

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

### Performance Assurance Board

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Purpose of paper **Decision**

Classification **Public**

Document version **1.0**

**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 005<sup>1</sup> and is the focus of this RMD.
- The risk that *a fault with SVA Metering Equipment is not resolved, such that metered data is recorded incorrectly or cannot be retrieved* resulting in erroneous or estimated data in Settlement

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

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

				due to site access issues and backlogs ( <i>following the pandemic</i> <sup>2</sup> )
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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 This deployment of the AIR technique is part ongoing work seeking to provide assurance of processes associated with Meter Outstation Alarm flags in both the SVA and Central Volume Allocation (CVA) markets. It aims to provide Elexon and industry assurance that Meter Faults will be identified and investigated at the earliest opportunity. Where alarm flags are not correctly used, it can lead to faults not being identified and resolved, in turn potentially leading to Settlement Errors.
- 2.2 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. Therefore, this AIR will look at DC processes within the SVA market.
- 2.3 The AIR will seek to confirm whether Half Hourly (HH) DCs are fulfilling their obligations for the identification and resolution of Meter Outstation Alarms, and that the DC system is setup correctly to process the Alarms as appropriate. The HHDC AIR will be a combination of a request for documents that will be checked by Elexon against the relevant Codes of Practice (CoP) or BSC Procedure document (BSCP), accompanied by a short list of questions. This request will not include any information request for specific Meter System Identifiers (MSIDs).
- 2.4 Elexon will contact the six HHDCs with the largest MSID count, which will provide coverage of over 85% of the MSIDs in the HH market.
- 2.5 Each DC will be given four weeks to respond to the request and provide all of the requested documentation.
- 2.6 When all of the responses have been received, Elexon will review them in line with the Metering CoPs or BSCP. This is to ensure that the DCs have their systems and processes aligned with its obligations, such that appropriate action would be taken where Meter Outstation Alarm flags are received from the Meter.
- 2.7 Following the completion of the AIR, the findings will be presented to the PAB at its May 2023 meeting to determine appropriate follow up actions such as:
  - Confirmation that the process is working as well as it should and in line with BSc obligations; or
  - 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 (considering both SVA and CVA);
  - 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;
  - 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; and
  - Provide feedback to the REC of any relevant findings.
- 2.8 Concurrently, the BSC Audit will also be providing assurance on CVA Registrants related to this process.

## 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.

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## Appendices

Appendix 1 – Risk Operating Plan extract

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## Attachments

Attachment A – Confidential attachment of selected DCs for deployment of AIR.

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<sup>2</sup> The text in brackets is now irrelevant; this is now a general market concern.

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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	<ul style="list-style-type: none"><li>• Error Failure Resolution (EFR) (applied following the BSC Audit)</li><li>• BSC Audit (the number of work papers may be reduced following Meter Operator Agent (MOA) obligations transferring to the Retail Energy Code(REC))</li><li>• Trading Disputes</li><li>• Technical Assurance of Metering (TAM)</li></ul>	Education or TAPAP to be considered following an Assurance Information Request (AIR)	<ul style="list-style-type: none"><li>• Collaborate with the REC where DCs report that faults have been raised but not resolved to ensure that action is taken by MOAs.</li><li>• Desktop assessment / review to check how Meter Outstation Alarms correlate to reported Meter faults using an AIR, to ensure that Meter Outstation Alarms are being used correctly.</li><li>• TAPAP or Education to be utilised depending on the results of this assessment.</li></ul>