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Quarterly Performance Assurance Report

Quarter 2 - 2019/20

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25 October 2019

CONTENTS

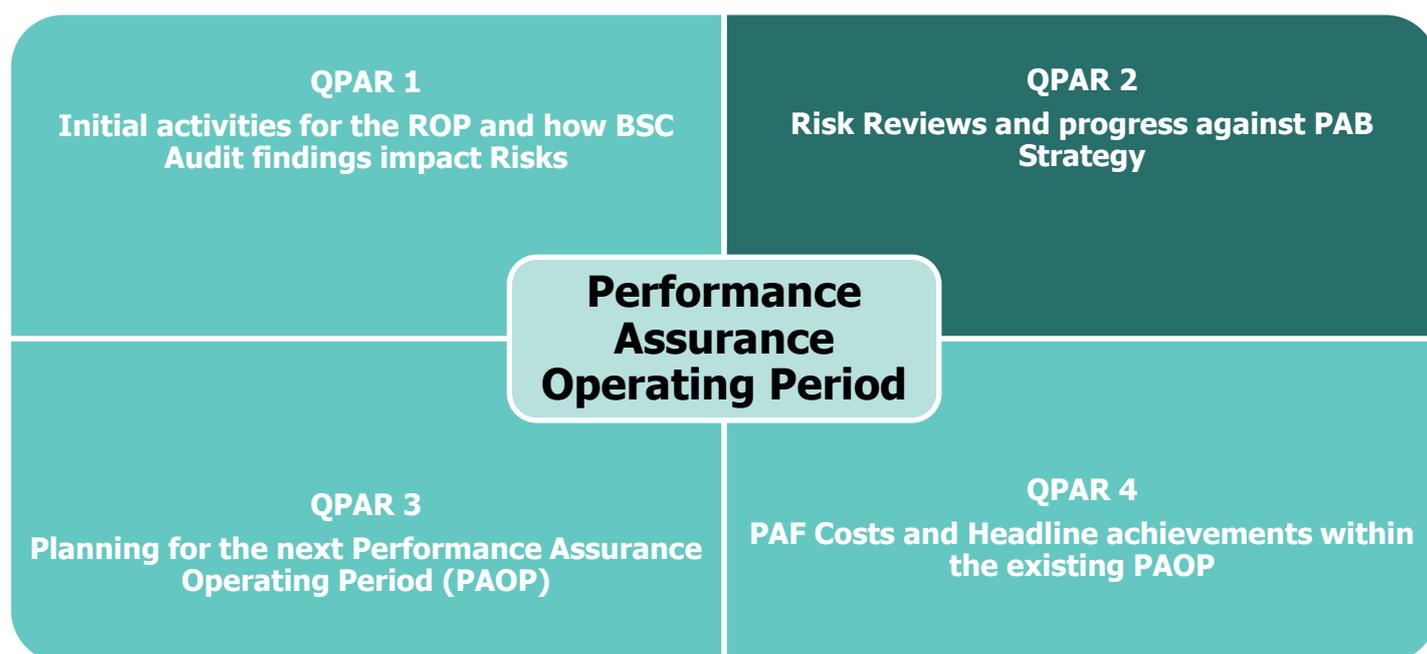
OVERVIEW	3
Key points of progress so far (Risk Management)	4
Risk Landscape	5
FOCUSSED RISK OVERVIEW	6
Risk 003 - Metering Equipment installation, programming, maintenance and Commissioning (£43m)	6
Risk 005 – SVA Fault Resolution (£36m)	7
Risk 007 – Retrieval of Metered Data (£27m)	8
Risk 011 – Unmetered Supplies (£18m)	9
Risk 016 – Energisation Status (£15m)	10
Risk 021 – CVA Retrieval of Metered Data (£31m)	10
Risk 023 – CVA Fault Resolution (£30m)	10
Risk 018 – Revenue Protection (£4m)	11
OTHER NOTABLE RISK UPDATES	12
TECHNIQUE UPDATES	14
EFR	14
Disputes	14
BSC Audit	15
Qualification	15
Plans for the next quarter	17

OVERVIEW

The Performance Assurance Board (PAB) is required, by Balancing and Settlement Code (BSC) Section Z 8.1¹, to prepare an Annual Performance Assurance Report (APAR). Following the Performance Assurance Framework (PAF) Review, ELEXON intends to provide a Quarterly Performance Assurance Report (QPAR), which includes:

- Results from risk evaluation and risk assurance procedures focussing on the outcome of deployment of Performance Assurance Techniques (PAT);
- The actual costs associated in delivering the PAF compared with the estimated costs set out in the Risk Operating Plan (ROP); and
- Recommendations for modifying the PATs.

In addition, the content of the QPAR will focus on the Performance Assurance activities undertaken within the previous quarter. This may mean that, within each QPAR, the content and information provided changes or has a specific focus in line with activities undertaken. ELEXON will, over the course of the four quarterly reports, cover the full scope of the Performance Assurance Framework and our Risk Operating Plan. As a guide, we anticipate the four quarterly reports to have focus on the following areas



¹ <https://www.elexon.co.uk/bsc-and-codes/balancing-settlement-code/bsc-sections/>

Key points of progress so far (Risk Management)

- **Considered approach to Technique Deployment**

ELEXON is seeking to review the way in which it responds to third party audit output and recommendations. Our approach to BSC Audit issues has notably changed this year, with a removal of the automatic deployment of EFR (Error and Failure Resolution) for High or Medium rated audit issues. Our adapted approach is to consider each issue in line with the Risk Operating Plan and our focus and priority of risk. ELEXON will use this approach for outputs from BSC Audit and TAA Audits (Technical Audit of Metering).

- **PAB Strategy Session held**

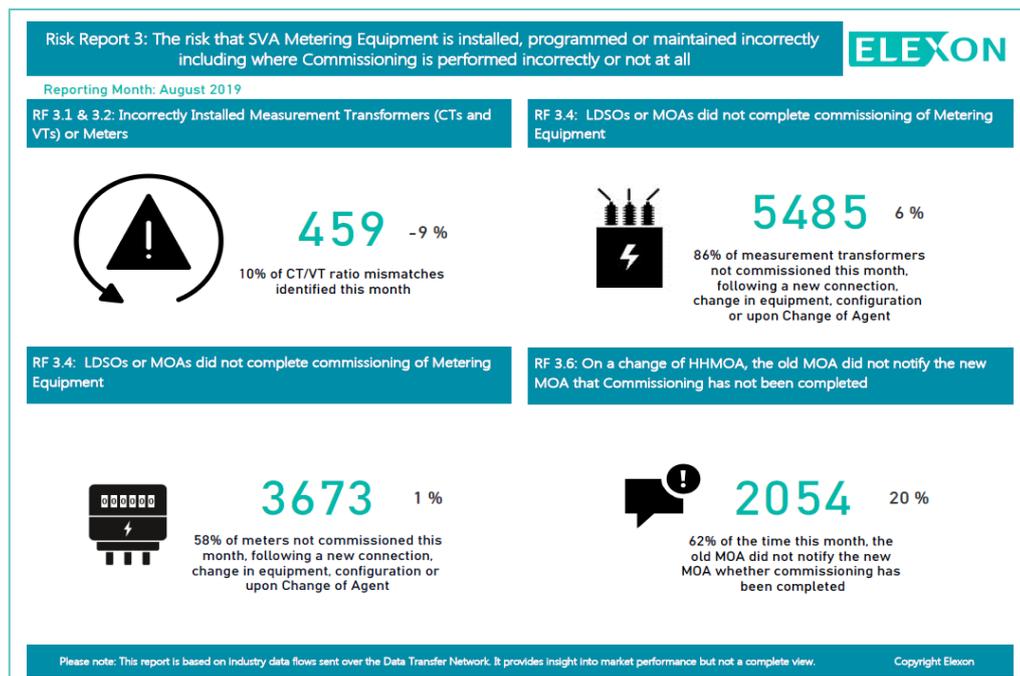
ELEXON hosted a PAB Strategy Day in October 2019, where PAB members were able to discuss strategic objectives and review if any amendments or changes were required, to recognise changes or developments within the SVA and CVA Markets. Outputs from this session will be presented to PAB in December 2019.

- **Internal Review of Disputes process**

The Trading Disputes PAT (Performance Assurance Technique) is out of scope for review within the Performance Assurance Framework Review. ELEXON is carrying out a review of the technique in preparedness for any potential changes raised within the deployment of Market Wide Half Hourly Settlement. The review will look at how the Disputes process works and is deployed and make recommendations for changes to the process, ensuring it is fit for both current and future market states.

- **Initial Risk Reporting designs created and finalised**

The format for Risk Reporting has been internally agreed and the first Risk Report (for Risk 003 – Metering Equipment installation, programming, maintenance and Commissioning) has been completed and presented to the Performance Assurance Board. These reports will be internally managed by Risk Owners, who will use the information to provide guidance and performance information to PAB on their respective risks.



Risk Landscape

- Our Risk Evaluation Register remains at 34 Risks (18 SVA Risks and 16 CVA)
- We have fully rescored one risk (Risk 027), the calculated risk impact has been adjusted accordingly
- All other risk impacts remain as outlined in the RER 2019/20
- Our view of proposed risks for focus is unchanged and the eight risks identified for focus within the ROP are unchanged
- We anticipate being able to present movement against targeted impact for the focussed risks in the QPAR 2
- We are currently assessing the impact of Virtual Lead Parties on existing risks, and may require a new additional risk specifically for this issue

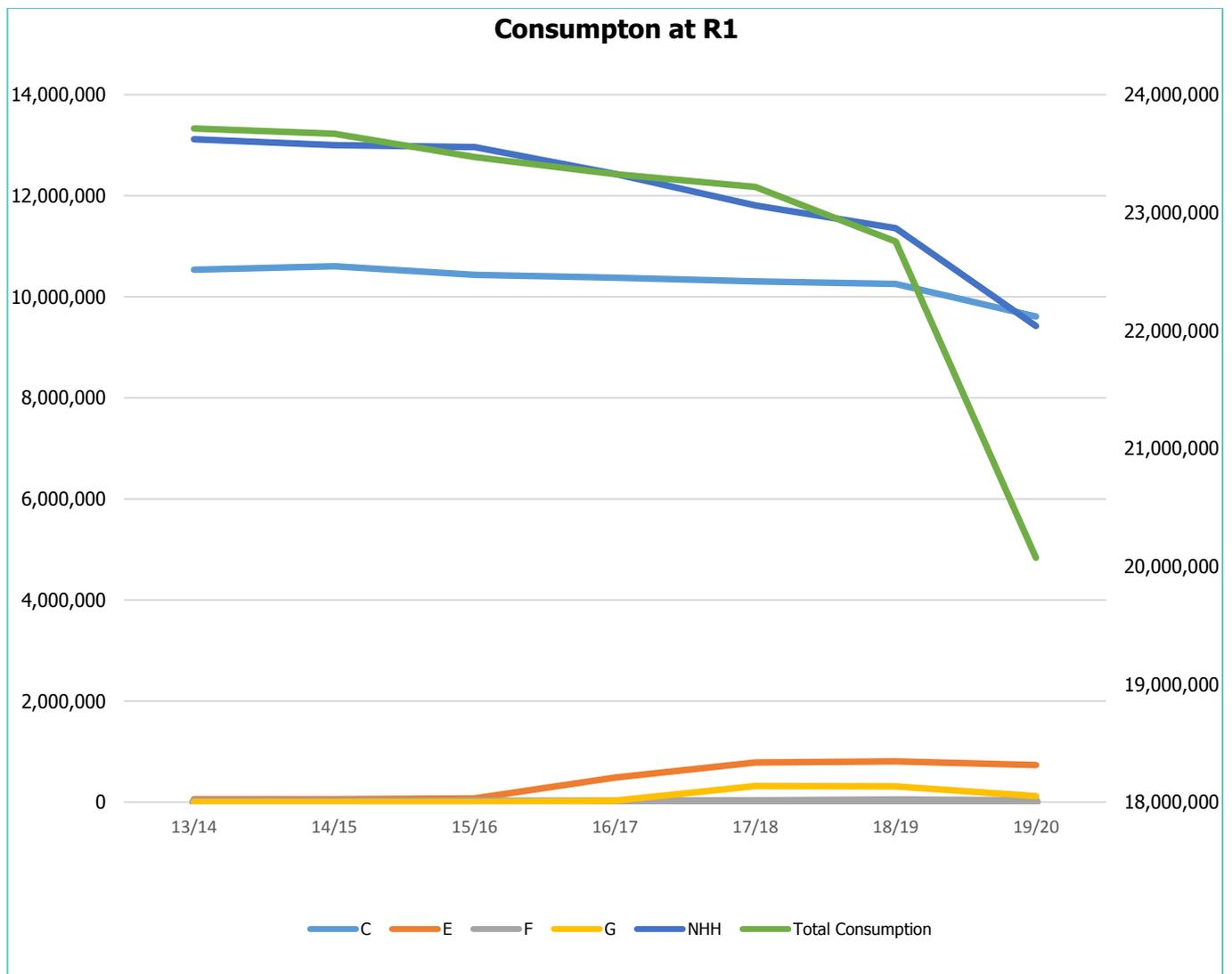


Figure 1: Total Consumption on secondary axis

FOCUSSED RISK OVERVIEW

Risk 003 - Metering Equipment installation, programming, maintenance and Commissioning (£43m)

Risk Owner Update

The BSC Issue 72 workgroup looking at Commissioning of measurement transformers not owned by a BSC Party (LDSO) has concluded.

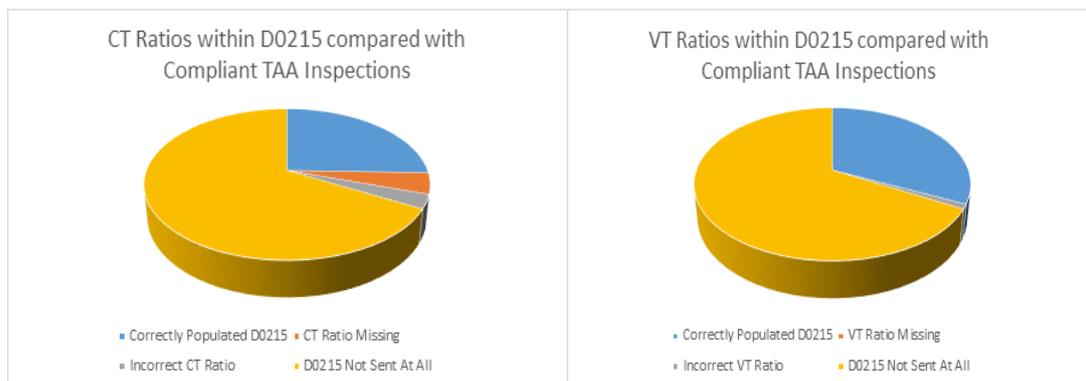
The output of the group has provided suggestions for changes to the CoP4 (Certificate of Compliance 4) to ensure that Third party owned measurement transformers are more effectively commissioned. Including;

- A change to responsibility for Commissioning of measurement transformers that is to be adopted by LDSO
- ELEXON are to raise a change to the NERS (ICP accreditation) to reference CoP4 once above changes implemented

ELEXON has carried out increased training activity around P283/D0383 and D0384 (particularly for IDNOs and Suppliers)

- Adhoc training developed based on requirements of BSC Party
- Training requests have increased due to word of mouth from industry on the value of training courses

Root cause analysis conducted as to the Settlement impact of poor quality data in the D0215.



Next Steps

- **The launch of reporting** which identifies failures of Risk Factors relating to Risk 003, including Incorrectly Installed Measurement Transformers and Meters, Occasions when the LDSO or MOA did not complete commissioning and when MOA have not correctly provided commissioning information on a Change of Agent event. We can use this reporting to identify poor performers in this area and propose remedial actions
- **Review of current guidance documentation** on record keeping expectations for Commissioning and sending to Parties via Newscast.

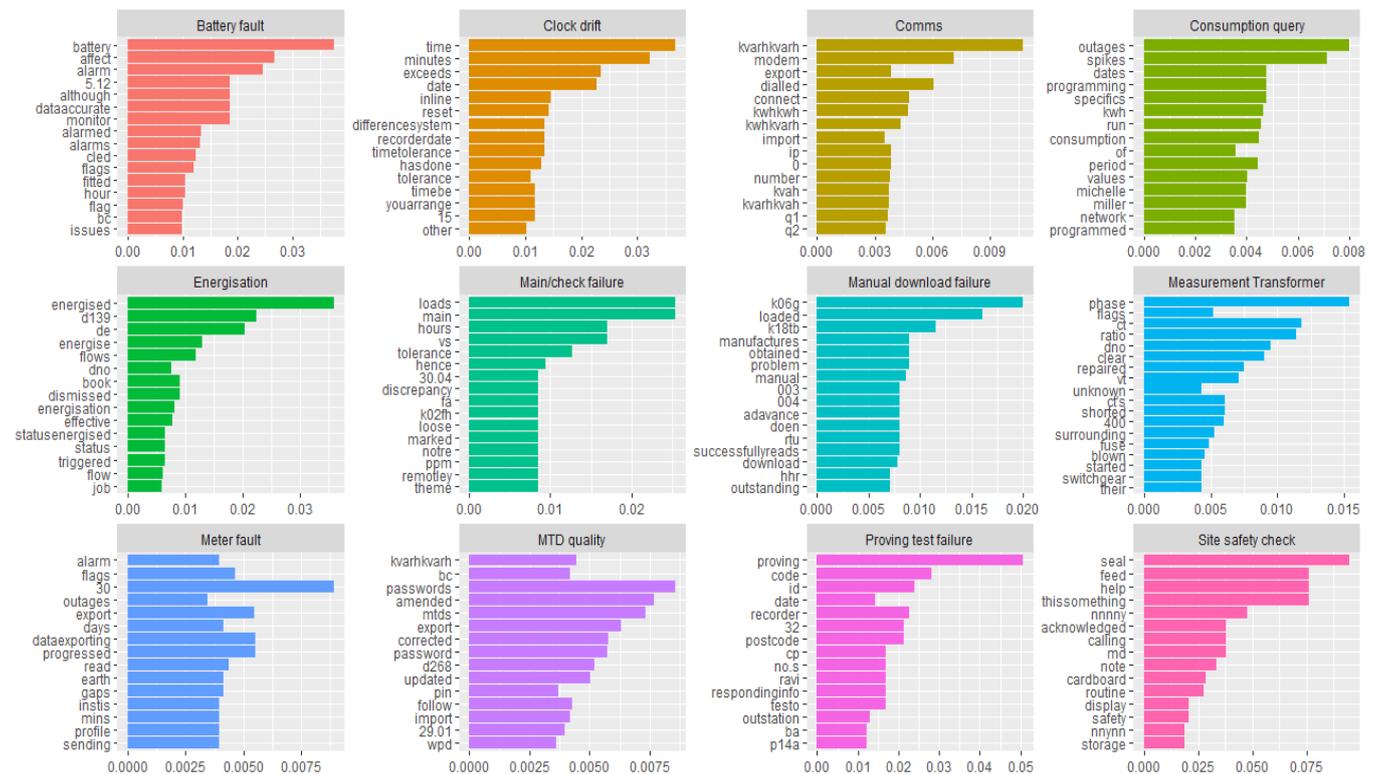
Risk 005 – SVA Fault Resolution (£36m)

Risk Owner Update

The Risk Owner has monitored the initial output from the BSC Issue 73 workgroup which is reviewing the faults process and making changes to improve efficiency. These include:

- The creation of bespoke HH fault flows
- The removal of current timescales for notification of faults; to be replaced with a cyclical process based on projection of date for actual practical progression of faults
- The creation of new SLAs for fault rectification
- An addition of "LDSO" fault process to assign faults to LDSOs for Metering Equipment for which they are responsible
- The creation of fault information transfer process and a COS/COA

The PAF review team has developed a text data mining concept to aid with analysis of the root cause of faults on data flows with key information held in text fields. Some initial findings are pictured below detailing the most commonly identified words within each Fault type



Next Steps

- **Developing reporting** which monitors fault investigations to ensure all parties are aware of any outstanding faults requiring resolution.
- **Trial Peer Comparison** of the reporting in order to drive better performance at Parties and Party Agents.

Risk 007 – Retrieval of Metered Data (£27m)

Risk Owner Update

The Risk Owner provided an update to PAB in September 2019 to discuss performance improvements in Measurement Classes E, F and G across the market.

PAB was presented with the table below highlighting changes amongst key monitored parties and how the performance improvements have impacted industry.

MC F and G

	February	June	September
R1 Industry Performance (Currently 90% Standard)	93.55%	95.04%	95.08%
R2 Industry Performance (Currently 99% Standard)	93.83%	95.68%	95.99%
Number of Suppliers with volumes at R2	58	64 (+6)	63 (-1)
Number of these Suppliers above the 99% standard	9 (15% of Suppliers)	16 (25%)	17 (27%)

MC E

	February	June	September
R1 Industry Performance (Currently 99% Standard)	95.93%	96.58%	96.81%
Number of Suppliers with volumes at R1	59	59	59
Number of these Suppliers above the 99% standard	12	18	18

The PAB has agreed to carry out the following monitoring in the coming months:

- Suppliers with a monthly volume of energy over 500MWh in MC E, F and G in aggregate (sub-100kWh in aggregate rather than E and F and G separately) asked to discuss clearance plans for the backlog of these sites
- Plans should ensure that Meter issues are fixed, or a regular manual read collection plan is put in place
- ELEXON will provide reporting to Suppliers on its MC F and G performance at R1 as the 99% standard will be required to be met at this Settlement Run from the beginning of 2020
- ELEXON recommends that the next update on sub-100 kWh performance is provided to the PAB at its February 2020 meeting when aggregated R1 data available
- ELEXON will carefully monitor Supplier C's performance and, if required, recommend EFR is applied in a future confidential TPR.

Next Steps

- Create Risk Owner and Customer Reporting for Risk 007

Risk 011 – Unmetered Supplies (£18m)

Risk Owner Update

In the previous QPAR update, the Risk Owner highlighted the current low visibility of UMS data, which is one of the main reasons Risk 11 became a focus risk. Over the last few months, the Risk Owner has begun seeking alternatives for accessing UMS data, while also raising awareness of the risk with industry members related to UMS, such as UMSOs and MAs.

At the end of August, ELEXON hosted an UMSUG meeting where a presentation was delivered on Risk 11. This involved explaining to UMSUG members what Risk 11 is, how it has been scored, what the current identified issues are, and general information on the PAF review.

Information was also provided on the TAPAP PAT, which ELEXON plans to utilise to gain better clarity of the UMSO process. The UMS TAPAP will help ELEXON re-assess risk impact more accurately and review BSCP obligations and processes. The presentation was well received by UMSUG members who were keen to cooperate.

In depth conversations with UMSUG Members have helped shape ELEXON's approach to devising a RFI (Request for Information) and TAPAP checks.

At the beginning of September, the RFI was sent to all UMSOs requesting information held on MPANs such as:

- When inventories and EACs were last updated
- HH/NHH designation for MPANs
- References to errors identified on the ELEXON MEM reports they receive
- General notes/information they keep on inventories
- Documentation on processes and procedures

Seven of the UMSOs contacted provided a response. Some findings from the RFI included:

- Mismatches between inventory and EAC updates
 - Inventories are being updated, but no updates being made to the EAC
 - Some of these mismatches are years apart
- A large amount of MPANs have not had an update to the inventory/EAC in over 2 years
 - One DNO had ~6700 MPANs, ~5800 haven't been updated since the end of 2017
- Many MPANs have error associated with them (identified from the MEM), but no updates have been made to the EAC for years despite this
- Many EAC's at 0, but don't appear to have been de-energised
- Some NHH MPANs have large EACs which should arguably be settled HH

These findings have helped to shape the scope of a TAPAP check, which ELEXON is aiming to conduct in February 2020. PAB will have the opportunity to comment on the proposed TAPAP scope at November's PAB meeting.

Next Steps

- **Continue preparations for February 2020 TAPAP Check**

Risk 016 – Energisation Status (£15m)

Risk Owner Update

Next Steps

- **Reviewing MEM provision** - to improve customer engagement and scope of reporting
- **Conduct Site visits** – working with BSC Auditor to explore the management of controls for Energisation Status

Risk 021 – CVA Retrieval of Metered Data (£31m)

As part of [Issue 80](#), in relation to the 'not retrieved' aspect of Risk 021, ELEXON contacted the Central Data Collection Agent (CDCA) to confirm whether it had any issues with Outstations overwriting metered data due to prolonged dial faults (no comms), resulting in estimates for missing data being used in Settlement. The CDCA collects metered data from approximately 930 CVA MSIDs covering 3500 distinct Outstations ('data loggers'). The CDCA confirmed it always manages to get metered data off CVA Outstations before it gets overwritten by either getting metered data from the Registrant, its Meter Operator Agent or by it carrying out hand held reads on site.

Risk 023 – CVA Fault Resolution (£30m)

In the Q1 QPAR, ELEXON identified a Trading Dispute related to Risk 020, with a materiality of c£5m. The Trading Dispute was also linked to Risk 023. The Trading Dispute was notified to the PAB by the Trading Disputes Committee (TDC). ELEXON proposes to conduct a lessons learned (under TDC's authority) to identify the root causes behind the Trading Dispute and will discuss potential solutions at our internal Risk Evaluation Working Group (REWG) before presenting solutions via Newscast to mitigate the 'not resolved' aspect of this Risk, to the TDC/PAB.

Next Steps

- **Update PAB** – on existing CVA processes and performance during Q3

Risk 018 – Revenue Protection (£4m)

Risk Owner Update

The Risk Owner has been cooperating with ElectraLink in its role as the Theft Risk Assessment Service administrator, to gain access to the identified theft report, published to Suppliers on a monthly basis. The Risk Owner has provided Change Requests and Impact Assessments for submission to the DCUSA Panel.

The Risk Owner is developing an Identified Theft Reconciliation Report. This report will establish all cases of identified theft and highlight if they are settled correctly as required in BSCP504 3.6. The report would review the TRAS information sent to Suppliers, against the consumption of any identified MPANs, reconcile any difference and report this to the Suppliers.

ELEXON has submitted a Data Protection Impact Assessment and a DCUSA Change Request to the Theft Issue Group (TIG) in August 2019. The TIG invited ELEXON to attend its September 2019 meeting to provide further information. The Risk Owner provided the rationale and technical details of the proposed reporting.

The Change Request is progressing through the DCUSA Change Process. The request is for previously submitted TRAS data from April 2016 onwards, as well as monthly TRAS outcome files sent to Suppliers. ELEXON has specifically requested the following data items, and provided a rationale for the request:

Next Steps

- **Monitor and assist DCUSA** in successfully completing the Change Process to allow us access to this data
- **Produce a prototype Identified Theft Reconciliation Report** – working with BSC Auditor to explore the management of controls for Energisation Status
- **Use the historic TRAS data for evaluation of Risk 018** to produce refined assessment of the impact of the excluding Revenue Protection volumes from Settlement across the industry.

OTHER NOTABLE RISK UPDATES

Risk 020 – CVA Metering Equipment is installed, programmed or maintained incorrectly including where Commissioning is performed incorrectly or not at all (£14m)

In the Q1 QPAR, ELEXON identified a Trading Dispute related to Risk 020 with a materiality of c£5m. The Trading Dispute was notified to the PAB by the Trading Disputes Committee (TDC). ELEXON will conduct a lessons learned exercise (under TDC's authority) to identify the root causes behind the Trading Dispute and will discuss potential solutions at our internal Risk Evaluation Working Group (REWG) before presenting solutions to mitigate the 'maintained incorrectly' aspect of this Risk, to the TDC/PAB. The Trading Dispute also related to Risk 023 so a similar update is provided under Risk 023.

In relation to the 'Commissioning is performed incorrectly or not at all' aspect of Risk 020, in May 2018 ELEXON instigated a post-energisation check for new circuits (i.e. new circuits at a new site and additional circuits an existing site) and for SVA to CVA registration transfers. This new process involves the Central Data Collection Agent (CDCA) checking the metered data for these new (or post transfer) circuits each month to identify when energy flows (Imports or Exports) are occurring. The CDCA submitted a sample of Half Hourly data from each channel of the Outstation(s) to the Registrant. The Registrant was asked to confirm, using with an independent measurement source (e.g. Substation Control System (SCS) or Supervisory Control and Data Acquisition (SCADA) data), that the Settlement Metering System is recording energy in the correct direction and with the same order of magnitude. Since May 2018 this process has identified one issue (incorrect direction of energy flow due to reversed wiring) out of 26 (completed) newly registered sites (covering 34 MSIDs) and 0 issues out of 0 (completed) registration transfers for sites. There are 14 'sites' still to be completed covering 19 MSIDs and three SVA to CVA transfers.

The Risk Owner proposes to now formalise this post-energisation/registration transfer check in BSCP02 'Proving Test Requirements for Central Volume Allocation Metering Systems' through a Change Proposal (CP). As part of the CP we also propose to extend this check to other scenarios in BSCP02. Specifically, where no 'end-to-end' commissioning takes place when individual items of Metering Equipment on existing circuits are changed and commissioned 'in isolation' from the rest of the Metering System. For example, where the current transformers (CTs) and/or voltage transformers (VTs) on a CoP2, CoP3 or CoP5 site (i.e. for non-duplicate Metering Systems) or where both sets of CTs and/or VTs are changed on a CoP1 Metering System (a duplicate Metering System).

Next Steps

- **Progress CP** for Proving Test requirements for Risk 20 accordingly

Risk 004 - The risk that changes to Metering Equipment are not notified, such that all members of the Supplier Hub do not use the correct Meter Technical Details (£8m reduced to £6m)

The Risk Owner has noted continued under-performance in respect of the transfer of MTDs following SMETS1 and SMETS2 installs. Performance in respect of SMETS2 installs is generally better but there are a number of outliers. While many Supplier Agents' performance has improved since ELEXON published TAPAP audit [report on Late and Missing Smart MTDs](#) on 28 February 2019, a number of agents' performance has remained poor or worsened. The tables below highlight this under performance.

The Risk Owner has refreshed ELEXON's formal estimate of the materiality of Risk 004 based on the latest available data as of the October 2019 QPAR. The revised materiality estimate for Risk 004 is provided below alongside the original estimate:

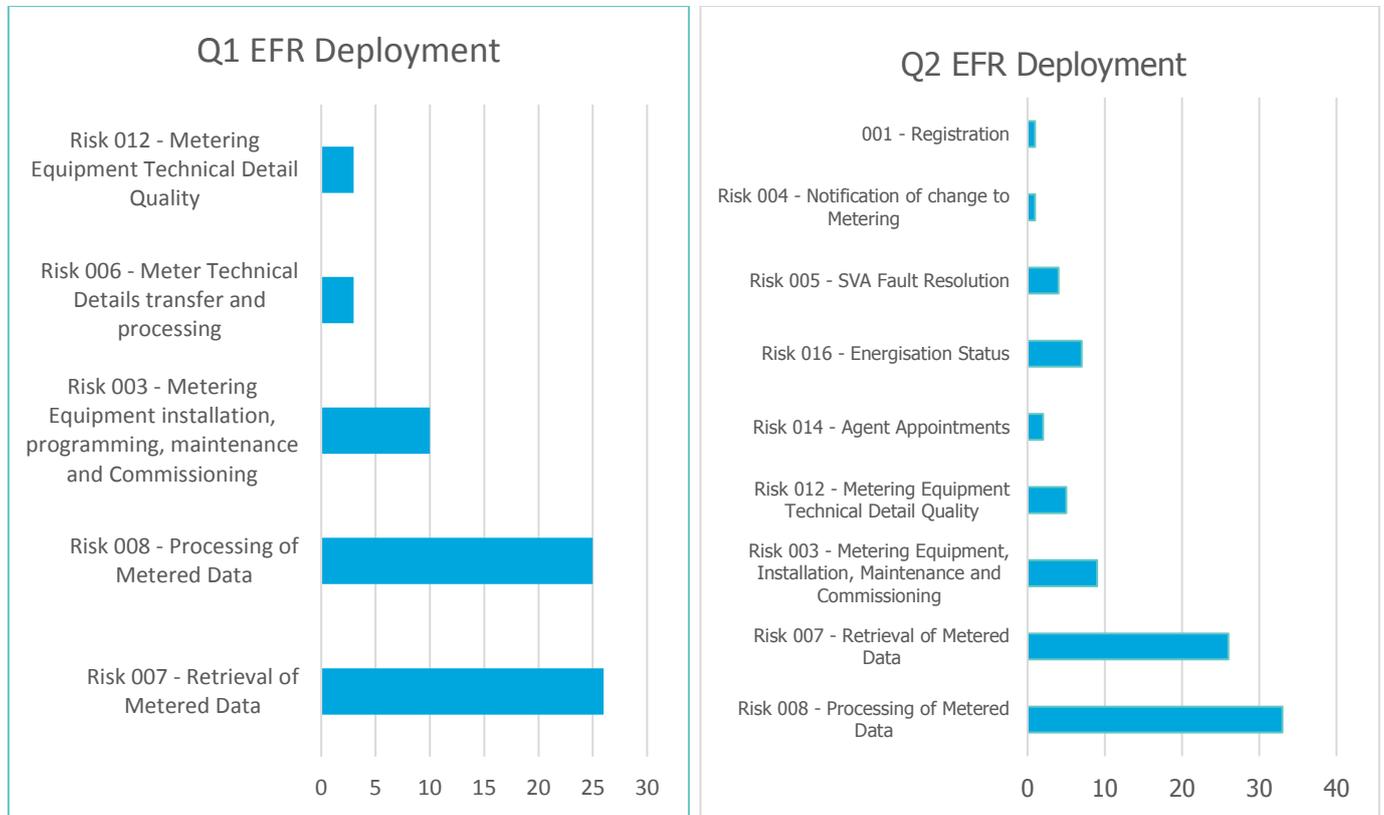
Market	Original Estimate			Revised October 2019		
	Lower	Middle	Upper	Lower	Middle	Upper
NHH	£2.1m	£6.1m	£15.7m	£1.5m	£4.5m	£12.1m
HH	£795.3k	£1.6m	£3.7m	£676.4k	£1.4m	£4.0m

Next Steps

- **All audited MPIDs will have testing undertaken** over the transfer of MTDs following SMETS1/2 installs. The Risk Owner will be providing performance information and samples of late MTDs to the BSC Auditor to ensure that NHHMOAs performance is challenged and thoroughly investigated.

TECHNIQUE UPDATES

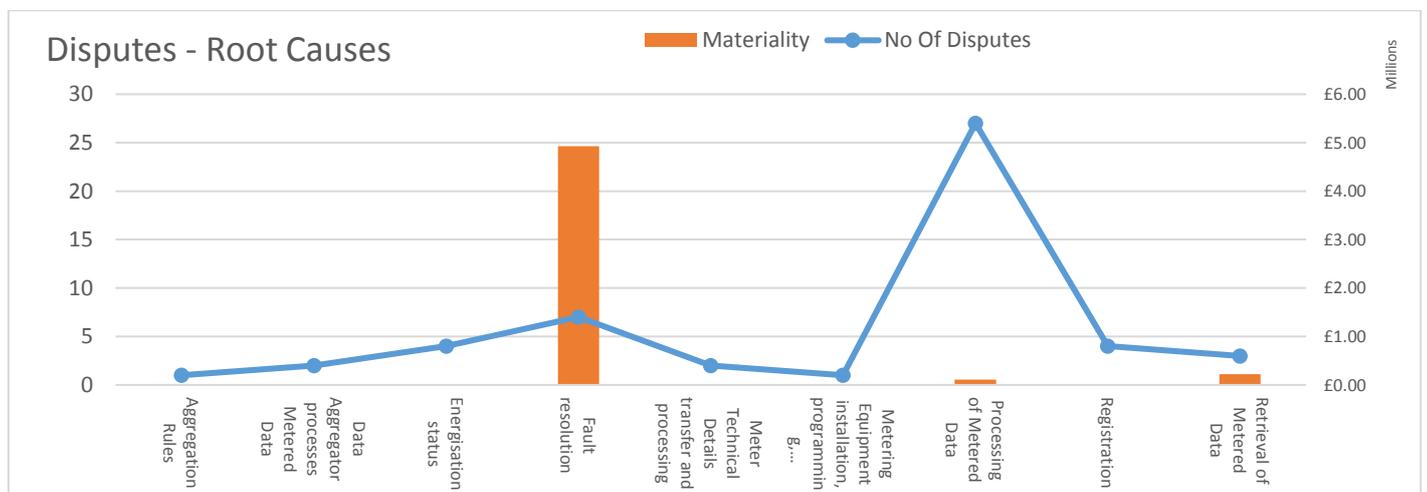
EFR



Note – These graphs represent EFR plans active against all risks, including deployments that occurred prior to the 2019/20 Risk Evaluation Register. In these cases the equivalent deployment covers more than one Risk (for example, EFR deployed for risk SR0074 is now covering Risk 007 and Risk 008)

Q2 EFR Deployment incorporates EFR plans for issues raised during BSC Audit 2019/20

Disputes



BSC Audit

The materiality threshold for the BSC Audit for 2019/20 has now been calculated as 1.2TWh, which represents approximately 0.5% of the total annual electricity supplied across Great Britain in 2018.

Qualification

SVA Qualification and re-Qualification

SVA Qualification process and re-Qualification are preventative techniques used by the PAB to manage Settlement Risks. The Qualification process provides assurance that new entrants have developed their systems and processes according to the standards defined in the BSC and its subsidiary documents. The re-Qualification process provides assurance that existing Party Agents remain compliant when making major changes to their systems and processes.

During the period July 2019 – October 2019, the PAB considered and approved 12 role-specific Qualification applications and 5 re-Qualification applications. Further details are shown in the table below. 8 of the Suppliers Qualified were brought through by consultancies as 'off the shelf' Suppliers.

Role	Qualification	Re-Qualification
SMRA	1	0
UMSO	1	3
HHDC	0	0
NHHDC	0	1
HHDA	0	0
NHHDA	0	0
HHMOA	0	0
NHHMOA	0	1
CVAMOA	0	0
HH Supplier	5	n/a
NHH Supplier	5	n/a
MA	0	0
VLP	0	n/a
Total	12	5

PAF Review of Qualification and re-Qualification

The PAF Review of the Qualification and re-Qualification techniques resulted in the below recommendations, which were approved by the PAB in September 2019. ELEXON will be working to implement these recommendations through the normal Change process. The expectation is to implement any Modifications and Change Proposals in approximately 18 months.

- LDSO (including IDNO) subject to Qualification.
- Reworded Annual Statements – inclusion of upcoming changes and party size / risk profile.
- Single assessment of managed service provider's systems and processes.
- Qualification Check focusing on staff and processes after a change of ownership has occurred.

-
- Update Self-Assessment Document (SAD) questions and storyboards scenarios, and maintain them as category 3 configurable items.
 - Track participant size and early run performance.
 - Replacement of Re-Qualification with "Maintenance of Qualification"

Plans for the next quarter

- **Update to the PAB Strategy**

Following the strategy workshop in October 2019, ELEXON will incorporate amendments and updates suggested to the existing PAB Strategy to ensure it is fit for purpose and reflects the PAB aims for the coming PAOP.

- **Risk Operating Plan preparation**

ELEXON will co-ordinate feedback from Technique Owners and Risk Owners to create an Operating plan for the 2020/21 PAOP. ELEXON will use the PAB strategy (inclusive of any amendments and updates) to underpin any PAA activities planned within 2020/21.

- **Risk Re-Scoring**

All Risk Owners will be considering re-scoring of risks, as outlined within the Risk Operating Plan, to ensure reviews take place as agreed. Re-scored risks will be presented to PAB for review and approval during Q3.

- **Performance Assurance Technique Reviews**

PAT Reviews will continue throughout Q3, and, in addition to reviews taking place as part of the PAF review, we will begin internal reviews into both the Education and Trading Disputes Techniques.