

Risk 005 Supplier Volume Allocation (SVA) Fault Resolution Risk Management Determination (RMD)

Performance Assurance Board

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Purpose of paper **Decision**

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Summary **This Risk Management Determination (RMD) seeks approval from the PAB for the deployment of the Assurance Information Request (AIR) Performance Assurance Technique (PAT) to a selection of Performance Assurance Parties (PAPs) against Settlement Risk 005.**

1. Market recovery

- 1.1 One of the three Settlement Risk areas that were selected for focus in the 2022/23 Risk Operating Plan (ROP) was Post-COVID-19 pandemic market recovery. A decline in market performance was initially caused by the pandemic and the subsequent lock downs, however market performance has not returned to its previous level due to a number of factors not directly relating to the pandemic.
- 1.2 Elxon continues to place increased focus on the recovery of the market, aiming to improve market performance using the deployment of additional PATs and other assurance activities.
- 1.3 Two primary focuses for market recovery within the 2022/23 ROP were to:
- Continue to monitor and help to improve the performance of Parties, aiming to reach the required Settlement standards; and
 - Improve the existing controls with the deployment of additional Assurance activities and PATs, aiming to reduce the impact of the associated Settlement Risks.
- 1.4 We have selected the most impactful Settlement Risks for focus in this Performance Assurance Operating Period (PAOP) (2022/2023). This selection was based on;
- The Risks that are most likely to have affected the operations of BSC Parties and Party Agents as reported in our Assurance Survey; and
 - The materiality of each affected Risk.
- 1.5 One of the Settlement Risks identified as being impacted by this is Risk 005¹ and is the focus of this RMD.

Risk	Risk Sub-Category	Impact	Upper Impact	Focus Risk Rationale
005	Fault resolution	£52.5m	£134.3m	Some faults can be fixed remotely but those that require a site visit will not be able to be fixed as quickly as expected due to site access issues and backlogs (<i>following the pandemic</i> ²)

¹ 'A fault with SVA Metering Equipment is not resolved, such that metered data is recorded incorrectly or cannot be retrieved'

² The text in brackets is now irrelevant; this is now a general market concern.

1.6 More detail on this specific risk as detailed in the Risk Operating Plan can be found in Appendix 1 of this paper.

2. Deployment of Assurance Information Request

- 2.1 Now that the governance of SVA Meter Operator Agent (MOA) obligations sits with the Retail Energy Code (REC), Elexon is unable to obtain a BSC view other than through Data Collector (DC) processes. The AIR will check that Meter Alarm Flags are being processed in line with the BSC. Where this is not the case it could lead to faults not being identified and resolved.
- 2.2 The deployment of the AIR technique will take the first step to check that Half Hourly (HH) and Non Half Hourly (NHH) DCs are fulfilling their obligations for the identification and resolution of fault flags, and that the DC system is setup correctly to process the flags as appropriate.
- 2.3 Elexon will contact the five HHDCs with the largest Meter System Identifier (MSID) count, which would provide coverage of 83% of the HH market. Elexon will also contact the five NHHDCs with the largest MSID count (80% coverage of the NHH market).
- 2.4 Each DC will be given four weeks to respond to the request and provide all of the requested documentation.
- 2.5 When all of the responses have been received, Elexon will review them in line with the Metering Codes of Practice (CoPs). This is to ensure that the DCs have their systems and processes aligned with the CoPs such that appropriate action would be taken where Alarm Flags are received from the Meter.
- 2.6 Following the completion of the AIR, the findings will be presented to the PAB to determine appropriate follow up actions such as:
- Deploy the AIR technique under the same scope to cover a second set of candidates widening the market share coverage and to gain further insight;
 - If non compliances have been identified, deploy another PAT (e.g. Technical Assurance of Performance Assurance Parties (TAPAP)) to understand processes within the identified non compliances; and
 - In the event that a formal audit finds serious non-compliances, escalate the DCs to the PAB to explain the root causes and what their planned resolution approach is.

3. Recommendations:

- 3.1 The PAB is invited to:
- a) **APPROVE** the Risk Management Determination for deployment of the Assurance Information Request (AIR), Performance Assurance Technique (PAT) on Risk 005.

Appendices

Appendix 1 – Risk Operating Plan extract

Attachments

Attachment A – Confidential attachment of selected DCs for deployment of Assurance Information Request (AIR)

For more information, please contact:

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Appendix 1 Risk Operating Plan extract

Risk	Ongoing PAT deployment (to be continued in 2022/23)	Additional PAT deployment for 2022/23	Additional Assurance activities for 2022/23
005	• Error Failure Resolution (EFR) (applied following the BSC Audit) • BSC Audit (the number of work papers may be reduced following Meter Operator Agent (MOA) obligations transferring to the Retail Energy Code(REC)) • Trading Disputes • Technical Assurance of Metering (TAM)	Education or TAPAP to be considered following an Assurance Information Request (AIR)	• Collaborate with the REC where DCs report that faults have been raised but not resolved to ensure that action is taken by MOAs. • Desktop assessment / review to check how DC Metering fault flags correlate to reported Meter faults using an AIR, to ensure that fault flags are being used correctly. • TAPAP or Education to be utilised depending on the results of this assessment.