

Quarterly Performance Assurance Report: Quarter 3 2023/24

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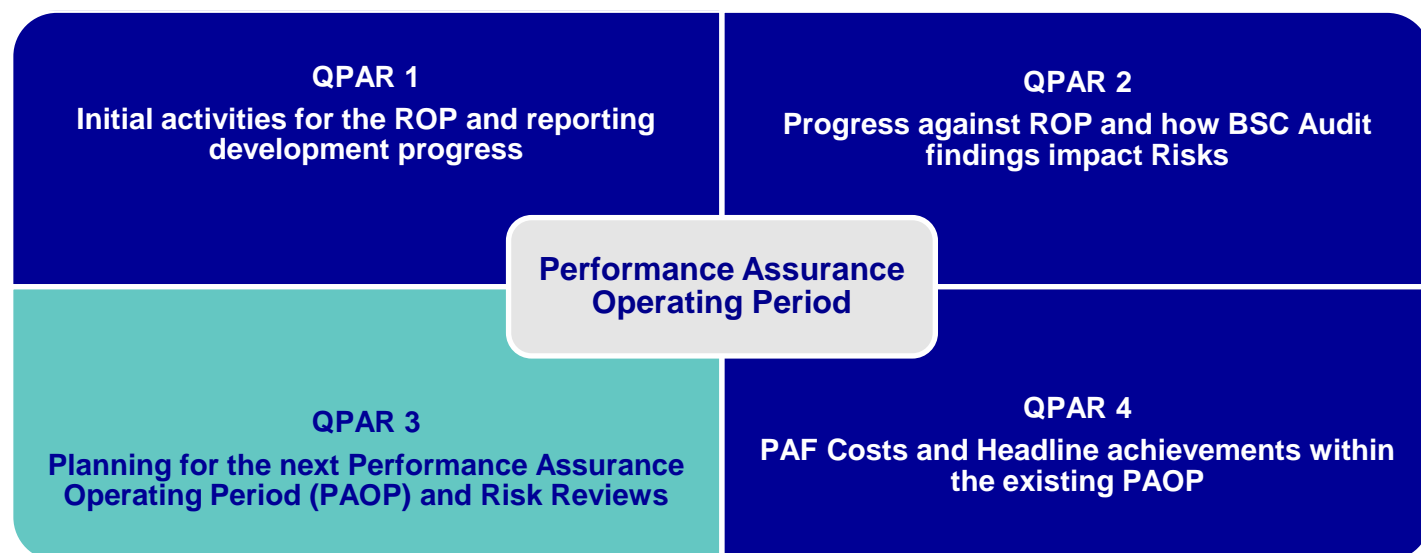
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Summary

This is the third of four Quarterly Performance Assurance Reports (QPARs) for the 2023/24 Performance Assurance Operating Period (PAOP), which will inform the industry of the activities that have been undertaken in each quarter as agreed in the [2023/24 Risk Operating Plan \(ROP\)](#).

The progress updates provided within this QPAR include:

- Settlement Risks in focus for 2023/24;
- Updates from the Elexon Risk and Technique Managers;
- Updates on the progress against the 2023/24 ROP for the Settlement Risks that are in focus;
- Information on the recent planning for the next PAOP & assessing the latest Risk reviews on the Settlement Risks that are in focus; and
- Risk-focused Performance Assurance Technique (PAT) updates, where spikes in activity or unexpected technique results are reported.



Settlement Risks in focus for 2023/24

The 2023/24 ROP considered key inputs¹ in order to select which Settlement Risks should be in focus for 2023/24.

¹ Customer feedback, the Performance Assurance Board (PAB) strategy, risk events identified in the Risk Evaluation Register (RER) and detective Performance Assurance Technique (PAT) results

A high and / or medium focus and priority has been placed by Elexon and the Performance Assurance Board (PAB) on the following Settlement Risks through the deployment of additional PATs (outside of the regular PAT deployment) and additional assurance activities

High Focus Risks:

Risk	Market	Risk Category	Materiality
020	CVA*	Metering Equipment installation, programming, maintenance and Commissioning	Medium
021	CVA	Retrieval and processing of Metered Data	High
022	CVA	Notification of change to Metering Equipment	Medium
023	CVA	Fault resolution	High
003	SVA**	Metering Equipment installation, programming, maintenance and Commissioning	High
007	SVA	Retrieval of Metered Data	High
008	SVA	Processing of Metered Data	Medium
017	SVA	Exception management	Low

*Central Volume Allocation (CVA), ** Supplier Volume Allocation (SVA)

Medium Focus Risks:

Risk	Market	Risk Category	Materiality
005	SVA	Fault resolution	High
016	SVA	Energisation status	Medium
018	SVA	Revenue protection	Medium

Risk Manager Update

During the third quarter of the 2022/23 PAOP, our Risk Team has been focussing on making progress against the 2023/24 ROP. Highlights of the activities undertaken in Quarter 3 are listed in the progress tables within this report.

During Q4, our Risk Team and Technique Teams will be undertaking activities to prepare for the 2024/25 Performance Assurance Operating Period (PAOP).

Progress against the ROP 2023/24 Focus Risks

Our progress in Quarter 3 against these planned activities is detailed below:

CVA High Focus Risks

Risk	Q3 Update
020	Audit result assessment Elexon's review of the 2022/23 TAM and BSC Audits found that several Registrants of GSP CVA Metering had made progress in addressing Issues raised in the trial BSC Audit carried out in 2021/22. However, there remains a general lack of understanding around BSC obligations in the CVA market and the Audits found continued evidence of ineffective communication between many Market Participants, exacerbated by the manual nature of many of the processes. It was determined that the best approach to resolving issues found in the CVA market was to run focused assurance activities during the 2023/24 PAOP, below gives an update on the activities that have been undertaken in Quarter 3: Raised a Change Proposal (CP) progression:
021	
022	
023	

	<p>Issue Group 103 'Meter Registrants and Settlement Risk – A New Way' was created to review both the SVA and CVA markets.</p> <p>Following discussion of the above audit result issues, Elexon is progressing a CP to clarify responsibilities and obligations of SVA and CVA market participants, further detail of the CP can be found in the Quarter 1 QPAR.</p> <p>The initial Progression Paper for the CP will be taken to ISG and SVG in February 2024, with redlining of the affected BSCPs completed in February 2024 to target implementation in June 2024.</p> <p>The Settlement Accuracy Taskforce</p> <p>Elexon continue to run Settlement Accuracy Taskforce (SATF) which investigate change points that are identified by the change point detection tool and reach out to Registrants to identify unexpected change to Metered data. The Change points identify evidence of step changes in Settlement data at CVA sites. During November 2023 the SATF ran an internal workshop. The purpose of the workshop was to;</p> <ul style="list-style-type: none"> • Review historic change points. • Review the change point notification process. • Widen the scope of the analysis conducted and review by the SATF. • Consider turning the change point tool into a formal Material Error Monitoring (MEM) Report. <p>During Q4 the SATF will continue to implement the recommendations and actions that were agreed at the SATF workshop.</p>
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SVA High Focus Risks

Risk	Q3 Update
003	<p>Version 1 of the TAA Obligation Dashboard has been completed and presented to PAB and TAMEG.</p> <p>The data from the Dashboard has helped identify in more granular detail where the Risk 3 related non-compliances are coming from. This has allowed Elexon to understand where improvements can be made on the TAA Audit to target commissioning related issues. Assurance work has begun to improve the following areas:</p> <ul style="list-style-type: none"> • Adjusting the Desktop Audit criteria in order to give TAA auditors a clear check list when it comes to commissioning records. E.g. specific areas or commissioning records missing will lead to a site visit. • Providing users with an alternative way to give assurance around CT/VT ratios other than certificates. Currently this makes up a large bulk of Risk 3 related Non-Compliances. <p>The TAA Specific Sample for 2023/24 is now complete and the results were presented to PAB in November 2023. Further assurance recommendations were made at the November 2023 PAB to improve engagement and to help bulk clear large Category 2 non-compliances. The Risk 3 related element of this is covered above.</p>
007	<p>Elexon has deployed EFR for poor Settlement Performance with NHH Export Supplies for the first time and Export Settlement Performance data is now public under the peer comparison technique following the approval of Modification P427.</p> <p>Three Parties have been escalated to the Performance Assurance Board (PAB) for making insufficient progress in their EFR plans for this Risk, and will be attending PAB meetings in Q4 to outline the challenges they have faced and how they propose to address these.</p>
008	<p>Performance for the Large EAC/AA instance report showing the market level of error stands currently at 150,767 MWh, which remains below the current market threshold of 165,000MWh. Performance has been below threshold in four of the last five months.</p> <p>PAB agreed that if performance was to remain below the threshold for six consecutive months, then a review of the threshold will take place within the next PAOP with a potential to lower the threshold for Suppliers to enter EFR.</p>

	<p>There are currently eight parties in EFR, two of which have come under the threshold for two months in a row, so could be considered for exit if the positive performance continues. EFR is reviewed once a Supplier maintains three consecutive months below threshold.</p> <p>Elexon is aware some Parties have not received files due to an issue with the Paperboy system.</p>
017	<p>In response to an increase in severity of Risk 17 relating to exceptions reports not being sufficiently managed, Elexon is committing to a Technical Assurance of Performance Assurance Parties (TAPAP) check. The aim of the TAPAP will be to identify key constraints Suppliers have with processing exceptions relating to the D0095 and D0235 data flows. Elexon will use the results of the TAPAP to support Suppliers with their exceptions reporting processes, aligning them to code obligations. Further on, Elexon will use EFR plans to support Parties and monitor performance associated with exceptions reporting and Risk 17.</p>

SVA Medium Focus Risks

All ROP activities for the Settlement Risks in this category will be initiated in Quarter 3.

Risk	Q3 Update
005	No update – activities to be initiated in Quarter 4
016	No update – activities to be initiated in Quarter 4.
018	<p>Elexon continues to forecast that there will be an increased severity of Risk 18 relating to Revenue Protection. Elexon representatives attended The Energy Theft Forum hosted by the Retail Energy Code (REC), which provided detailed information into the level of theft in the market, which is a key indicator for Risk 018.</p> <p>Heading into Q4, Elexon has identified that Theft Risk Assessment Service (TRAS) data, and Energy Theft Detection Incentive Scheme (TDIS) data has the potential to provide insight into the risk posed to Settlement.</p>

Performance Assurance Technique Updates

Trading Disputes

23 new Disputes were raised in Quarter 3. This was slightly above the approximate 5-year quarterly average of 15. However, the increase was expected as training on Trading Disputes were provided to parties in Q1, which was forecast to have a knock on impact on the number of disputes all the way to Q3.

The Settlement Risks associated to Trading Disputes raised in Quarter 3 were:



Please note that all but one of these disputes are SVA related issues, and the other is a CVA Trading Dispute.

Between October and December 2023, the Trading Disputes team resolved 30 Trading Disputes, with the corrected materiality equating to approximately **£899k**.

Recommendations

We invite the PAB to:

- a) **NOTE** the updates provided in the Quarterly Performance Assurance Report.

For more information, please contact:

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