

# Quarterly Performance Assurance Report

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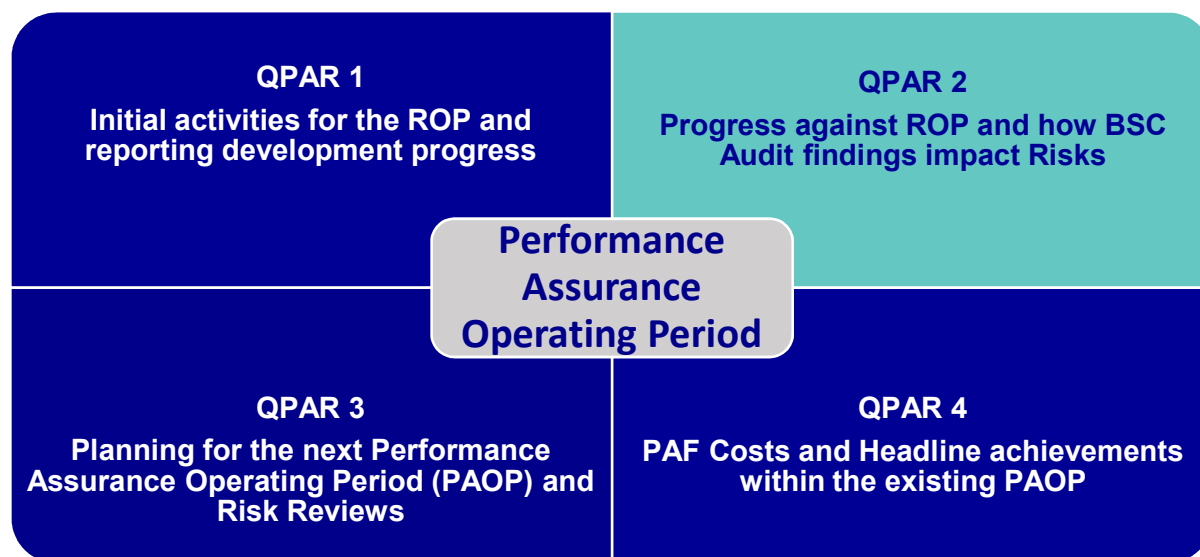
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## Summary

This is the second of four Quarterly Performance Assurance Reports (QPARs) for the 2022/23 Performance Assurance Operating Period (PAOP), which will inform industry of the activities that have been undertaken in each quarter.

This QPAR focuses on the progress against the [Risk Operating Plan \(ROP\) 2022/23](#) and how BSC Audit findings impact Settlement Risks. These progress updates include the improvement of Settlement performance, performance threshold reviews and the development of reports for monitoring purposes. Further information about these activities is captured below.



## Risk Manager Update

During the second quarter of the 2022/23 PAOP, our Risk Team has continued to provide monthly monitoring of the Settlement Risks that are in focus for this year. This monitoring has highlighted the need to place additional focus and resource on:

- **Risk 008** due to an increased number of Suppliers with instances of large Estimated Annual Consumptions (EACs) and Annual Advances (AAs);
- **Risk 007** where we continue to review market performance thresholds in order to assist with the recovery of the market following COVID-19 and subsequent lock downs; and
- **Central Volume Allocation (CVA) Risks** that could be contributing factors to unidentified errors in the CVA market.

In addition, the Risk Team is monitoring the Meter stock shortage, which continues to impact industry performance due to a lack of Meters being available to correct faults. In quarter three, the Risk Team will

## Quarterly Performance Assurance Report

continue to monitor the risk areas that are currently in focus as well as formulating the ROP for the 2023/24 PAOP.

If you have any questions regarding Settlement Risks, please contact [Risk@elexon.co.uk](mailto:Risk@elexon.co.uk)

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### Progress against the ROP 2022/2023

The [Risk Evaluation Register \(RER\) 2022/23](#) identified multiple Risk Events that will be subject to Elexon's assurance processes during the 2022/23 PAOP. The ROP 2022/23, through analysis and consultation, highlighted three areas of focus for the year:

- Post-COVID-19 pandemic market recovery
- Rising energy prices resulting in an increased number of Supplier of Last Resort (SoLR) events
- Providing additional Performance Assurance within the CVA Market

The sections below detail the activities that have been undertaken against these risk areas over the last quarter in order to monitor and minimise the risk to Settlement.

#### Post-COVID-19 pandemic market recovery

At its August 2022 meeting, the Performance Assurance Board (PAB) reviewed its approach to managing the performance standards.

The PAB approved recommendations to:

- Reduce the threshold at which Non-Half Hourly (NHH) Suppliers are considered for entry into the Error and Failure Resolution (EFR) technique to 1,250MWh of non-compliant estimation.
- Reduce the threshold for NHH Suppliers to exit the EFR technique to 625MWh of non-compliant estimation.
- Maintain the existing EFR entry (1,000MWh) and exit (500MWh) thresholds for Half Hourly (HH) Suppliers.

In addition, the PAB reviewed industry feedback on a proposed change to the monitoring of Measurement Class F (domestic elective Half Hourly) for EFR purposes. The change will merge Measurement Class F volumes with Measurement Class A (Non Half Hourly) volumes, when assessing performance against the NHH obligation to settle 97% of energy on Annualised Advances at the RF run. The assessment of sub-100kW HH performance at the R1 run will focus solely on the non-domestic Measurement Classes, E and G. 100% of respondents to the survey were in favour of this approach, which seeks to ensure that the PAB's Settlement performance monitoring does not act as a disincentive to Suppliers wishing to move Metering Systems to elective HH Settlement.

Further to this feedback, the PAB approved the recommendation to proceed with parallel running of the new performance reporting, ahead of the new approach going live in November 2022.

Further details of the current approach to monitoring the Settlement performance standards and expected future changes can be found [here](#).

#### Rising energy prices resulting in an increased number of SoLR events

A rise in gas and electricity prices during the 2021/22 PAOP resulted in an increase in Supplier Defaults and, subsequently, an increase in SoLR events. The ROP detailed activities to undertake in the 2022/23 PAOP to mitigate this risk to Settlement as a result of increased SoLR events. In Quarter 2, there were less SoLR events because the domestic price cap was adjusted to account for higher wholesale energy costs. Ofgem has increased the frequency at which it reviews the domestic price cap allowing it to react to market volatility quicker. This should ensure that domestic supplies are charged more in line with current wholesale rates. The introduction of other government assistances such as the Energy Price Guarantee is intended to help both Suppliers and their domestic customers.

# Quarterly Performance Assurance Report

## Providing additional Performance Assurance within the CVA Market

In line with our commitment in the 2022/23 Business Plan, Elexon is working to transition the change point detection tool Elexon has developed into production.

The change point tool is still being run on an ad-hoc basis and outcomes of the tool are being shared with Registrants where Elexon suspects the change point could represent an error in Settlement.

Working practices between Registrants and Elexon continue to be discussed and agreed via the PAB CVA risk sub group, which was established to compliment the work being undertaken as part of [Issue 103 'Meter Registrants and Settlement Risk – A New Way'](#).

The first meeting of the PAB sub group was held on 6 October 2022. The meeting facilitated a lot of useful discussion and identified a number of actions which will be circulated and progressed ahead of the next meeting.

The first meeting of the PAB sub group focused on:

- The calculation of the Annual Demand Ratio (ADR); and
- Aggregation rules, associated risks and controls.

Elexon also hosted the first meeting of Issue 103 on 14 October 2022.

This meeting focused on:

- An overview of existing controls to detect and mitigate Settlement Errors; and
- A discussion of customer consumption monitoring, including embedded CVA sites and Supplier Volume Allocation (SVA) portfolios – who is/are best placed to monitor and manage their impact on Grid Supply Point (GSP) volumes?

Much useful discussion was had at the meeting and a number of actions were captured which will have been circulated ahead of the October PAB meeting.

We have also agreed the date for the next Issue 103 meeting which will take place on 7 November 2022. The agenda for meeting 2 of Issue 103 will cover:

- Who has operational influence and responsibility of works on Metering Systems at GSP sites;
- Who is best placed to ensure overall metering system accuracy; and
- The impacts associated with Independent Connection Providers (ICPs) installing Meters.

## Investigating Potential Issues Indicated by the Annual Demand Ratio (ADR)<sup>1</sup>

Elexon continues to investigate potential errors indicated by ADR on those GSPs that are most likely to be driven by serious Metering errors and which should therefore be quickest to identify and resolve.

Elexon is working with industry and the Technical Assurance Agent (TAA) to investigate Metering Systems suspected of contributing error to Settlement.

Elexon's Settlement Accuracy Taskforce continues to meet on a weekly basis to review relevant indicators and analytics including the ADR, change point analytics, reports from industry participants, Supplier Volume Allocation Agent (SVAA) Data Aggregator (DA) volume threshold flags, Group Correction Factors (GCF) and Transmission Loss Multipliers (TLM) to identify potential threats to Settlement accuracy.

Elexon's Settlement Accuracy Task Force also reviews all GSP change points identified by our GSP change point analytics tool and assigns actions as appropriate:

- Data Checks
- Registration Checks
- Communication

Further details on the actions assigned by Elexon to progress investigations have been published on our website and can be found [here](#).

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<sup>1</sup> <https://www.elexon.co.uk/article/how-were-helping-to-spot-gsp-metering-errors-sooner/>

# Quarterly Performance Assurance Report

## Impacts of the Meter Shortage on CVA Risk

Elxon is aware of the continued impacts of supply chain challenges and component availability on the availability of Metering Equipment. Elxon continues to engage with CVA MOAs in order to better understand these impacts. We have noted an increase in the time taken to resolve CVA faults, we believe this is being driven in part by the availability of Metering Equipment required in order to resolve faults.

The latest view of the impacts of the Meter shortage according to Request for Information (RFI) responses is available on Elxon's website - [Monitoring of the meter stock shortage, driven by global materials availability and supply chain challenges](#).

RFI responses from CVA MOAs indicate that the Meter shortage continues to have an impact on operations but this is expected to improve over the next six and twelve months.

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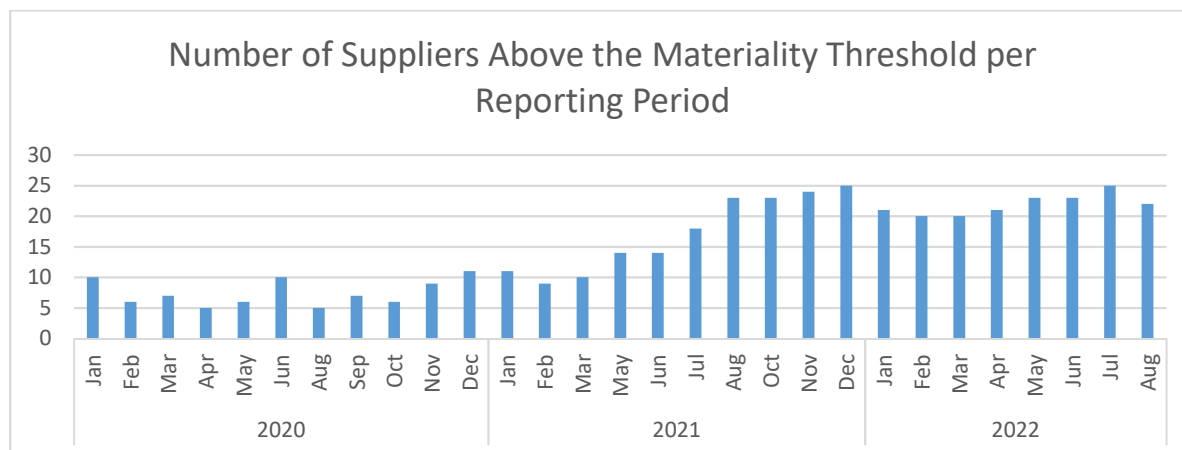
## Additional Risk Updates

### Risk 008 – Processing Metered data - Large EAC/AA Material Error Monitoring (MEM)

The Risk Operating Plan 2022/23<sup>2</sup> identified Risk 008<sup>3</sup> as a focus risk this year due to the potential of failures with the transfer of data and meter read history in the event of a SoLR.

Risk 008 is primarily monitored through the monthly Large EAC/AA Monitoring Reports, the Materiality Report and the Supplier Instance Reports.

The chart below shows how many Parties were above the Materiality Report threshold in a given month for the previous three years:



The average number of Suppliers above the materiality threshold per month for 2020 was seven Suppliers, for 2021 17 Suppliers, and for 2022 22 Suppliers.

Following the July reporting period, Elxon began a targeted communications exercise, focused on Suppliers with instances of high materiality. Following the communication exercise, 51 instances from the original 91 have been resolved. However, new instances will also continue to be identified each month as part of the process.

Elxon will continue this exercise, and review the situation in October 2022 (following three consecutive months of increased industry engagement). At this point Elxon will consider deploying EFR for Suppliers that have continued to exceed the threshold.

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<sup>2</sup> <https://www.elxon.co.uk/documents/performance-assurance/processes/paf/risk-operating-plan/>

<sup>3</sup> Risk 8: Metered Data is not processed or transferred - <https://www.elxon.co.uk/reference/performance-assurance/performance-assurance-processes/008-sva-risk-metered-data-is-not-processed-or-transferred/>

# Quarterly Performance Assurance Report

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## Risk Evaluation Register (RER)

The draft RER for the PAOP 2023/24 is now available for comment on the [BSC website](#). The RER identifies events that could impact Industry compliance with the BSC and evaluates the Settlement Risks that would be impacted if such events were to occur.

The consultation is used to understand what industry participants anticipate to be the biggest procedural challenges during the 2023/24 PAOP and how Elexon can provide or focus support. The deadline for comment is the 4 November 2022 and can be completed using the [online survey](#).

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## Technique Updates

### New Performance Assurance Technique (PAT) approved by Panel

The Assurance Information Request (AIR) PAT was introduced into the Performance Assurance Framework (PAF) following approval by the PAB at its May 2022 meeting ([PAB256/05](#)). A new BSC Procedure (BSCP) detailing timescales for responding to an AIR request was approved by the Panel at its September 2022 meeting ([330/06](#)). This BSCP is due for implementation on 3 November 2022 as part of the standard November 2022 BSC Release; from this date the AIR technique can be deployed as part of Elexon's risk management activities. Therefore a within-period revision to the Risk Operating Plan will be presented to the PAB at its October 2022 meeting to allow the technique to be deployed when required.

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## Risk dashboards

This section of the QPAR highlights a selection of the Settlement Risk dashboards that are used for internal monitoring of the risks. These dashboards are used to manage Risk at both a Party and an industry level. They are being included in the QPAR to draw attention to the ongoing work Elexon do to identify error and, if unusual activity is identified, the dashboards that highlighted this will be included here to inform industry.

### Risk 017 – Exception Reporting

The number of issues found relating to Risk 017 (Exception Management) increased in the 2022/21 BSC audit. As a result Elexon prioritised the development of the Risk 17 Dashboard, which aids in the advance of EFR plans and additional monitoring.

The dashboard allows us not only to monitor if the number of exceptions being reported across the DTN is increasing, it also allows us to monitor which type of exceptions are being utilised more, and which Settlement Run has been affected. The dashboard has given us a more granular view of the distribution of different exception types being reported through the DTN.

The majority of HH exceptions are reported with issues relating to 'consumption data received but not expected,' with more exceptions occurring at later Settlement Runs. In the NHH market, 'Profile Class inconsistent' exceptions has a significant number of instances relating to later Settlement Runs. Elexon continues to monitor this Risk and internally discusses possible error mitigation plans.

## Quarterly Performance Assurance Report

### ELEXON

The Risk that exception reports are not sufficiently managed, such that material exceptions are not addressed at all or in a timely manner. The Risk covers NHH (D0095s) HH (D0235s). A Settlement Error can occur when exceptions not are resolved before the next Reconciliation Run for the Settlement Days to which the exceptions relate.

#### HH: 00As - Consumption Data Received for Incorrect Supplier

SF		R1		R2		R3		RF		Total	
239	82%	68	23%	51	18%	33	11%	16	5%	291	100%

#### HH: 996s - Consumption Data Received but not Expected

	SF		R1		R2		R3		RF		Total	
	7,820	74%	7,062	67%	4,620	44%	2,589	24%	2,376	22%	10,601	100%

#### HH: 997s - Consumption Data Received from Wrong HHDC

	R2		SF		R1		R3		RF		Total	
	1,231	71%	690	40%	594	34%	238	14%	33	2%	1,745	100%

#### HH: 998s - Consumption Data Expected but not Received

SF		R1		R2		R3		RF		Total	
9,305	87%	4,998	47%	2,571	24%	937	9%	487	5%	10,731	100%

#### HH: 999s - Consumption Data Received for De-energized Meter

	SF		R1		R2		R3		RF		Total	
	1,209	87%	562	41%	357	26%	152	11%	105	8%	1,385	100%

#### Risk 17 - Exception Reporting - SVA: NHH & HH (via the DTN - last 6 months)

##### NHH: E01s - No AA or EAC sent to appointed NHHDA

SF		R2		R1		R3		RF		Total	
397,302	87%	237,738	52%	168,533	37%	107,541	24%	55,050	12%	454,915	100%

##### NHH: E02s - Incomplete consumption

SF		R2		R1		R3		RF		Total	
120,282	54%	94,833	43%	74,002	33%	25,460	11%	13,297	6%	222,874	100%

##### NHH: E06s - Incomplete consumption

RF		R3		R2		SF		R1		Total	
102,907	51%	93,594	46%	71,701	35%	26,585	13%	23,970	12%	202,169	100%

##### NHH: E09s - Measurement Class inconsistent

SF		R1		R2		R3		RF		Total
64	96%	60	90%	59	88%	50	75%	46	69%	67 100%

##### NHH: E10s - GSP Group inconsistent

SF		R2		R3		RF		R1		Total	
3,571	90%	3,526	89%	3,493	88%	3,421	86%	3,260	82%	3,966	100%

##### NHH: E11s - Profile Class inconsistent

SF		R2		R3		R1		RF		Total	
241,914	90%	233,723	87%	221,173	83%	218,594	82%	213,031	80%	267,698	100%

We also look at trends in Exception Types across the last 6 months and determine if any Settlement Impacting exception types are increasing. Risk 017 continues to be a focus Risk with techniques such as the BSC Audit ensuring that Data Aggregators (DAs), Data Collectors (DCs) and Suppliers are meeting their obligations in this area by certifying that Risk 017 related Audit work papers remain in scope for the latest BSC Audit year.

### ELEXON

#### HH Exception Reports:

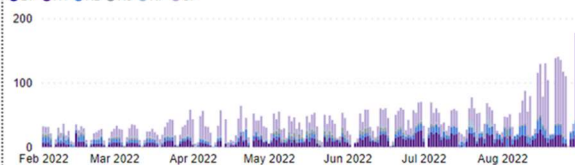
996 - Consumption Data Received but not Expected, 997 - Consumption Data Received from Wrong HHDC, 998 - Consumption Data Expected but not Received, 999 - Consumption Data Received for De-energized Meter, 00A - Consumption Data Received for Incorrect Supplier.

#### Risks 17 - HH D0235s by Delivery Date (via the DTN last 6 months)

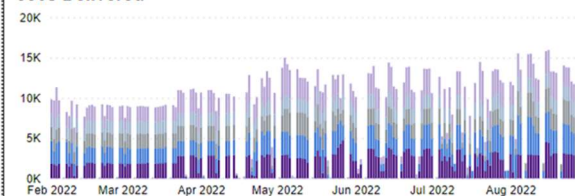
Settlement Code  Supplier  HHDC  HHDA

##### 00As Delivered

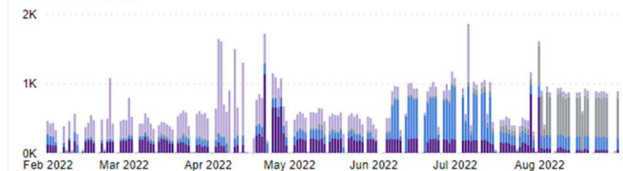
● DF ● R1 ● R2 ● R3 ● RF ● SF



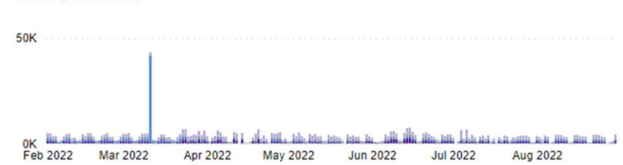
##### 996s Delivered



##### 997s Delivered



##### 998s Delivered



##### 999s Delivered

