
Risk Evaluation Register (RER) 2022/23 Consultation Responses

Performance Assurance Board

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Owner/author **Jessica Davis**

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Summary **This paper provides the Performance Assurance Board (PAB) with an overview of the feedback received on the Risk Evaluation Register (RER) 2022/23.**

1. Overview and approach

- 1.1 The PAB endorsed the Risk Evaluation Register (RER) 2022/23 for industry consultation on 27 January 2022. As required by Section Z (5.5.3) of the Balancing and Settlement Code (BSC), Elexon published the RER on the Elexon website on 14 February 2022, inviting parties to provide comments and feedback during the consultation period, which closed on 25 February 2022.
- 1.2 The RER is one of three key inputs that feed into the Risk Operating Plan (ROP). When creating the 2022/23 ROP, we placed more emphasis on customer feedback than in previous years. In order to achieve this, we required a large quantity of feedback on the RER.
- 1.3 Supplier Volume Allocated (SVA) and Central Volume Allocated (CVA) Market Participants and other interested parties have been invited to complete Assurance Surveys in order to suggest which events (as identified in the RER) and Risks affected by each event will have the most impact on their operations and therefore their ability to meet BSC obligations in 2022/23.
- 1.4 In order to encourage feedback via our Assurance Survey, we undertook the following actions:
 - Engaged with BSC Parties and Party Agents via their Operational Support Managers (OSMs);
 - Attended meetings with BSC Parties and Party Agents to encourage feedback;
 - Created a 5-minute-read RER summary paper and published it alongside the RER for those that were not able to read the RER in its entirety;
 - Communicated to the industry via an Elexon Newscast; and
 - Social media engagement.

2. Responses

- 2.1 We received a total of 22 Assurance Survey responses from Market Participants and interested parties. This included 18 from the SVA market and a further four from the CVA market. The responses we received can be categorised as follows:
 - 10 Non Half Hourly Suppliers
 - One Licensed Distribution System Operator
 - One Non Half Hourly Meter Operator Agent
 - Two Interested Parties
 - Two Half Hourly Suppliers
 - Two Half Hourly Data Collectors
 - One CVA Interested Party
 - Two CVA Registrants
 - One CVA Meter Operator Agent

2.2 The questions from both the SVA and CVA surveys along with their anonymised results and comments can be found in Appendix to this paper.

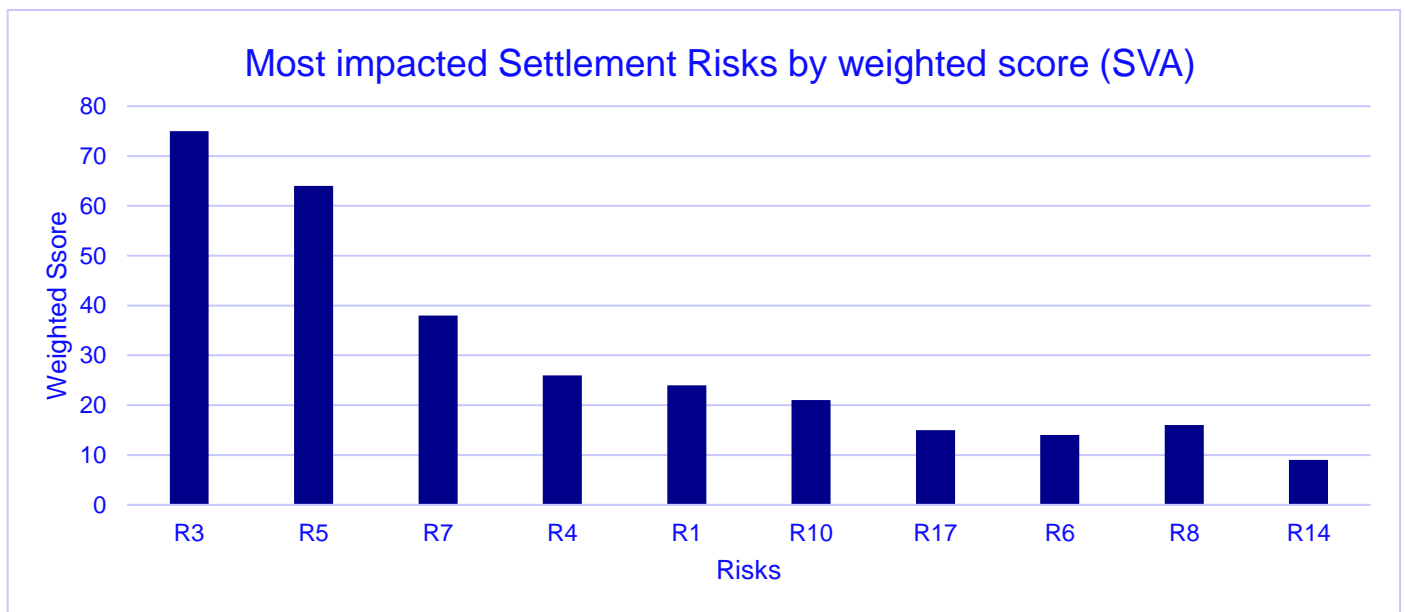
3. Results

3.1 The respondents to the Assurance Survey were asked, for each identified Risk Event:

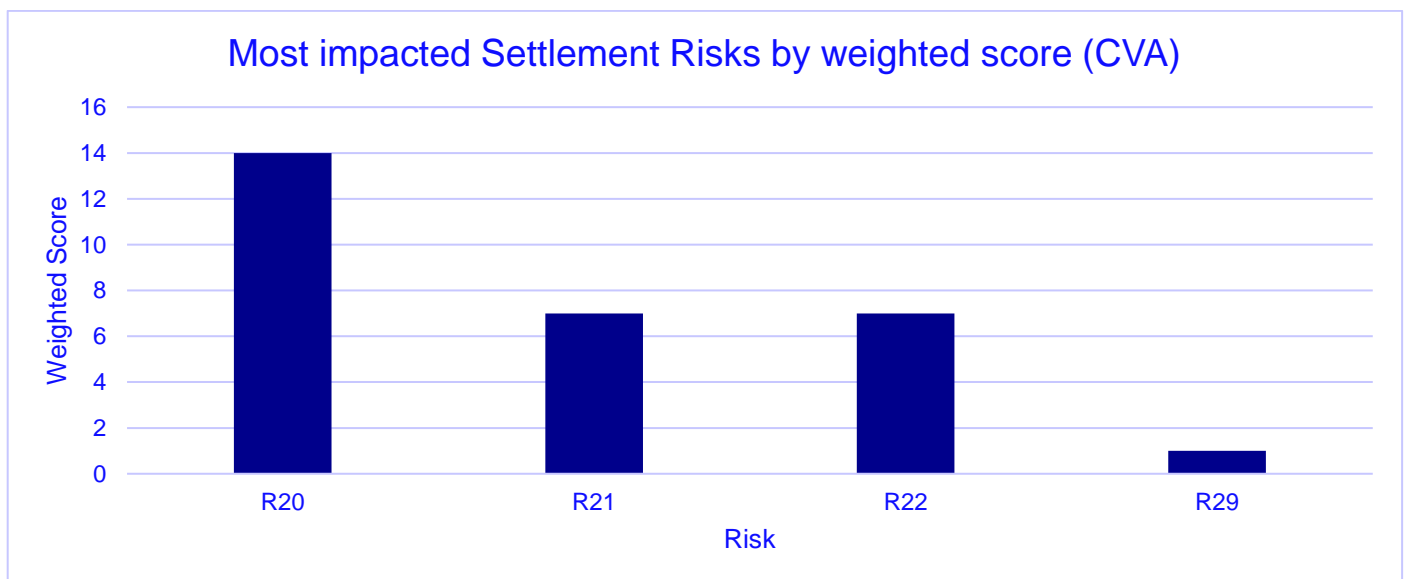
- Whether they predict that the identified Risk Event will have an impact on their operations in 2022/23; and
- To rank the Risks that are impacted by each event as the most impactful to their operations, second most impactful and third most impactful.

3.2 Graph 1 represents the top ten Settlement Risks with the highest weighted scores identified through the SVA Survey. Graph 2 represents the top four Settlement Risks with the highest weighted scores identified through the CVA Survey. The weighted scores have been calculated by multiplying the frequency of the Risks selected as the most impactful by three, the second most impactful by two and the third most impactful by one.

3.3 Graph 3 represents the Risk Events that industry thought would have an impact on their operations through the SVA Survey. Graph 4 represents the Risk Events that industry thought would have an impact on their operations through the CVA Survey.

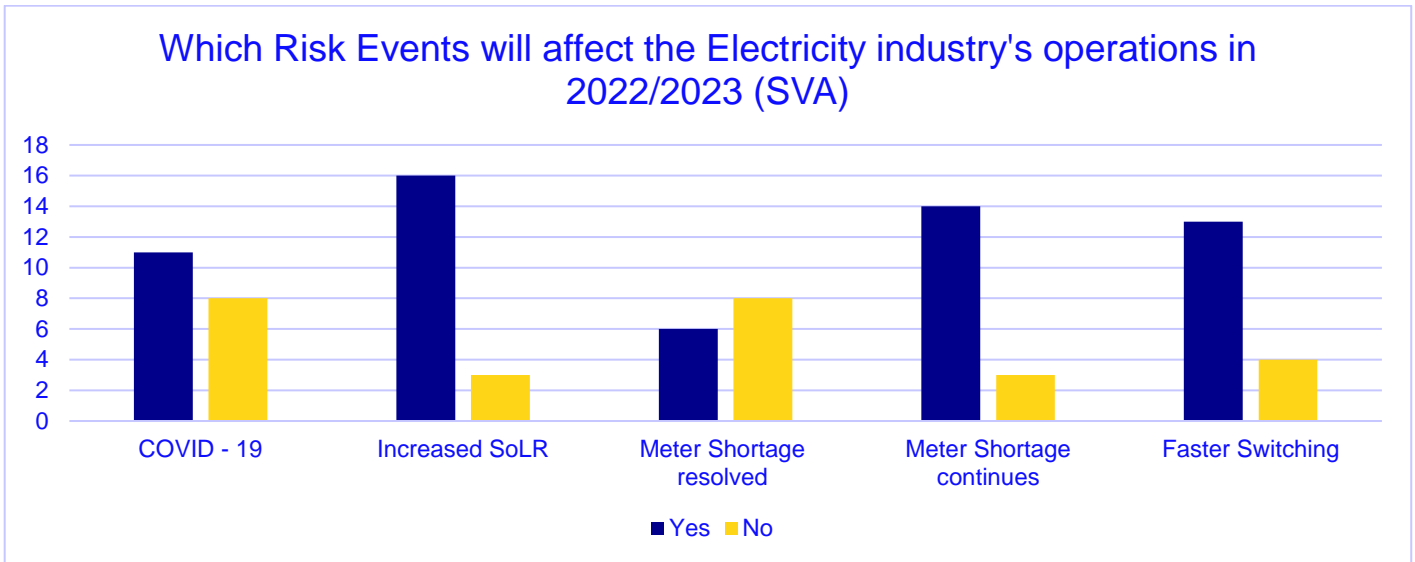


Graph 1¹

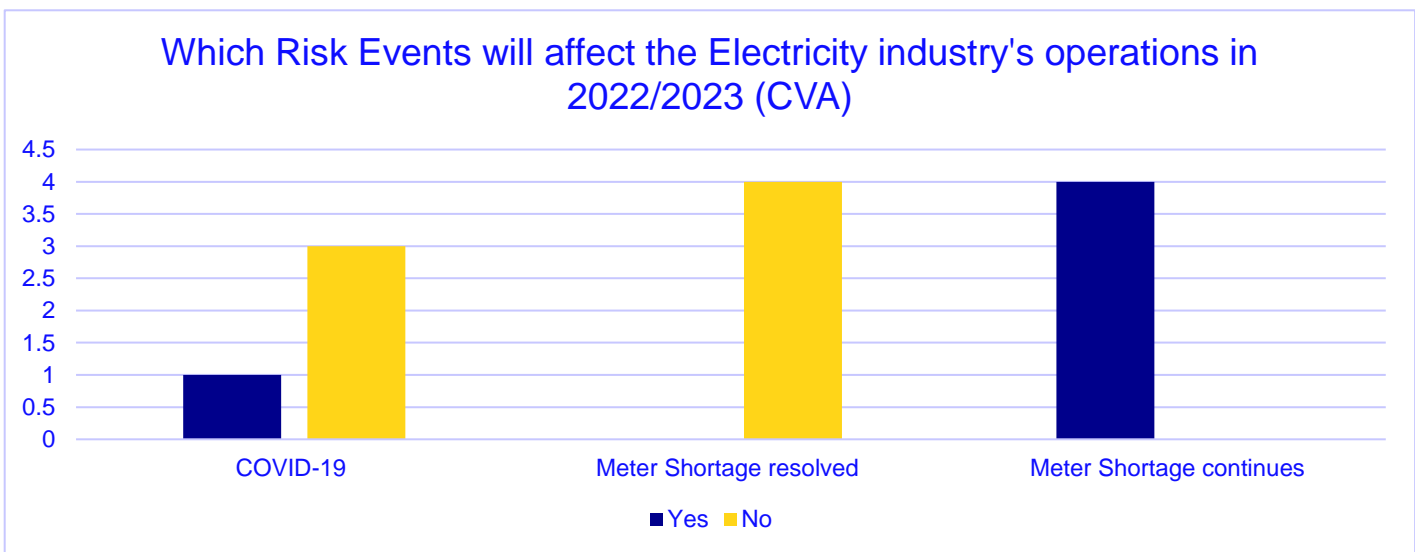


Graph 2¹

¹ For Risk titles and materiality refer to attachment B



Graph 3



Graph 4

4. Conclusions

- 4.1 Elxon considered the feedback and reflected the thoughts of industry when creating the ROP 2022/23.
- 4.2 No amendments to the RER 2022/23 were required as a result of the consultation.

5. Recommendations

- 5.1 The PAB is invited to:
 - a) **NOTE** the feedback received on the Risk Evaluation Register; and
 - b) **APPROVE** the Risk Evaluation Register for 2022/23

Attachments

Attachment A – RER 2022/23

Attachment B – RER Ledger 2022/23

For more information, please contact:

Jessica Davis, Risk and Technique Analyst

Jessica.Davis@elxon.co.uk

020 7380 4290

Appendix

SVA Questions

Risk Event 1 - The impact of COVID-19

(A) Do you predict that the impact of COVID-19 will have an impact on your operations in 2022/23? Yes/No

(A) If you answered 'Yes' to the previous question, which three specific Risks do you predict will have the most impact on your operations?

Risk Event 2 - More Supplier of Last Resort (SoLR) events

(B) Do you predict that an increased number of SoLR events would have an impact on your operations in 2022/23? Yes/No

(B) If you answered 'Yes' to the previous question, which three specific Risks do you predict will have the most impact on your operations?

Risk Event 3 - Metering Systems shortage

(C) If the Metering System shortage is resolved, do you think it will have an impact on your operations in 2022/23?

(C) If you answered 'Yes' to the previous question, which three specific Risks do you predict will have the most impact on your operations?

(D) If the Metering System shortage continues, do you believe it will have an impact on your operations in 2022/23?

(D) If you answered 'Yes' to the previous question, which three specific Risks do you predict will have the most impact on your operations?

Risk Event 4 - Faster Switching

(E) Do you predict that Ofgem's Faster Switching Programme will have an impact on your operations in 2022/23?

(E) If you answered 'Yes' to the previous question, which three specific Risks do you predict will have the most impact on your operations?

Most impactful Risk Event

(F) Of the Risk events listed in the Risk Evaluation Register, which ONE event do you predict will have the highest impact on your operations in 2022/23?

- The impact of COVID-19
- A Rise in electricity prices resulting in an increased number of SoLR events
- The Metering Systems shortage
- Faster Switching
- The transition of BSC obligations to the Retail Energy Code (REC)

- None of these events

SVA Responses

Role	A	A1	A2	A3	B	B1	B2	B3	C	C1	C2	C3	D	D1	D2	D3	E	E1	E2	E3	F
NHHS 1	yes	10	5	3	yes	17	10	8 or 6	no				yes	7	3	5	yes	1	3	4 or 5	Increased SoLR events
NHHS 2	yes	5	7	10	yes	5	8	10	yes	16	3	4	yes	3	5	7	yes	3	7	10	Metering System shortage
NHHS 3	no				yes	5	8	14	no				yes	3	5	8	no				Increased SoLR events
NHHS 4	no				yes	4	10	17	no				no				yes	1	13	17	Increased SoLR events
NHHS 5	yes	3	5	7	yes	17	27		yes	1	3	16	yes	3	5	8	yes				Faster Switching
NHHS 6	yes	3	5	18	yes	4	6	10													
NHHS 7	no				yes	17	14	27	no	1	2	14	yes	3	5	7	yes	1	4	14	Increased SoLR events
NHHS 8	yes	3	7	18	no				yes	none			yes	3	5	7	yes	1	2	4	Faster Switching
NHHS 9	yes	7	10	3	no				no				yes	3	5	7	yes	2	3	4	Faster Switching
NHHS 10	yes	10	3	5	yes	6	17	10	no				yes	5	9	3	yes	1	3	5	Increased SoLR events
NHHMOA	yes	3	5		yes	4	6	14	yes	none			yes	5	7		yes	3	4	6	Metering System shortage
LDSO	no				yes	27	7	8	no				no				yes	4	7	13	Faster Switching
IP 1	no				yes	6	8	10	no				yes	3	5	7	yes	8	13	14	Increased SoLR events
IP 2	no				no				no				no				no				
HHS	yes	3	5	7	yes	5	7	4	yes	none			yes	3	5	7	yes	6	12	1	Metering System shortage
HHDC 1	yes	7	5	3	yes	8	14	10	no				yes	5	3	8	no				COVID-19
HHDC 2	no				yes	4	5	7	yes	3	1	2	yes	5	7	3	no				Metering System shortage
HHS	yes	3	5	7	yes	5	10	17	no				yes	3	5	7	yes	4	7	17	Metering System shortage

SVA Comments

COVID-19 (A)

- 1) NHHS 10 - Any process that required site visit will be impacted by this risk

Increased SoLR events (B)

- 1) NHHS 10 - Depending on the quality of the data received during SolR the above can be impacted in various degree.

Metering System shortage (D)

- 1) NHHS 10 - Anything that prevents us from resolving a faulty meter will be an impact.

Faster Switching (E)

- 1) NHHS 5 - New switching doubles our minimum switching time from 24 to 48hrs and increases our DTN costs by 1500% (yes fifteen hundred percent). Additional risks due to new processes whilst having been tested impacting live operations in an unforeseen way.
- 2) NHHS 10 - Number 001 and 003 are the root causes underpinning the other risks.

General

- NHHS 6 - Whilst SoLR events have mainly been triggered by the Suppliers failure to maintain a sustainable business model in exceptional circumstances, we will now enter a period where the Supplier is managing within the market but will fail due to the large amount of customers unable to pay their bills. The continued SoLR events will strain the existing market and participants will be so busy 'firefighting' there will be little resource spare for change control of BSC, other codes or programmes such as MHHS.
- NHHS 7 - Price cap – Elexon needs to keep an eye on the medium term changes, including the Market Stabilisation Charge (MSC), as well as potential changes to observation period. Ofgem has an option whereby it would shorten the observation window down to 3 months.
- HHDC 1 - Effort required to support Market changes, in particular MHHS; i.e. effort in supporting programming and delivering changes required by the programme
- HHS 2 - MHHS - placing increased pressure on supplier resources

CVA Questions

Risk Event 1 - The impact of COVID-19

- (A) Do you predict that the impact of COVID-19 will have an impact on your operations in 2022/23?
- (A) If you answered 'Yes' to question 5, which three specific Risks do you predict will have the most impact on your operations?

Risk Event 2 - Metering Systems shortage

- (B) If the Metering System shortage is resolved, do you think it will have an impact on your operations in 2022/23?
- (B) If you answered 'Yes' to question 8, which three specific Risks do you predict will have the most impact on your operations?
- (C) If the Metering System shortage continues, do you believe it will have an impact on your operations in 2022/23?
- (D) If you answered 'Yes' to question 8, which three specific Risks do you predict will have the most impact on your operations?

Most impactful Risk Event

- (E) Of the Risk events listed in the Risk Evaluation Register, which ONE event do you predict will have the highest impact on your operations in 2022/23?

- The impact of COVID-19
- The Metering Systems shortage
- None of these events

Under ever Risk Event question there was also an option to comment on the event further.

CVA Responses

Role	A	A1	A2	A3	B	B1	B2	B3	C	C1	C2	C3	D
CVA MOA	no				no				yes	23	20		None
IP	yes	20	21	23	no				yes	20	21	29	Metering System shortage
Registrant 1	no				no				yes	20	21	23	Metering System shortage
Registrant 2	no				no				yes	20	23	21	Metering System shortage

CVA Comments

Metering System shortage (C)

- 1) Registrant 2 - Possible impact to aggregation rules with Third Parties if they fail to submit correct meter readings.

General

- Registrant 1 - The availability of metering equipment and related components to develop new assets.
- CVA MOA - The meter shortage risk is currently having no impact to our CVA team because we were able to procure equivalent meters from a different manufacturer. The greater risk to us is that there are very few meter types accredited for CVA.