

Quarterly Performance Assurance Report: Quarter 4 2023/24

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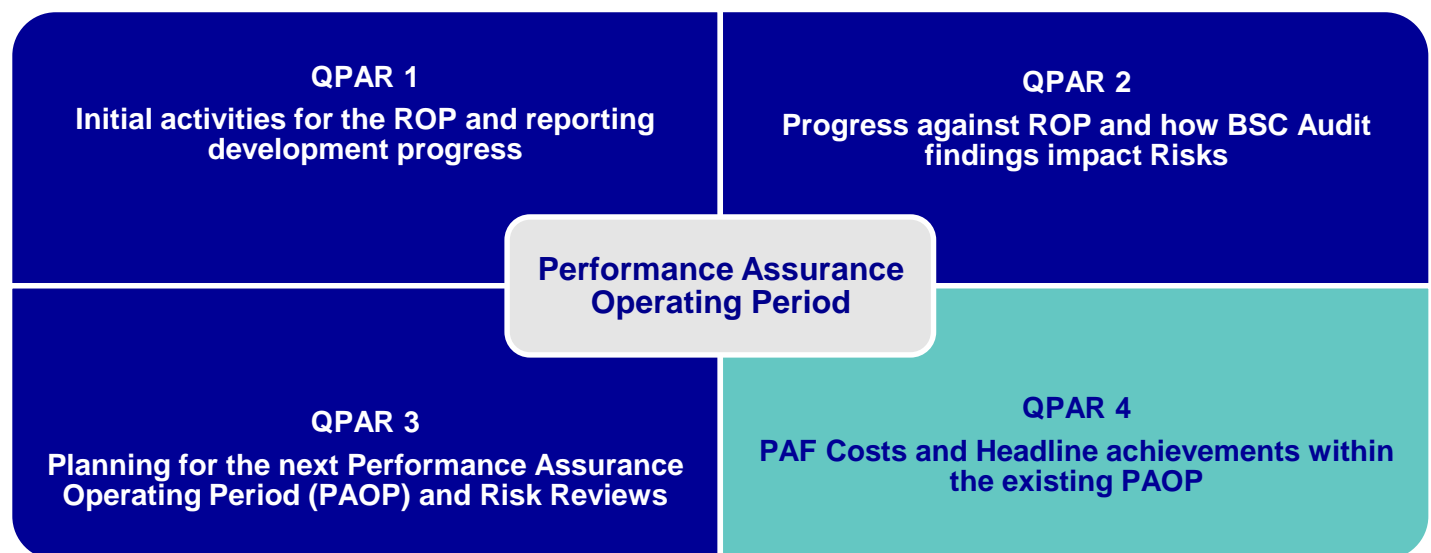
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Summary

This is the fourth and final Quarterly Performance Assurance Reports (QPARs) for the 2023/24 Performance Assurance Operating Period (PAOP), which informs the industry of the activities that were undertaken in each quarter of the 2023/24 PAOP as agreed in the 2023/24 Risk Operating Plan (ROP).

The progress updates provided within this QPAR include:

- The Settlement Risks that were in focus for 2023/24;
- An update from the Elexon Risk Manager;
- Headline assurance achievements for the 2023/24 PAOP;
- Final updates on the assurance activities that have been undertaken for the Settlement Risks that were in focus in 2023/24;
- Risk-focused Performance Assurance Technique (PAT) updates, where spikes in activity or unexpected technique results are reported; and
- Information on the Performance Assurance Framework (PAF) costs for the 2023/24 PAOP



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 was 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

Key Achievements for the 2023/24 Performance Assurance Operating Period

Elexon has made significant progress against its [Risk Operating Plan 2023/24](#). We have deployed all planned Performance Assurance Techniques (PATs) and assurance activities. Key highlights of our achievements outside of this planned deployment are as follows:

- We have continued to deploy additional assurance on the CVA market, including an internal taskforce, which has identified a significant error in Settlement. We have taken steps to correct this error and have provided education to the BSC Party involved;
- Through improvements we have made to our Settlement Performance reporting, we identified the need to deploy additional assurance measures in the Non-Half Hourly Export market, following which, performance has significantly improved; and
- We have embedded Modification P427², which allows us to publish the performance of BSC Parties against our recorded Settlement Risks to help to incentivise improved performance.

Progress against the ROP 2023/24 Focus Risks

Our progress in Quarter 4 against these planned activities is detailed below:

CVA High Focus Risks

Risk	Q4 Update
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² P427: Publication of Performance Assurance Parties' impact on Settlement Risk

	<p>Audit result assessment</p> <p>Ellexon's review of the 2022/23 Technical Assurance of Metering (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.</p> <p>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. The below gives an update on the activities that have been undertaken in Quarter 4:</p> <p>Raised a Change Proposal (CP)</p> <p>Issue Group 103 'Meter Registrants and Settlement Risk – A New Way' was created to review the approach to detect and mitigate errors in Settlement in both the SVA and CVA markets.</p> <p>Ellexon is progressing a CP to clarify the responsibilities and obligations of CVA Registrants to validate metered and estimated data and ensure meter faults are investigated and resolved. Further detail of the CP can be found in the Quarter 1 QPAR.</p> <p>The CP draft redlining of the affected BSCPs is under review by Ellexon's Market Design team.</p>
020	<p>The Settlement Accuracy Taskforce (SATF)</p>
021	
022	<p>Ellexon continues to run the SATF, which investigates change points that are identified by the change point detection tool. The change point detection tool identifies evidence of step changes in Settlement data at CVA sites. Upon identification, the SATF investigate each change point and reach out to Registrants to get further understanding of activities at the site which may have contributed to the change detected.</p>
023	<p>During November 2023, the SATF ran an internal workshop to discuss the scope of the group while identifying improvements. During Q4, the SATF continued to implement the recommendations and actions that were agreed at the SATF workshop; this included process improvement, widening the scope and considering if the SATF should make the change point detection tool a Performance Assurance Technique under the Performance Assurance Framework (PAF)</p> <p>The SATF closed 60 change points after conducting investigations on them, and, subsequently, deeming the investigation closed during the 2023/24 PAOP. There are 33 ongoing change point investigations that will continue to be explored through the 2024/25 PAOP.</p> <p>Education</p> <p>Ellexon identified the need for some bespoke CVA Registrant training. The training was created and delivered during Quarter 4, the training focused on Data Estimation and Substitution for CVA but also covered Fault Resolution and the importance relationship management in the CVA market. This training will feed into the wider CVA training Ellexon is developing for the 2024/25 PAOP. This training will be made available to the whole CVA industry, further information on the training will be published on newscast later in the year.</p>

SVA High Focus Risks

Risk	Q4 Update
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003	<p>In Q4, Elexon continued work on version two of the TAM Obligation Dashboard, and began isolating and mapping non-compliance types to specific Code obligations, Settlement Risks and to the responsible BSC Party type. This will provide Elexon with a more detailed breakdown of which obligations are not being met and who the responsible BSC Party is. This will allow Elexon to better target our assurance activities, including education. We will deliver version two of the TAM Obligation Dashboard at the start of Q3.</p> <p>Alternative ways to provide assurance around Current Transformer/Voltage Transformer (CT/VT) ratios other than with certificates will be presented during the Technical Assurance of Metering Expert Group (TAMEG) meeting in May 2024. Currently this makes up a large bulk of Risk 3 related Non-Compliances and following the May 2024 TAMEG, Elexon will schedule individual meetings with parties to discuss using the alternative ways of provide assurance around CT/VT ratios throughout Q2 and Q3.</p>
007	<p>There is no specific update for assurance activities against this Settlement Risk for Q4 2023/24. Elexon and the PAB will initiate assurance activities in Q1 2024/25 in line with the 2024/25 ROP.</p>
008	<p>The market level of error stands currently at 249,231 MWh, which is significantly above the current market threshold of 165,000MWh.</p> <p>Using an average Credit Assessment Price (CAP) across the period of 78 £/MWh, this indicates £19.4m in potential error. This is an increase of £3.6m in potential error from the previous month.</p> <p>Overall market performance with respect to total gross error declined across the quarter due to issues with the Large EAC/AA reporting process, which caused Elexon's reporting to Suppliers to be delayed. The DA at fault for these issues will be discussed in the April 2024 PAB for consideration of next steps in the escalation process.</p> <p>Elexon is also working to provide Education in the upcoming Supplier Education day in June 2024, where discussions will be held on problems seen by industry in the area of performance with regards to cases of Large EACs. Suppliers will be encouraged to put emphasis on better internal controls before data is entered into Settlement.</p>
017	<p>There is no specific update for assurance activities against this Settlement Risk for Q4 2023/24. Elexon and the PAB will initiate assurance activities in Q1 2024/25 in line with the 2024/25 ROP.</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	<p>Since the last report in Quarter 3, Elexon has determined that three of our significant findings from the Assurance Information Request (AIR) on Settlement Risk 005 were compliant with the BSC but not suitable for purpose on particular circumstances that HHDC's and Supplier's face regarding their fault monitoring systems in which Elexon decided further assessment is required, while one was not compliant with the BSC.</p> <p>Elexon has created an Issue Group to discuss the relevant findings from the Settlement Risk 005.</p> <p>Elexon's Assurance and Change teams organised the first Issue Group meeting, inviting Industry via the webpage describing the start of Issue 112 - 'Clarifying Half Hourly Data Collector (HHDC) requirements within BSCP502 addressing the fault investigation process.'</p> <p>The meeting was on 10 April 2024, and included various Supplier and HHDC Market Participants. The following objectives were discussed:</p> <ul style="list-style-type: none"> • Non-compliances for HHDC's for not reporting fault flags due to MOA requests • The relevance of all fault flags and whether all fault flags do need to be reported. • Timescales that should be implemented for fault flags to be reported by HHDCs in a timely manner <p>The following outcomes were reached from the discussions:</p>

	<ul style="list-style-type: none">• An Issue Group member to create a list of the codes/alarm flags and the obligations for the HHDC to follow when sending information to a Supplier. This was endorsed by Elexon and the Issue group, prompting an action for the Issue Group member.• Elexon to provide MHHS Assurance Contact to the Issue Group which has been forwarded onto the relevant Member <p>Elexon will arrange the second workgroup meeting once the previously agreed-upon steps have been accomplished.</p>
016	There is no specific update for assurance activities against this Settlement Risk for Q4 2023/24. This Settlement Risk will not be in focus for 2024/25.
018	There is no specific update for assurance activities against this Settlement Risk for Q4 2023/24. This Settlement Risk will not be in focus for 2024/25.

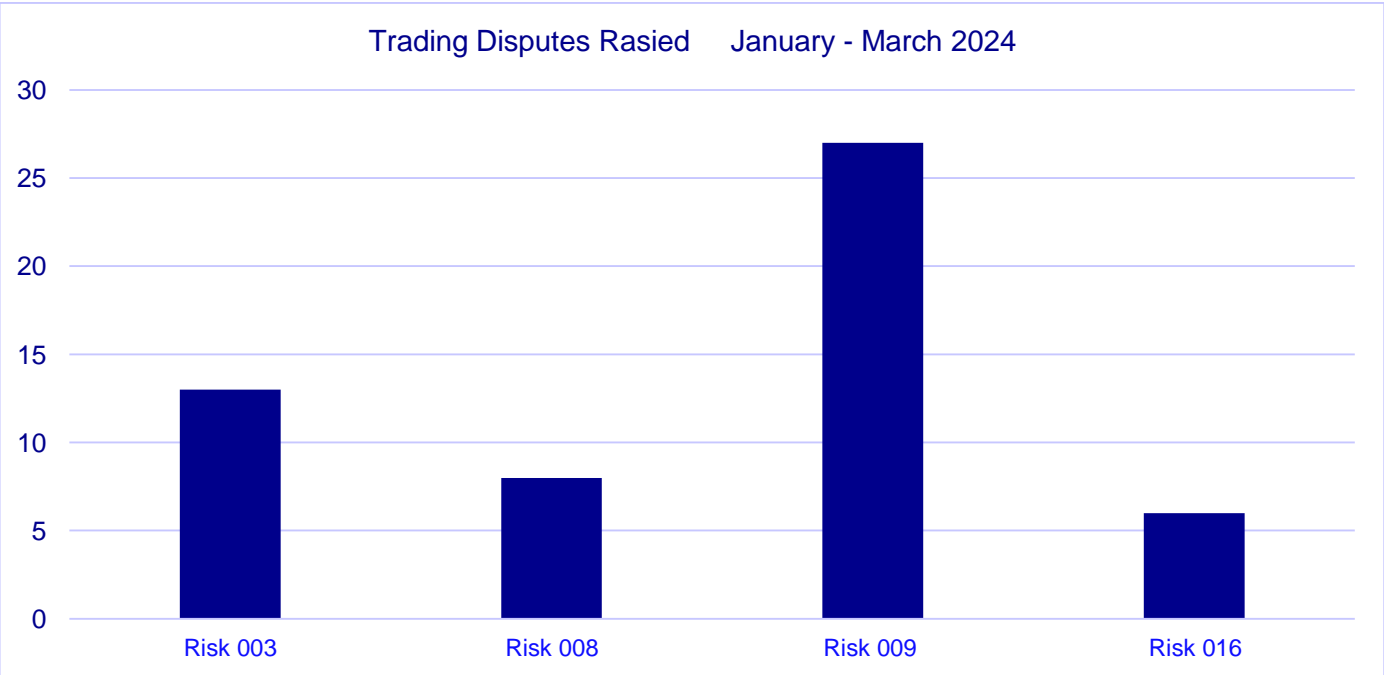
Performance Assurance Technique Updates

Trading Disputes

Fifty four new Trading Disputes were raised in Quarter 4. This was significantly above the approximate quarterly average of 15 (based on the last five years of data). The increase was due to one specific BSC Party that raised 29 new Trading Disputes over this period.

We have had regular meetings with the BSC Party to discuss the reasoning for this, and the Party have also confirmed that they have no more new Trading Disputes to raise. The majority of the Trading Disputes raised in Q4 were Non-Half Hourly Disputes, therefore we have set up an internal taskforce to address this large number.

The Settlement Risks associated to SVA Trading Disputes raised in Quarter 4 were:



Between January and March 2024, the Trading Disputes team resolved 27 Trading Disputes, with the corrected materiality equating to approximately £1.9m.

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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