify performance issues and non-compliances. When applying EFR against a Settlement Risk, we take into account the net significance of the risk and the PAP's contribution to the issue identified. The PAB can define specific escalation criteria for specific Settlement Risks or net significance values.

Where a PAP fails to meet one or more of the milestones set out within their EFR plan or otherwise meets the escalation criteria set out within BSCP538, Elexon may escalate the EFR plan. EFR escalation is to the PAB in the first instance but may also be to the BSC Panel where further escalation is required.

PAF Review

The PAF review was a review of the Performance Assurance Framework. Key aims of the PAF 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

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- 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

The PAF review concluded by outlining a set of recommendations. The recommendations for EFR were unanimously approved by the PAB following detailed discussion. This included the requirement for a Change Proposal to be raised to amend BSCP538 to add that following escalation to the PAB, sign off by a BSCCo Approved EFR Representative within the escalated PAP should be required prior to the updated EFR plan being approved

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3 Solution

Proposed solution

Following the first CP1544 Consultation, we (as the CP1544 Proposer) revised the solution as detailed below in response to the consultation responses.

The revised solution would amend the BSCP538 such that following PAB escalation, and prior to the revised plan being approved by the BSCCo, the revised EFR plan must be signed off by a BSCCo Approved EFR Representative. For the purposes of BSCP538, a 'BSCCo Approved EFR Representative' means a representative identified by the escalated PAP who is:

(a) a company director or partner of the PAP, or an employee of management seniority with sufficient authority to be able to ensure delivery of the EFR plan, and

(b) approved by the BSCCo.

The BSCCo Approved EFR Representative should be identified and agreed by Elexon at the point of escalation or as shortly thereafter as practicable. This BSCCo Approved EFR Representative should be selected on the basis that they have authority to release resource to address issues and are also directly accountable for the PAP meeting its obligations under the BSC, via its contractual arrangements with Suppliers.

The BSCCo Approved EFR Representative should only be identified at the point of escalation in the interest of efficiency.

Proposer's rationale

Following the work undertaken through the PAF review project it was agreed that one of the most direct and effective solutions would be to encourage additional focus being placed on issues in EFR amongst senior level management, in the hopes that they might decide to make the required resource available to resolve issues effectively. This was due to industry and Committee feedback supporting a view that this was at least in part due to operational teams not being able to secure the resource necessary to resolve non-compliances and implement enduring controls and mitigations.

Potential risks associated with this approach were considered as part of the PAF review, which included that obtaining sign off could delay the approval of revised EFR plans. Formally implementing this step within the BSCP is intended to mitigate this risk as it mandates senior level sign off as part of the existing escalation process. Therefore, if sign off by a BSCCo Approved EFR representative is not forthcoming, the PAB would be able to consider further escalation to the BSC Panel.

Proposed redlining

The proposed redlining to BSCP538 for CP1544 can be found in Attachment A of this paper. The initial proposed redlining can be found in Attachment B of the initial consultation, which can be found on the CP1544 webpage.

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4 Impacts and Costs

BSC Party & Party Agent impacts and costs

BSC Party & Party Agent Impacts	
BSC Party/Party Agent	Impact
Suppliers	Following escalation to the PAB, sign off by a BSCCo Approved EFR representative within the escalated PAP will be required prior to the updated EFR plan being approved.
NHHDA	
HHDA	
MOAs (CVA, NHH, HH)	
LDSO	
SMRAs	
NHHDCs	
HHDCs	
MAs	

Following the second Industry Consultation, respondents suggested that they would incur no costs following implementation of this CP. Respondents suggested that this CP would have high impacts on their organisations but only if they ever got into EFR.

Central impacts and costs

Central impacts

CP1544 requires changes to BSCP538. There are no system impacts.

Central Impacts	
Document Impacts	System Impacts
• BSCP538 'Error and Failure Resolution'	• None

Operationally Elexon will need to update EFR guidance documents and training. It will also be important that EFR analysts ensure that they make all of our customers which are either already in EFR or newly entering EFR aware of this change and when it goes into effect, and what it means for them in terms of their individual plan. Ensuring that the positive benefits of this change are realised will require effective communication between Elexon and our customers.

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Impact on BSC Settlement Risks

Impact on BSC Settlement Risks
We would expect a generic positive impact on BSC Settlement Risks from this CP, as this change should increase focus on issues in EFR at a corporate level. This should result in more resource within PAPs being devoted to EFR issues which would therefore be resolved more quickly. This will have a positive impact on the integrity of data entering settlement. As EFR can be applied to all Settlement Risks this change is anticipated to positively impact on all Settlement Risks (where EFR is or continues to be applied).

Central costs

The central implementation costs for CP1544 will be approximately <£1k.

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5 Implementation Approach

Recommended Implementation Date

CP1544 is recommended for implementation on 4 November 2021 as part of the standard November 2021 BSC Release. This is the earliest available release so that we can realise the anticipated benefits to our customers as soon as possible.

We still believe implementation on 4 November 2021 is the most appropriate Release following the second consultation.

All three respondents to the second Consultation were in agreement of the implementation date.

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6 Initial Committee Views

PAB's initial views

The PAB had no material comments on the CP or the timetable for progression.

ISG's initial views

An ISG member questioned whether the term 'Category A BSC Signatory' was appropriate as companies could technically have appointed anyone as Category A such as someone working in middle management. Another ISG member agreed with Elexon's assumption that the expectation should reasonably be that a Category A BSC Signatory should always be a senior level employee and if that is not the case, then that would be a separate issue which ought to be addressed.

SVG's initial views

An SVG member questioned whether MOAs should be mentioned in the impacted parties as they will be transitioning to the REC once it is implemented in September 2021. Elexon responded that there is an assurance transition period post September 2021 of one more audit year that will end in April 2022, before the EFR plans are created and handed over to the REC in June 2022. Any EFR plans from this year's audit will still be managed by the BSC until June 2022, therefore this is an opportunity for MOAs to respond to an Industry Consultation as the CP is still anticipated to affect them.

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7 Industry Views – First CP Consultation

This section summarises the responses received to the first CP Consultation. You can find the full responses in Attachment C of the first consultation documentation. There were 3 respondents with represented roles of Suppliers and Supplier Agents (NHHMOA, NHHDC, NHHDA).

Summary of CP1544 CP Consultation Responses

Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1544 proposed solution?	0	2	0	1
Do you agree that the draft redlining delivers the intent of CP1544?	0	3	0	0
Will CP1544 impact your organisation?	3	0	0	0
Will your organisation incur any costs in implementing CP1544?	0	3	0	0
Do you agree with the proposed implementation approach for CP1544?	1	2	0	0
Do you have any further comments on CP1544?	1	2	0	0

Comments on the proposed solution

Two out of three respondents disagreed with the proposed solution and one respondent neither agreed nor disagreed. Two respondents agreed with the intent of the CP, however they did not believe Category A BSC Signatories and Company Directors were the appropriate person to sign off EFR plans. They noted that Company Directors are often not in charge of allocating resources and are too far removed from the EFR process so they have little context of a plan at this level. This means plans could in fact take longer to remedy and thus the solution does not deliver the intent of the CP.

Elexon agreed that Company Directors of larger companies may be too removed from the BSC process and additionally that Category A BSC Signatories may not have the appropriate powers to deliver EFR plans.

A respondent also highlighted that the PAB already holds powers to request Company Directors to attend the PAB where they believe a submitted EFR plan, as part of PAB escalation, is unacceptable.

Elexon acknowledges these PAB powers, however there is currently no power to force EFR plans to be signed off by and be held accountable by a senior member of a PAP which would be a stronger incentive.

Comments following Industry Consultation

Elexon engaged verbally and informally with two respondents following the consultation. One of the respondents suggested that this CP does not introduce fair and equal treatment for all PAPs when milestones are missed and EFR plans need to be resubmitted for PAB

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approval because Category A BSC Signatories are only required under the BSC framework for BSC parties, BSC party Agents do not currently have requirements to have Category A BSC Signatories in place as they are not signatories to the BSC.

Elexon agreed that this is a potentially unrealistic expectation and has hence revised the solution to ensure that it delivers the intent without creating previously unforeseen challenges for customers which the existing solution has been found to.

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8 Committee Views – Following First Consultation

PAB's views following first consultation

At the PAB246 meeting on 29 July 2021, Elexon presented revised redlining for consideration. The revised redlining outlined that prior to the revised plan being approved by the BSCCo, the revised EFR plan must be signed off by a Category A BSC Signatory for BSC Parties, and a BSSCo Approved BSC Party Agent Representative for Party Agents. PAB members disagreed with the revised redlining on the basis that Category A Signatories often do not have authority over resource or budget allocation (as per the principles suggested for the selection of the BSCCo Approved BSC Party Agent representative)

The PAB noted that while one might hope that a Category A Signatory should be someone senior with that level of authority and accountability, in practice it is unfortunately not always the case. The PAB suggested alternative redlining which would apply equally to BSC Parties and BSC Party Agents rather than having separate arrangements for each category of PAP. The revised redlining would require all PAPs to (at the point of escalation) identify a BSCCo Approved EFR Representative who must be approved by BSCCo and which would then be required to sign off EFR plans following escalation.

Elexon agreed with comments made by the PAB and drafted updated wording to the redlining following the meeting. The redlining was then circulated for PAB review ex-committee and accepted by the PAB.

ISG's views following first consultation

The ISG was presented with and was supportive of the updated redlining following the PAB meeting. One member of the ISG suggested that we could have created a new signatory to the BSC which had a sole purpose to sign off these sorts of EFR plans. Elexon responded that we had already considered this solution and decided that the work required to complete that sort of change would not be worth the benefits realised from it. Additionally, this wouldn't be possible for BSC Party Agents as they are not signatories to the BSC and hence would not be bound by this new signatory.

SVG's views following first consultation

The SVG was presented with and was supportive of the updated redlining following the PAB meeting. One SVG member questioned whether this new solution would make sure that all PAPs would be held to the same standard, ensuring fair treatment. Elexon responded that yes this new solution would have the same requirements for all PAPs. This is in alignment of the discussion at the PAB meeting.

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9 Industry Views – Second CP Consultation

This section summarises the responses received to the second CP Consultation. You can find the full responses in Attachment B. There were 4 respondents with represented roles of Suppliers and Supplier Agents (Meter Operator Agent (MOA) (HH and NHH), MA).

Summary of CP1544 CP Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1544 proposed solution?	4	0	0	0
Do you agree that the draft redlining delivers the intent of CP1544?	4	0	0	0
Will CP1544 impact your organisation?	2	2	0	0
Will your organisation incur any costs in implementing CP1544?	0	4	0	0
Do you agree with the proposed implementation approach for CP1544?	4	0	0	0
Do you have any further comments on CP1544?	0	4	0	0

Comments on the proposed solution

All four respondents agreed with the proposed solution, redlining and implementation date. Two respondents stated that this CP would have a high impact on their company but only if they ever get into EFR which neither have before.

Two of the respondents to the first consultation also responded to the second consultation and both changed their view from negative to positive as highlighted in the collated response document.

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10 Recommendations

We invite the PAB, ISG and SVG to:

- **APPROVE** the proposed changes to BSCP538 for CP1544; and
- **APPROVE** CP1544 for implementation on 4 November 2021 as part of the standard November 2021 Release.
- **NOTE** that CP1544 will also be presented for decision to the
    - ISG on 5 October 2021; and
    - SVG on 5 October 2021.

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Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BM	Balancing Mechanism
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
CP	Change Proposal
CPC	Change Proposal Circular
CVA	Central Volume Allocation
EFR	Error and Failure Resolution
HH	Half Hourly
HHDA	Half Hourly Data Aggregation
HHDC	Half Hourly Data Collector
ISG	Imbalance Settlement Group *(Panel Committee)*
LDSO	Licensed Distribution System Operator
MA	Meter Administrator
MOA	Meter Operator Agent
NHH	Non Half Hourly
NHHDA	Non Half Hourly Data Aggregation
NHHDC	Non Half Hourly Data Collector
MA	Meter Administrator
PAB	Performance Assurance Board *(Panel Committee)*
PAP	Performance Assurance Party
REC	Retail Energy Code
RER	Risk Evaluation Register
SMRA	Supplier Meter Registration Agent
SVA	Supplier Volume Allocation
SVG	Supplier Volume Allocation Group *(Panel Committee)*

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	BSCP538 'Error and Failure Resolution'	https://www.elexon.co.uk/csd/bscp538-error-and-failure-resolution/
2	P420 'Retail Code Consolidation Significant Code Review'	https://www.elexon.co.uk/mod-proposal/p420/
3	Risk Evaluation Register	https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-processes/performance-assurance-risk-evaluation-register/
3	PAF Review	https://www.elexon.co.uk/documents/groups/pab/2020-meetings-pab/234-july/pab234-08a-breach-default-and-efr-paf-review-recommendations/
8	CP1544 Webpage	https://www.elexon.co.uk/change-proposal/cp1544/
15	PAB246 meeting	https://www.elexon.co.uk/meeting/pab246/

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