

## Escalation triggers

The criteria below would trigger Elexon to consider whether escalation was required:

Criteria	Example	Reason	Effective from
Lack of engagement	<ul style="list-style-type: none"> <li>No response to emails after a month</li> <li>Not providing an agreed plan deadline/milestone without informing Elexon</li> </ul>	<ul style="list-style-type: none"> <li>This shows a lack of resource or commitment to resolving the issue</li> <li>Indicates the issue will continue to impact Settlement for longer</li> </ul>	<ul style="list-style-type: none"> <li>May 2022</li> </ul>
Time spent in EFR	<ul style="list-style-type: none"> <li>If you spend more than one year in EFR – Elexon escalation</li> <li>If you spend more than two years – PAB escalation</li> <li>If it's known from the outset that the issue will take longer to resolve the PAP can request this is considered by Elexon and the PAB and provide evidence</li> </ul>	<ul style="list-style-type: none"> <li>Shows lack of commitment</li> <li>Indicates the issue will continue to impact Settlement for longer</li> </ul>	<ul style="list-style-type: none"> <li>For organisations with existing BSC Audit Issues - will start for issues <del>in</del>-entering/remaining in EFR following 2022-2023 BSC audit. First potential Elexon escalation April 2023</li> <li>For organisations with existing issues of all other types the "clock" will start in September 2022 regardless of current length of time in EFR (which may have been increased due to COVID). First Elexon escalation would be from September 2023 if there are any missed performance or action milestones.</li> </ul>

Criteria	Example	Reason	Effective from
			<ul style="list-style-type: none"> <li>For new issues this will start from the time an organisation enters EFR.</li> </ul>
Missed Milestones	<ul style="list-style-type: none"> <li>If you miss two consecutive <u>action</u> milestones without a clear explanation and re-planned dates for completion or miss three consecutive action milestones with an explanation.</li> </ul>	<ul style="list-style-type: none"> <li>This shows a lack of resource or commitment to resolving the issue</li> <li>Indicates the issue will continue to impact Settlement for longer</li> </ul>	<ul style="list-style-type: none"> <li>May 2022</li> </ul>
Inadequate progress within the EFR technique	<ul style="list-style-type: none"> <li>Missing a <u>performance</u> milestone by 1% or two consecutive milestones by 0.5% each.</li> <li>For other risks and issues, improvement milestones are missed by 50% of what was expected on two consecutive occasions.</li> <li>If you've had two unsuccessful EFR plans and miss a milestone in your third plan</li> </ul>	<ul style="list-style-type: none"> <li>This shows a lack of resource or commitment to resolving the issue</li> <li>Indicates the issue will continue to impact Settlement for longer</li> </ul>	<ul style="list-style-type: none"> <li>September 2022</li> </ul>
Repeated issues within 2 years after they should have been resolved	<ul style="list-style-type: none"> <li>Falling beneath targets after reaching them and exiting EFR</li> <li>Audit issues/same failure resolved and then re-occurring later</li> </ul>	<ul style="list-style-type: none"> <li>Shows that fixes put in place were not robust enough or have not been maintained</li> </ul>	<ul style="list-style-type: none"> <li>Will not yet apply to performance issues (due to the currently reducing thresholds). We will assess when this may apply to performance issues as part of the quarterly reviews.</li> <li>For all other issues will apply for issues exiting EFR from May 2022.</li> </ul>

Criteria	Example	Reason	Effective from
During plan submission – plans without clear commitments and quantification submitted without prior agreement with Elexon	<ul style="list-style-type: none"> <li>Clear Elexon feedback given but not addressed</li> </ul>	<ul style="list-style-type: none"> <li>Results in either ineffective plans or delays in plans being baselined</li> </ul>	<ul style="list-style-type: none"> <li>May 2022</li> </ul>

**Escalation process:**

Escalation Step	When	What happens?
OSM to EFR analyst	Is any points above are triggered – other than the two years in EFR which automatically would trigger PAB escalation	<ul style="list-style-type: none"><li>• Concern documented in writing and request for meeting with senior management present– within 1WD</li><li>• Meeting date to be agreed with Party within 5WD of letter.</li><li>• Meeting with Party where they provide an explanation for situation and how it will be addressed expected from PAP - Within 10WD of the letter (may be subject to availability so could be delayed)</li><li>• Next steps agreed at meeting and tracked, if an updated plan is required it should be provided within 10WD</li></ul>
Elexon Senior Management escalation	If agreement not reached with EFR analyst or if next steps monitored not completed	<ul style="list-style-type: none"><li>• A formal letter is sent to arrange a meeting with Elexon Senior Management and Party Senior Management with outcomes of the meeting set out, with a company director or category a signatory cc'd so they are aware of the issue and monitor it – 3WD (as you first need to assess the availability of Elexon Senior Management)</li><li>• Meeting will be held where a plan will be presented to Elexon Senior Management by the Party informing of how they plan to achieve compliance. – 15WD (as they have to prepare the presentation)</li></ul>

Escalation Step	When	What happens?
		<ul style="list-style-type: none"> <li>Next steps agreed at meeting and tracked, if an updated plan is required it should be provided within 10WD</li> </ul>
PAB escalation	If agreement not reached with Elexon Senior Management or if next steps monitored not completed.	<ul style="list-style-type: none"> <li>Request organisation attend PAB at a monthly meeting to present rectification plan.</li> <li>Party will prepare slides for the PAB meeting and provide an updated plan. Both are required at least 7 WD ahead of the PAB meeting and 12 WD if you would like feedback from Elexon.</li> <li>OSM will inform Party of the date and time of your meeting with the PAB.</li> <li>The PAB will either accept the plan, monitor the plan and agree further actions with you, or reject your plan and provide feedback within 5WD. The accepted plan or the plan setting out revisions following the PAB meeting should be signed off by a company director or a Category A Authorised Signatory.</li> <li>If the PAB cannot agree an acceptable plan or if next steps agreed within the plan are missed, PAB may escalate to the Panel.</li> </ul>
Panel Escalation	If agreement not reached with PAB or if next steps monitored not completed.	<ul style="list-style-type: none"> <li>The PAB will then make a decision on whether to escalate the issue to the Panel, communicating this to the Party and the Panel in writing.</li> </ul>

Escalation Step	When	What happens?
		<ul style="list-style-type: none"> <li>• Request a company director or category a signatory to attend Panel at a monthly meeting to present rectification plan.</li> <li>• Board member will attend the following month.</li> <li>• Party will prepare slides for the Panel meeting and provide an updated plan. Both are required at least 7 WD ahead of the Panel meeting and 12 WD if you would like feedback from Elexon.</li> <li>• OSM will inform Party of the date and time of your meeting with the Panel.</li> <li>• The Panel will either accept the plan, monitor the plan and agree further actions with you, or reject your plan and provide feedback within 5WD.</li> <li>• If insufficient progress is made at this stage, the Panel can choose to initiate the process of breach and default or the Removal of Qualification process.</li> </ul>