

# Issue Report

## Issue 69 'The Performance Assurance Framework Review'



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### About This Document

This document is the Issue 69 Group's Report to the BSC Panel. Elexon will table this report at the Panel's meeting on 11 March 2021.

There are two parts to this document:

- This is the main document. It provides details of the Issue Group's discussions and proposed solutions to the highlighted issue and contains details of the Workgroup's membership.
- Attachment A contains the Issue 69 Proposal From

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### What is the issue?

The Performance Assurance Framework (PAF) is a set of incentive, preventive, detective and remedial techniques the Performance Assurance Board (PAB) uses to assess whether there are any active issues or risks in the market that may impact the integrity of Settlement. The PAF provides the PAB with the ability to monitor and manage BSC Party and Party Agent performance against the requirements and obligations outlined in the BSC.

Elexon undertook a review of the PAF 'the PAF Review', which sought to ensure the PAF meets the current and future assurance needs of the GB Balancing and Settlement market. Market participants engaged in such review through [BSC Issue 69 'Performance Assurance Framework Review'](#).

### Conclusions

Issue 69 was used by the PAF Review to understand issues, stress test options for solutions and finally make recommendations for improvements to the PAF, which are in the process of implementation. Recommendations from Issue 69 on how the PAF can be improved have been the foundation for a number of BSC Changes (Modifications and Change Proposals), which have been implemented, ongoing or scheduled to be raised.

The PAF Review made recommendations above and beyond those by the Issue 69 Group. Elexon, together with the PAB, made the PAF Review recommendations. In total 96 recommendations were made, of which most have been implemented or are in the process of being implemented. The COVID-19 pandemic has significantly contributed to the delay of progressing the remaining recommendations, which will be progressed as soon as possible. The full list of recommendations can be found in Appendix 2.



### **What is the Performance Assurance Board (PAB)?**

The PAB is a sub-Committee of the BSC Panel, which conducts and administers activities to provide assurance that all participants in the BSC arrangements are suitably qualified and that the relevant standards are maintained.

The Performance Assurance Framework (PAF) is a set of incentive, preventive, detective and remedial techniques the Performance Assurance Board (PAB) uses to assess whether there are any active issues or risks in the market that may impact the integrity of Settlement. The PAF provides the PAB with the ability to monitor and manage BSC Party and Party Agent performance against the requirements and obligations outlined in the BSC.

The current PAF was designed to provide for a flexible, integrated approach to the deployment of these techniques. However, after ten years of live operations and some significant industry changes such as smart metering and innovative business models, the BSC Panel at its meeting on 9 March 2017 ([BSC Panel \(264/07\)](#)) approved the Performance Assurance Framework (PAF) Review. At the same meeting, the BSC Panel noted that [Issue 69 'Performance Assurance Framework Review'](#) was formed to support the PAF Review, which would allow Market Participants to engage with the review.

Overall the PAF Review, with support from Issue 69, was seeking to make recommendations of how the PAF can be improved, which can be implemented through BSC Changes (Modifications and Change Proposals), or other means that do not require BSC Changes as appropriate.

The key aims of the PAF review were to:

- improve engagement with parties on issues that matter to them;
- meet the current and future assurance needs of the Panel, the PAB and the wider electricity industry e.g. smart metering, alternative business models, Central Volume Allocation (CVA) risk;
- improve the measurability of Settlement error and the mitigating effect of assurance activities; and
- deliver a valued and trusted assurance service to BSC Parties under the strategic and tactical guidance of the BSC Panel and PAB.

The review was divided into four workstreams:

- Smart Metering;
- PAF Procedures;
- Data Provision; and
- Performance Assurance Techniques.

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### Workstream 1 – Smart Metering

The first Issue 69 work stream smart metering, with a specific focus on the immediate risks to Settlement presented by the mass roll-out of smart Meters. The objective of this work stream was to develop a smart risk register and to identify any targeted assurance work that should be undertaken to assess and mitigate negative impacts on Settlement. Two Issue Group meetings were held between April 2017 and May 2017.

#### Smart Risk Register

Over two meetings, the Issue Group carried out a smart risk evaluation. They identified potential and known risks. In order to determine a risk rating, the risks were then assessed in terms of likelihood and impact. [The Issue Group considered](#) the following risk areas, and assigned a risk rating to them: Readiness, Installation, Inter-operability, Legacy, Metering, Communication, Data Communication Company (DCC) user interface, Supplier – agent interfaces, Meter operations, and Data processing

The Issue Group identified risk mitigation and PAF changes for inclusion within an Interim smart risk register. The Interim Smart Risk Register was designed to provide a short term mitigation of Settlement Risk.

These Risks were later simplified into the first Risk Operating Plan.

#### Key outcomes and recommendations

The Issue Group agreed that an interim report showing the smart risk register be presented to the PAB and tabled at the BSC Panel in November 2017. Later in the PAF Review the 2019 Risk Review (below), incorporated these risks into the Risk Evaluation Register (RER) with the highest risk area identified as Supplier and Supplier Agent interfaces. To provide monitoring against this key risk area the smart Meter Technical Details (MTD) report was designed and implemented in April 2019 is publically available monthly on the [Key Data Reports](#) page of the Elexon website.

## Workstream 2 – PAF Procedures

The second Workstream focused on the PAF Procedures. The PAF Procedures are the documents that provide the structure to the assurance framework in terms of risk evaluation (the evaluation methodology and the risk register) and risk mitigation (the operating plan). The Issue Group reviewed the documents and the governance that sits around them including PAB approvals, Panel escalation and the use of BSC versus Change Proposal change governance. Two Issue Group meetings were held between January 2017 and August 2018.

### PAF Procedure Documents

#### Risk Evaluation Register (RER)

The Issue Group discussed the proposed new fields for the Risk Evaluation Register (RER). The workgroup noted that the new proposed fields improved both the clarity and utility of the register, and thus supported the introduction of the new, more comprehensive risk register later in 2018.

The Issue Group supported the notion of moving from capturing a large number of specific risks, to a smaller number with a wider scope. For example, by amalgamating risks such that the new register would contain around 40 distinct risks, in comparison to the current register which documents around 200. The Issue Group felt that this approach would likely be conducive to greater engagement by making the RER more accessible and easier to understand. For more information on the Current RER at see [the Elexon website](#).

#### Risk Evaluation Methodology (REM)

The Issue group considered the discussed changes to the REM, the function of which is to describe how risks are described and prioritised.

They agreed with an approach Elexon proposed to calculate a materiality of risk. They highlighted the importance of in-period revisions following significant changes to any of the values used in the scoring of a risk. For example, the materiality of many risks is calculated by multiplying the forecast megawatt hour error value by an estimated System Buy Price (SBP). Through the year data estimated values used in the risk evaluation may turn out to be materially different to the forecast. Therefore, the Issue Group suggested risks should be monitored at an appropriate frequency and mitigating actions adjusted if risks appear to be of greater or less significance than originally predicted.

Although the Issue group supported a number proposed method of representing the volatility associated with estimates, to capture the level of uncertainty in the forecast materiality, some Issue Group Members highlighted the importance of relatively complex concepts such as this being represented succinctly so as not to make the register too complex for all interested parties to access.

### PAF Design

#### PAF Flexibility

The Issue Group supported and endorsed the proposal to use dynamic risk management to respond faster to risk-related issues or events. This move would allow the PAB to review

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new evaluations of individual risks and their relative materiality regularly and therefore 'dial up' the techniques associated with any particular risk. The Issue group noted this approach was in line with the solution of [P368 'Amendments to Section Z to better facilitate the production of the Risk Evaluation Methodology, Risk Evaluation Register and Risk Operating Plan'](#). This Modification proposes to amend the wording of Section Z in order to remove the sequence constraint of the annual review of the REM, the Risk Evaluation Register (RER) and the Risk Operating Plan (ROP) so they can be done in parallel. They agreed that these changes will enable the increased flexibility and effectiveness of the PAF Procedures' ability to manage risk and could better facilitate stakeholder understanding of and engagement with the PAF. This principle was adopted into the Performance Assurance Framework and is a key driver of change and qualitative outcome measurement.

## Key outcomes and recommendations

The following is a summary of the changes recommended by the Issue Group and agreed they be presented to the PAB for further approval:

- Reducing the risk register from a large number of specific risks to a smaller number of risks with larger scope, and presenting the risks with more supporting information and in a new format;
- Moving from the previous approach of assigning each risk an impact and probability rating to assigning each risk a materiality figure, using available data sources overlaid with plausible assumptions;
- Enhancing risk management through the Risk Manager and Risk Owner functions within the Assurance team.

The [PAB](#) approved the recommendations at its September 2018 meeting. P368 was approved and implemented in the November 2018 release, which introduces additional flexibility into delivery of the procedures including streamlining annual reviews and in-period revisions to the Risk Evaluation Methodology equal to those for the Risk Operating Plan and Risk Evaluation Register.

## Workstream 3 – Review of the PATs



As part of the PAF, a set of Performance Assurance Techniques (PATs) are used to help mitigate the Settlement Risks. Six Issue 69 meetings were held between November 2018 and 28 January 2020. The aim of this workstream was to assess:

- if there were any gaps in the set of mitigating assurance techniques (using the new Risk Evaluation Methodology and Risk Register to identify gaps in risk mitigation developed as part of first two Workstreams); and
- the cost effectiveness of techniques in relation to the level of risk they mitigate.

It produced a set of recommendations for retaining, altering, adding or removing techniques. The techniques recommendations have been produced for the Technical Assurance of Metering, BSC Audit, Supplier Charges, Qualification (including Re-Qualification), Peer Comparison, and Bulk Change of Agent PATs.

### BSC Audit

Exelon sought stakeholder feedback prior to the PAF Review commencing. This highlighted issues with the technique, notably that it is onerous on Performance Assurance Participants (PAPs) but unclear what is being accomplished in terms of:

- reducing risk to Settlement;
- that the auditor teams could have more knowledge of the industry; and
- that the scope of the audit has remained static for a number of years.



### What is a Settlement Risk?

A Settlement Risk is a risk of any failure or error in a step or process required under the BSC (including in each case a risk which has materialised as an actual failure or error) for the purpose of effecting Settlement or otherwise required in connection with Settlement according to the provisions of the BSC.

Settlement Risks are outlined in the Settlement Risk Register (SRR)

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This feedback was central to the Issue 69 discussion on the BSC Audit. Other areas of focus included the use of supporting data, how sampling for site visits could make use of different approaches to data, and alternative approaches to resourcing, planning, and executing the audit.

### **Purpose of the BSC Audit review**

The Issue Group viewed the BSC Audit as being compliance focused rather than risk based; as it is currently a review of past events. The Issue Group wanted the BSC Audit to be more than just a tick-in-the-box process and instead provide some useful data that teaches them something. The Issue Group also felt the BSC Audit should be focused more on tracking and monitoring actual performance of Parties and their Agents. Some members stated they would like the BSC Audit to look more at the points of risk in the market; for example, it would therefore provide an insight into the interaction between agents and suppliers.

The Issue Group suggested targeted non-compliance could be used; targeting for example new risks to Settlement. They also proposed a regular review of the audit process to ensure it is fit for purpose.

### **Desktop audits**

The Issue Group agreed with the principle of using desktop audits as it would enable Elexon to decide if a site visit is even required. They added that it would also focus the Auditors efforts on discussing issues and key risks, validating some of the evidence submitted, and walking through processes rather than sample testing. Some Issue Group Members expressed concern that if a desktop audit found that a site visit was necessary (though it had previously been out of scope), it may create problems in arranging a short notice site visit. However, Elexon confirmed that site visits could be turned on by default and only "switch off" if confirmed by initial desktop check.

### **Revised audit timetable**

The Issue Group agreed with the proposal to extend the audit cycle as it would flatten the resource profile required to deliver the audit. This would extend the allowable months that audits could be conducted. They noted this may aid re-procurement of the service and could attract smaller auditing firms to tender.

Some Issue Group Members noted that on site audit of Suppliers planned for December to February is a positive move as it avoids the major contract rounds as opposed to audits in March.

Some Issue Group Members commented that the deadline for data requests (10 days) may not be achievable during the summer months. Elexon responded that it's in discussion with the BSC Auditor to look at revisiting these timescales.

The Issue Group Members noted that flexibility within the technique is more useful from a site agent perspective.



## Targeted Audits

Some Issue Group Members questioned whether being more targeted with audits (fewer questions, customised each year to accentuate that year's main risks) would mean missing new risks. Elexon confirmed there was no intention to be purely focused on targeting risks and that audit would always start with a wide scope; adding the main point of the proposed improvements in the recommendations is to enable us the choice of how targeted we wish to be.

The Issue group noted that if the audit was always focused on a specific risk or area non-compliance could creep. If a Party knows they won't be audited at all or in a particular area, it could get complacent about being compliant, and an issue could become material. The Issue Group suggested, for areas that are not in focus, Parties could be required to self-report or provide proof of internal audit being used to provide alternate assurance.

The workgroup also noted Elexon's plan to provide information for EFR from the BSC Audit processes wherever possible would make handover smoother..

## Outcomes and recommendations

The Issue Group agreed with the main recommendations put forward by Elexon as part of this BSC Audit review with.

- Introduce an audit approach where any element may be dialled up or down in response to risk.
- Enhanced Audited Entity selection criteria.
- Revise the audit cycle to allow more time for actual audit work (as opposed to planning and reporting).
- Segment the audit period separately focus on different market roles in whatever configuration best facilitates effective performance assurance.
- Extend use of desktop audits to reduce time spent on site and to improve the quality of site visits.
- Introduce a mechanism for closing Audit Issues that are not in scope.
- Greater interaction between the three audit techniques to ensure no unnecessary overlap of effort.

## Resulting Changes

The PAB [approved](#) the recommendations at its May 2017 meeting.

## Qualification and Re-Qualification

Elexon engagement with stakeholders prior to the PAF Review highlighted that the current Qualification process does not provide sufficient assurance on market entry, particularly where Non Traditional Business Models (NTBMs) are concerned and that the process does not always align with when risks to Settlement manifest. NTBM is an Ofgem led to ensure new business models to deliver energy are allowed to compete and industry codes are not

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a barrier to potentially innovative technology which would lower emissions. Stakeholders also believe it is expensive and subsidises existing business models. They felt that the current Re-Qualification process provided limited assurance but creates significant inconvenience for participants who are required to go through it. They also suggested the current trigger for the process is dependent on subjective assessments of what a material change is and is driven by the participant.

An Issue 69 meeting was held on 2 July 2019 to present some large scale ideas for change and gain an understanding of any stumbling blocks industry might face.

### **Licensed Distribution System Operators (LDSOs) and Qualification**

The Issue Group considered whether LDSOs be eligible for Qualification. An LDSO is currently not required to be Qualified under the BSC except when acting as either an Unmetered Supplies Operator (UMSO) or Supplier Meter Registration Agent (SMRA). Despite this LDSOs are identified as a Performance Assurance Parties i.e. subject to application of other assurance techniques; receiving BSC Audits and submission of Error and Failure Resolution (EFR) plans.

The Issue Group noted that processes are becoming more fragmented across codes and standards in regard to who is responsible for which actions and so increasing opportunities for assurance of LDSOs would be beneficial. Codes are not able to progress problems in other codes. They added inclusion of LDSOs in Qualification will mean that all Market Participants with a material role in Settlement activities are treated in the same way. The Issue Group also highlighted that, it is prudent to qualify any new entity that could pose a risk to Settlement.

### **Off the shelf participants**

Off the shelf (OTS) participants are those taken through Qualification (usually by a consultancy company) with the intention of being sold to a third party. Generally the consultancy company will contract with the new owner to offer a system which provides some degree of the "back office" functionality as a managed service. Significantly for the BSC, this will include processing of the data flows and exception management that underpin the Supplier Volume Allocation (SVA) arrangements. The new, or subsequent, owners may chose at any points to bring some or all of the managed service elements in house or change provider; as could any party.

### **Assurance and the off the shelf model**

The views of the Issue Group were mixed in regard to the risk posed by OTS. Some Issue Group Members were concerned that new owners of an OTS Market Participant Identifier (MPID) could have a knowledge gap since they have not filled out the Self Assessment Document (SAD ) and completed Qualification themselves. However the majority felt that their risks are no greater than for any other entrant.

The Issue Group agreed that single qualification of a managed service provider's systems and processes would save Elexon's time and potentially reduce cost. However, some of the Issue Group Members were not in favour of system accreditation. Each managed service provider's system is different so it would be difficult to create a criteria for accreditation.

Systems also evolve continuously (“re-accreditation” after each system change/upgrade could introduce a heavy workload).

## **Reviewing and rewording the Annual Statement**

Qualified Parties (with the exception of Suppliers and VLPs) are required to send an annual statement signed by a registered director stating whether or not it has been subject to a Material Change since its last statement and, if so, whether Re-Qualification was applied for. The purpose of the statement is to confirm that Qualified Parties are aware of their obligation to inform Elexon of any material changes made, and provide an opportunity to evaluate any non-compliance introduced by an unassessed change.

Qualified Parties seldom inform Elexon of any implemented changes that did not trigger application for Re-Qualification, and the concern is that the annual statement is seen as a tick-box exercise only. The Issue Group were unconvinced that the statement achieves anything in terms of risk mitigation and questioned the need for a signed letter, commenting that it could instead be sent by email. No action was taken as a definitive list of issues that should be reported would be unlikely to provide material improvements in enforcement.

## **Intended scale of operation**

Applicants currently provide an intended scale of operation in their Self-Assessment Document (SAD) responses, which is then recorded in the resulting Qualification report. Capacity testing is then performed in order to demonstrate that the service “will be able to perform at the level of activity predicted by your intended scale of operation”. Since testing is only performed up to this scale there is a risk that any operation over this scale will present a risk to Settlement, in particular if it happens over a shorter period of time than stated.

The Master Registration Agent (MRA) Entry Process provides for pre-agreed registration caps for Suppliers. Once the terms of the Controlled Market Entry (CME) have been reached, MRASCo performs an exit audit to ensure the registrations have been completed as expected and that the Supplier’s systems are working effectively in the live market. It was considered whether an equivalent to CME would be an effective part of BSC Qualification. The Issue Group 69 group concluded that it is not necessary for the BSC to place further restrictions on Suppliers in terms of their portfolio growth after go live. However, they recognised that new entities can experience challenges in the early days and agreed with Elexon’s proposal that the growth of new entrants should be tracked and analysed against their performance at early stages, e.g. at the earlier Settlement runs. This change was implemented into the monthly Qualification report to PAB.

The Issue Group also suggested an effective way to encourage good performance is to limit the amount of customers Parties can take on. The Review did not find a solution within the Elexon vires that would function efficiently.

## **Replacing Re-Qualification with Maintenance of Qualification**

The purpose of Re-Qualification is to mitigate any risks that a change to a Qualified Person’s systems, staff and processes could have on Settlement, should that change not be appropriately implemented.

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The Issue Group considered options for retaining and strengthening the technique to capture more material changes within it. Most of the Issue Group felt that technique is too interventionist and that issue resolution is more important. Some Issue Group Members questioned the value of Re-Qualification when there are other PATs available.

Some Issue Group Members felt the technique could be retained, refreshed and be more targeted. They suggested that the technique is more about maintaining Qualification rather than fully re-qualifying; therefore, technique's name is misleading. The Issue Group noted if the technique is going to be retained the PAB should decide when to deploy it.

The following is a summary of the key recommendation, to which Issue 69 contributed, that were approved by PAB:

- Licensed Distribution System Operator (LDSO) (including Independent Distribution System Operator (IDNO)) subject to Qualification;
- Qualification Checks should focus on staff and processes after a change of ownership has occurred;
- Single assessment of managed service provider's systems and processes;
- Rewording of Annual Statements to include any upcoming changes and party size / risk profile;
- Update Self-Assessment Document (SAD) questions and storyboards scenarios, and maintain them as Category 3 configurable items;
- Replacement of Re-Qualification with "Maintenance of Qualification".

The final recommendations were approved by PAB at its September 2019 [meeting](#)

## Supplier Charges

Industry engagement took place through Issue 69 in September 2019 and again in January 2020. The aims of these engagements were to:

- Focus on the principles that will best support an effective charging regime;
- Look to introduce flexibility, to better allow the PAB to respond proportionately and promptly to changing Settlement Risk landscape;
- Examine in detail the different elements that influence Party performance (redistribution, capping, reporting, role types etc.) and understand how they can be useful for risk management in the future;
- Look to propose a high level methodology for estimating loss that can be deployed against various scenarios/risks;
- Propose a governance structure for the charge regime within the PAF e.g. how to propose and implement changes and to make decisions; and
- Look to propose any immediate changes to improve efficiency of the technique, such as raising a Modification to set 'SP01 Delivery of Routine Performance Monitoring Reports' (SP01) charges to zero or removing it from the Supplier Charges set to focus attention on the performance standards.

## Supplier Charges as incentive or remedial technique

The Issue group were generally supportive of opening up Supplier Charges to include incentive charges, although none of the examples presented (non-attendance at Technical Assurance of Metering (TAM) inspections, reasonable limit to redrafted Error & Failure Resolution (EFR) plans, repeated escalations to the PAB) received unanimous approval.

To help to avoid causing unnecessary PAF costs, the Issue Group suggested that Elexon should assess the central PAF costs for ideas on incentivising Parties more closely. This made up Part 2 of the Supplier Charges work

The Issue Group suggested where Elexon needs particular data to be provided at a given frequency those who provide it promptly and completely could receive a financial incentive, and conversely those who do not could receive a charge. The Issue Group also noted that self-reported data is less preferable than other ways of obtaining performance metrics.

At the second Issue Group meeting, the Issue Group discussed some of the history of Supplier Charges dating back to the decisions around Supplier Charges made between New Electricity Trading Arrangements (NETA) and British Electricity Trading and Transmission Arrangement (BETTA). An Issue Group Member stated that they were designed as a 'no fault' liquidated damage payment, they were not intended to drive performance and therefore are not a PAT.

An Issue Group Member stated that the charges do not lead to behavioural changes nor investments as the charges are far removed from the teams responsible for making changes that would potentially bring down charges. The invoices go to a parties' finance team, so are not seen by the operational teams therefore no one questions them.

## Introducing a new methodology

At the September 2019 Issue 69 meeting, Elexon presented a draft methodology for estimating loss with more variables and system changes that could be deployed against various scenarios/risks. Some Issue Group Members noted that there would be various factors to consider where a charge is remedial. For instance, the Industrial and Commercial market is more complex than the domestic market: contracts are longer and there are more vacant properties. So customer behaviour (and how they can be influenced) is different. Elexon may need to have information about parties' portfolios of domestic and non-domestic customers, Smart Metering Equipment Technical Specifications (SMETS) version etc. when assessing in order to distinguish, and understand this.

The Issue 69 working group who met in January 2020 were unconvinced that a methodology for deciding future use of Supplier Charges was required. The group felt that the introduction was not required as Supplier Charges should not be repurposed.

## Governance

The Issue Group believe Parties should be consulted on proposed changes to Supplier Charges.

The Issue Group expressed concern that Parties and Elexon may be required to make large IT changes frequently, to support a more flexible approach to deploying Supplier Charges to mitigate changing risks, i.e. if charges were changed periodically.

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Elxon noted limiting the number of charges deployed at any one time would avoid over-complexity, excessive charges and reduce costs. As part of consultation with industry Elxon could consider modelling a new charge so that parties are able to understand what the Supplier Charges would look like in practice with different metering types and portfolios.

The Issue Group consider that moving BSC/BSCP text into Category 3 Configurable Items would not be appropriate for any Performance Assurance Technique as it weakens governance and inhibits PAP involvement in changes to techniques. They questioned the governance mechanisms of PAB and not Panel and were concerned that, via influence from Elxon, they would have new charges imposed on them. The Issue Group noted that Supplier Charges were intentionally codified to require a Modification.

The Issue Group was concerned that opening up flexibility of techniques would lead to frequent changes that they would find difficult to set up new processes and systems around. Stability was good in itself and removal would provide the greatest stability. Elxon noted that providing flexibility for mitigation of future risks is a key objective of the PAF Review.

## **Redistribution of charges**

Some Issue Group Member suggested the redistribution to Non Half Hourly (NHH) Suppliers and to Trading Parties needs to be revisited in advance of Market-wide Half Hourly Settlement (MHHS). They added certain redistribution may need to be at GSP Group level, where Agents' costs of collection differ by area. No majority consensus was reached.

## **Charge Capping**

The Issue Group supported the removal of caps in a phased approach. The current approach caps the total charges any 1 market participant can be responsible for. They also supported removal by the PAB of caps on individual parties only if poor performance is confirmed. They suggested it may be more effective to demonstrate the impact in the month leading up to removal, e.g. to say "if we were to remove your cap, this is what your true liability would be" as a way of encouraging better performance. This could provide evidence ahead of an end to capping of charges.

## **Standard used within Supplier Charges**

The Issue Group felt there is no reason for the Non Half Hourly and Half Hourly settlement targets to be 97% and 99% respectively, but should instead be 100%. An Issue Group Member suggested that the 97% target was essentially random, based on the presumed accuracy before privatization and de-regulation. They considered that after 20 years performance should have gone up and though 100% was difficult, the lower target allowed PAPs to avoid dealing with the hardest cases.

## **Agents receiving charges**

The Issue Group discussed whether the scope of charges should be expanded to cover agents, e.g. charge agents for non-compliance. Although they recognised that this would

be a significant challenge (as Agents are only signed up to [Settlement J](#) of the BSC), and departure from current practice, they also considered that the idea should not be abandoned too soon despite its challenges, as there are changes coming up (e.g. MHHS) that could warrant it, and facilitate it.

It was suggested by a Workgroup member Elexon could do reporting by Supplier / Agent combination, and/or by Agents only, on some things we are currently applying Supplier Charges to. Elexon could give Suppliers information about their Agents' contribution to the Supplier's Supplier Charges in order to direct attention and remedial activity. This option is without competition constraints.

## Outcomes and recommendations

The Issue Group cautioned that trying to repurpose Supplier Charges to include incentive type charges (for PAF co-operation) goes against the original intention. Any incentive charges should be proposed as a separate technique and the remaining existing Supplier Charges must have a replacement before they can be removed from the BSC.

Changes were rejected at January 2020 [PAB](#) but further changes were made in light of Covid-19 requirements, as site visits were suspended and the application of charges was not due to Party non compliance, but a change in national circumstance. System changes which would fundamentally change the operation of the PARMS system on which Supplier Charges are based will be considered as part of ongoing changes associated with Market wide Half Hourly Settlement.

## Peer Comparison

The Peer Comparison technique is designed to encourage performance improvement and compliance and is therefore regarded as an incentive. Comparisons are based on Performance Assurance Reporting and Monitoring System (PARMS) Serials to show comparative performance across Suppliers and Supplier Agents. Suppliers would be able to see their performance against other, similar Parties through anonymised data.

The scope of the Peer Comparison review was as follows:

- Peer Comparison will be redesigned to work with new Settlement Risks and key performance indicators (KPI); and
- if the techniques on which it is based are significantly altered through the review, it may have to focus on a much smaller set of key metrics than it does currently.

As part of the review an Issue 69 meeting was held on 14 November 2019.

## Governance

The Issue Group stated that the purpose of Peer Comparison should be a preventative rather than a remedial tool, with Elexon stopping issues before occurrence by interpreting warning signals early on. They felt comparing all Parties or giving a count perspective, especially publicly, is not useful nor fair. Comparing like for like e.g. small, medium and large suppliers would be useful. The same applies for LDSOs and would make the comparison easier to understand.



## Reporting

The Issue Group felt it would be helpful to be able to download any comparison reports in order to share among colleagues, to highlight to their management, or to interrogate the data further. They added the ability to drill down into the Smart Meter Technical Data (SMTD) report makes it more interactive.

The Issue Group suggested reporting should be segmented where necessary, possibly by party role, not focused entirely on Suppliers. This would be useful in particular for hubs with more customer appointed agents.

## Decoupling PARMS serials

Peer Comparisons currently can only be based on PARMS Serials, as set out in Balancing and Settlement Code Procedure (BSCP) [BSCP533](#). The PAB may choose which Serials or Standards to publish but must give Suppliers at least 2 months' notice of any new publication. There are 20 Serials which have been approved for use as Peer Comparisons, however, only five are used and published.

Elexon highlighted that the published comparisons have seldom been changed and it is Elexon's view that Peer Comparison, as a comparatively inexpensive technique, could be used more flexibly and strategically. Elexon added decoupling the technique from PARMS Serials would allow the PAB to choose other data sources to compare performance.

The Issue Group enquired if backing data could be provided as standard (as opposed to parties having to make ad hoc requests) as this would expedite rectification of errors. They questioned whether Elexon could provide a central hub where data could be extracted by PAPs.

Although the Issue Group recognised the benefits of decoupling from PARMS Serials, an Issue Group Member cautioned not to move away from PARMS serials as they are standardised: stating, they provide a link that is cohesive with other reports and parties therefore know what to expect from Dashboard view.

## Use Peer Comparison

The Issue Group discussed the whether to use Peer Comparison as an incentive before issues manifest. Or as a way of encouraging improved performance once they've manifested; or perhaps both. Some felt that public comparison would be useful where Parties feel competitive with others, generally they felt that non-public league tables can have a similar effect. Others highlighted their main aim was to be higher up a league table, regardless of whether the table was public or not.

## Other useful comparisons

Comparison pre-implementation is the progress being made towards the increase in performance standard for [Measurement Class](#) E, F and G. Elexon noted that while parties haven't yet become non-compliant it might be appropriate to have anonymised peer comparison, and then, when they are non-compliant a public comparison may be more suitable.

Some Issue Group Members suggested Elexon may not know who parties consider their competitors, so grouping (e.g. large Suppliers) may not be appropriate. Parties, in



particular in the Supplier space, have their own grouping, who they benchmark themselves against (such as on ambition, innovation, or other). Therefore, Elexon should allow the tool to have flexible filters to compare against other organisations.

The Issue Group asked how Elexon would measure the impact of a Peer Comparison report. How would Elexon now that it had the desired effect on mitigating risk? Elexon noted that we'd most likely require qualitative feedback on how it's being used and what change it has driven. The Issue Group suggested Elexon could consider providing a secure portal for reports to ensure the reports to go to specific people in an organisation rather than be completely public on the website, to ensure context was provided.

The Issue Group felt some naming and shaming might be more appropriate outside of Peer Comparison for instance, PAB could name organisations going through escalation.

## Outcomes and recommendations

Feedback received from Issue 69 was included in the recommendations presented to [PAB](#) and the key recommendations were:

- Decouple comparisons from PARMS Serials by removing the provisions linking reporting to PARMS Serials and instead govern Peer Comparison entirely through BSCP533; and
- Introduce a methodology for introducing new comparisons.

## Workstream 4 – Data Provision

The final Issue 69 meeting was held on Tuesday 31 March. The workshop looked at Data and reporting under the PAF including the data-centric techniques (Performance Assurance Reporting and Monitoring System (PARMS) and Material Error Monitoring (MEM). Elexon presented recommendations for improvement at the July PAB meeting which were approved.

## Horizon scanning

Elexon presented information on market transformation activates that were identified as having an impact on future data sources such as smart metering data and new processing techniques, and therefore are being considered this Workstream. The Issue Group acknowledged such major technology change events are useful to understand as they have a profound impact on the course of action that may be taken.

## Market Wide Half Hourly Settlement (MHHS)

The new operating model to deliver MHHS will mainly impact registration and data processing and aggregation processes, with data retrieval and metering processes remaining largely the same. Whilst the subsequent process changes and associated assurance activities have been regarded as presenting material impacts on this workstream such as delays and 'known unknowns'. The Issue Group noted that these changes provide opportunities that align with Option 3 (discussed below). An Issue Group Member stated some of the assurance related benefits from the proposed MHHS operating

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model, such as access to granular Settlement data through central aggregation, would enable performance Standards and monitoring on additional dimensions through data analytics. However, there was unanimous concern amongst Issue Group Members around the go live date of early 2023 was aspirational and not a formalised target. They suggested that the pursuant central and de-central system changes could take years longer than envisaged.

The Issue Group noted that, aside from the current interim period where processes will remain largely unchanged, there will be a transition period where Metering Systems are migrated to the new market design. Elexon noted that assurance will need to be provided over the legacy arrangements during both the interim and transition periods, and that the transition period has the potential to present a time of increased risk. Therefore, the recommendations from this workstream will need to be fit for purpose for these distinct assurance periods.

## REC

Elexon noted the creation of the Retail Energy Code (REC) will also impact the BSC. The most significant Settlement Risks that the BSC deals with, and therefore a focal point of assurance activities, are related to metering. Elexon highlighted that the current proposal, which is still subject to consultation and approval, shifts transactional metering data transfer processes to the REC whilst the technical metering obligations (such as those detailed in the metering Codes of Practice) and control processes (such as fault resolution) remain under BSC governance. Elexon noted this would impact BSC processes and assurance activities and therefore needs consideration as part of this workstream.

'Change of Supplier' are key controls for accurate Settlement under the BSC. They also expressed concerns over the potential loss of assurance over processes as a result of the move. However, the Ofgem representative who was in attendance advised that no sections of the BSC would be removed unless there were clear assurance procedures in place to replace them.

The Issue Group noted that whilst not within scope of this meeting, the interface between the REC and BSC, in terms of processes and assurance, needed to be carefully thought through as additional points of failure and cross code complexities will be introduced under the current proposal.

## Options discussion

The Issue Group discussed their observations and concerns related to each option (as outlined below) under development, considering:

- any technical challenges to deliver or maintain;
- potential impacts on systems and processes;
- improvements on existing assurance arrangements;
- internal efficiencies or savings; and
- the main drawbacks and/or limitations.

When presenting the overview of the three options a fundamental question was raised as to how far the PAF, Elexon and the PAB should go in terms of monitoring market participant activities. It was noted that the primary objective of assurance reporting is to enable the PAB to monitor and mitigate risk, and not for participants to identify issues with their internal processes. This view was shared by Elexon; noting that the PAF is supposed

to be the final line of defence and participants shouldn't be reliant on it to identify internal issues as they will always have better and quicker access to data to monitor themselves.

## Option 1

Option 1 entailed the removal of the participant aspects of PARMS and not replacing it with an equivalent system for at least the time being. This was to allow current market transformative activities, such as MHHS, to progress further and allow more certainty to exist about constraints and data items before investing in system or process changes.

There was a consensus amongst the Issue Group if removing the existing participant aspect of PARMS reporting resulted in an increased reliance on auditing techniques it would not be a preferential trade off. Because these techniques are seen by participants as intrusive and costly to support. However, an Issue Group Member noted that removing the existing participant PARMS reporting requirements would be welcomed by their internal IT department as it would free up time.

The Issue Group agreed loss of the participant reported aspects of PARMS would remove the current regular feedback. An Issue Group Member suggested that a consequence of removing the participants reported aspects of PARMS could impact Parties that did not have internal reporting processes and was relying on central reporting. Another Issue Group Member noted that the loss of PARMS data would remove Parties ability to raise issues directly with the Elexon via their Operational Support Manager (OSM) which ensures these issues are investigated. It was further noted that, the BSC Audit is only occurs on an annual basis and focuses on the specific internal processes.

Overall for option 1, the Issue Group suggested that the acquisition of data that identifies issues within industry processes is desirable to Parties (such as under options 2 or 3). This was especially highlighted by, those that feel impacted by other's non compliances or exceptions by allowing Elexon to monitor, investigate and action these processes.

## Option 2

Option 2 was to retain the existing de-central participant reporting framework and deliver improvements to existing data sources. Elexon suggested, for example, the PARMS Serials could be updated and the drilldown reports could be standardised. The Issue Group supported these proposals. Some members voiced their experience on introducing/amending Serials stating it was a long and painful process.

The Issue Group felt that it would be wise to wait for MHHS to be in place or at least further developed before taking such action due to the cost and effort to bring PARMS Serials up to date and introduce new ones.

The Issue Group supported the idea of new Serials/monitoring on additional risk areas such as commissioning but some members suggested that it wouldn't necessarily need to be through PARMS. Elexon agreed that there were avenues other than PARMS; however, this would also require an element of self-reporting or data acquisition to deliver routine monitoring.

Similarly, for option 2 the Issue Group felt the acquisition of data that identifies issues up stream of BSC central systems was desirable but they cautioned against investing more time and effort into the existing PARMS framework which could be subject to similar issues

in regards to inaccuracy and inflexibility. They added the 'PARMS' name itself seems to have been tarnished by the issues it has experienced to date.

### Option 3

Option 3 was to replace the participant reporting of PARMS with central reporting. This would mean moving the bulk of the processing and interpretation of data to Elexon. Elexon noted that without access to a credible data source providing an equitable view of performance, it could not achieved the desired improvements to other key techniques such as Peer Comparison and any future charging regimes.

While discussing the acquisition of the raw transactional data, some Issue Group Members noted that certain communications between vertically and non-vertically integrated participants do not occur over the Data Transfer Network (DTN) by bi-lateral agreement. Elexon confirmed that this was considered under this option.

The Issue Group noted for the reporting to be fair and credible, it should provide a complete market view. Therefore, they suggested existing extracts from the DTN, which Elexon receives, could not be used on its own to deliver central performance reporting.

An Issue Group Member questioned whether the mandating the use of the DTN could be explored. Elexon noted this was considered internally; however, it would be forcing participants to use a service at cost which they have elected not to use. Elexon added that it envisaged that participants would package up the required raw transactional data and transfer it directly to Elexon through an alternative means such as an Secure File Transfer Protocol.

An Issue Group Members noted that not all D-flow communications will in the right format so system changes would be required to extract and provide the data. And added the cost would vary across participants depending on how their systems are designed and whether the data resides in a structured auditable format. Elexon agreed and noted that participants are required to have such data in a readily available and auditable format. Therefore, it didn't expect large scale system changes to be required for participant who elect to use different format for their Data flow communications.

### Data

The Issue Group questioned how Elexon planned to access the data, i.e. would it be from MOAs only or other participants. Elexon stated a few different data access options are being considered and it would support the most efficient.

On accessing disaggregated Settlement data from DA systems, an Issue Group Member asked about the quantity of disaggregated Settlement data and the frequency it would be required. Elexon responded, ideally it would receive all data for all runs but if that proved a disproportionate burden/cost weekly or monthly views could be provided.

Some Issue Group Members voiced concerns on the amount of associated data with this workstream and questioned whether Elexon could become "drowned" with data. ELEXON noted that accessing disaggregated Settlement data represented a step change in the volumes of data required under this option, which is estimated to go from a few GBs each month to over a hundred GBs. However, such a volume of data would not be considered 'big data' under conventional definitions.

An Issue Group Member questioned whether this option would be out of date when MHHS and the REC go live. Elexon noted that all options envisage further changes to update reporting based on MHHS and the REC, however there was opportunity to prioritise areas where there would be little to no impacts. In addition, Elexon highlighted, that the more flexible approach would make further changes quicker and cheaper to deliver as the bulk of the processing and interpretation of the data would sit with Elexon.

An Issue Group enquired if MHHS went live, with the proposed central aggregator, would this option be compatible with this. Elexon advised if the location of the data source was changed it would be. Elexon then detailed possible configurations and outlined the flexibility associated with of having a central reporting system.

An Issue Group Member mentioned potential issues relating to General Data Protection Requirements (GDPR) with this option as it would require the transfer of large amounts of personal data. Elexon noted that this will be considered when making recommendations.

### **Views on options**

Overall for the Issue Group suggested that the acquisition of data that identifies issues within industry processes is desirable to Parties (such as under options 2 or 3). This was especially highlighted by, those that feel impacted by other's non compliances or exceptions. They supported for Elexon to monitor, investigate these processes.

Similarly, the Issue Group felt the acquisition of data that identifies issues up stream of BSC central systems was desirable but they cautioned against investing more time and effort into the existing PARMs framework which could be subject to similar issues in regards to inaccuracy and inflexibility.

### **Proof of Concepts (PoCs)**

Elexon presented two Proof of Concepts to data and reporting to the Issue 69 Group.

The first was related to Settlement performance by HH DC. Elexon suggested it could break down Settlement performance metrics by any dimension of interest. The Issue Group noted the visualisation of Settlement Performance data in tabular form, as presented at the meeting, more useful than the data is currently presented for Peer Comparison. A number of Issue Group Members noted that they already received similar reports from Data Collectors. Elexon agreed that such an approach would remove the requirement to have systems in place to share and process around large volumes of data. However, it also noted that such approach would be self-reporting and could be subject to similar accuracy/interpretation issues.

The Issue Group noted while providing central access to the data might be viewed as duplicating the work done by some Supplier as part of managing their hubs it could help overcome some of the issues Supplier face when managing agents where the agent has a direct agreement with the end consumer.

Some Issue Group Members noted that it might be appropriate to take volume into consideration when ranking performance. Elexon confirmed this was available internally but was removed for this public presentation as it didn't wish for this PoC to be used to identify participants. The Issue Group agreed that reducing the audit burden Market Participants was desirable on and Elexon noted that using credible data could support a

more risk based approach resulting in reductions in detective techniques by using them in a more targeted way.

The proof of concept was the Half Hourly exception management using extracts from the DTN as they currently had a large coverage under existing data provisions. Some Issue Group Members noted that the data was interesting but stated they did not see how it could be used ongoing basis. However others noted it allows Elexon to monitor and investigate inconsistencies. Elexon added that, if similar reporting was in place for all controls and risks, using credible and complete data (expected to be received by option 3) Elexon could replace detective techniques with targeted auditing. This because the monitoring reports would have the ability to view both instant count and materiality on settlement completing Elexon's move towards a risk based approach.

## **Outcomes and recommendations**

Feedback received from Issue 69 was included in the recommendations presented to PAB [in July 2020](#) and the key recommendations were:

- a Change Proposal is raised to cease the participant reported aspects of PARMS;
- a Change Proposal is raised to formalise the process by which ad hoc data is obtained under the MEM technique.

At the time of writing, these Change Proposals have not yet been raised by the PAF team.

## Conclusions

The Issue 69 group was used to explore the issues highlighted by PAF stakeholders, identify possible solutions and specify requirements. Please refer to the PAF Review Closing Report for a summary of all Recommendations, implementation and outcomes.

PAB continues to monitor the Implementation of all changes associated with the PAF Review on a quarterly basis.

The Issue 69 recommendations contributed to the following BSC Changes being raised:

- [P368 'Section Z and PAF Procedures'](#)
- [P391 'Introducing Desktop Audits'](#)
- [P393 'Disapplication of Supplier Charge SP01'](#)
- [P404 'Moving the SAD to a Category 3 BSC Configurable Item'](#)
- [P411 'Including new LDSOs in Qualification to mitigate potential risks to Settlement'](#)

## Appendix 1 – Glossary and References

### Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
ADR	Annual Demand Ratio
BETTA	British Electricity Trading and Transmission Arrangement
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedures
CDCA	Central Data Collection Agent
CME	Controlled Market Entry
CP	Change Proposal
CVA	Central Volume Allocation
DCC	Data Communications Company
DTN	Data Transfer Network
ECOES	Electricity Central Online Enquiry Service
EFR	Error and Failure Resolution
GDPR	General Data Protection Requirements
GSP	Grid Supply Point
GSPG	Grid Supply Point Group
IDNO	Independent Distribution System Operator
LDSO	Licensed Distribution System Operators
MEM	Material Error Monitoring
MHHS	Market Wide Half Hourly Settlement
MOCOPA	Meter Operation Code of Practice Agreement
MPID	Market Participant Identifier
MTD	Meter Technical Details
NETA	New Electricity Trading Arrangements
NHH	Non Half Hourly
NTBM	Non Traditional Business Models
OSM	Operational Support Manager
OTS	Off the shelf
PAB	Performance Assurance Board
PAF	Performance Assurance Framework
PARMS	Performance Assurance Reporting and Monitoring System
PAT	Performance Assurance Techniques

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Acronyms	
Acronym	Definition
POC	Proof of Concept
QSP	Qualification Service Provider
REC	Retail Energy Code
REM	Risk Evaluation Methodology
RER	Risk Evaluation Register
ROP	Risk Operating Plan
SAD	Self Assessment Document
SBP	System Buy Price
SMETS	Smart Metering Equipment Technical Specifications
SMRA	Supplier Meter Registration Agent
SMRS	Supplier Meter Registration Service
SMTD	Smart Meter Technical Data
SVA	Supplier Volume Allocation
TAM	Technical Assurance of Metering
TAPAP	Technical Assurance of Performance Assurance Parties
TRAS	Theft Risk Assessment Service
UMS	Unmetered Supply
UMSO	Unmetered Supplies Operator

## External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
2	Issue 69	<a href="https://www.elexon.co.uk/smg-issue/issue-69/">https://www.elexon.co.uk/smg-issue/issue-69/</a>
7	BSC Panel 263	<a href="https://www.elexon.co.uk/meeting/bsc-panel-263/">https://www.elexon.co.uk/meeting/bsc-panel-263/</a>
8	Smart Industry Day	<a href="https://www.elexon.co.uk/documents/performance-assurance/smart-industry-day-v1-0/">https://www.elexon.co.uk/documents/performance-assurance/smart-industry-day-v1-0/</a>
8	Smart Meter Technical Detail Report	<a href="https://www.elexon.co.uk/about/key-data-reports/smart-meter-technical-detail-report/">https://www.elexon.co.uk/about/key-data-reports/smart-meter-technical-detail-report/</a>
9	Risk Register	<a href="https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-processes/performance-assurance-risk-evaluation-register/">https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-processes/performance-assurance-risk-evaluation-register/</a>
10	P368	<a href="https://www.elexon.co.uk/mod-proposal/p368">https://www.elexon.co.uk/mod-proposal/p368</a>
10	PAB 212	<a href="https://www.elexon.co.uk/meeting/pab-212/">https://www.elexon.co.uk/meeting/pab-212/</a>

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External Links		
Page(s)	Description	URL
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16	PAB 224	<a href="https://www.elexon.co.uk/documents/groups/pab/2019-meetings-pab/224-september/pab224-headline-report/">https://www.elexon.co.uk/documents/groups/pab/2019-meetings-pab/224-september/pab224-headline-report/</a>
18	BSC Section J	<a href="https://www.elexon.co.uk/the-bsc/bsc-section-j-party-agents-and-qualification-under-the-code/">https://www.elexon.co.uk/the-bsc/bsc-section-j-party-agents-and-qualification-under-the-code/</a>
19	PAB 228	<a href="https://www.elexon.co.uk/meeting/pab-228/">https://www.elexon.co.uk/meeting/pab-228/</a>
20	BSCP533	<a href="https://www.elexon.co.uk/wp-content/uploads/2017/03/BSCP533_v20.0.pdf">https://www.elexon.co.uk/wp-content/uploads/2017/03/BSCP533_v20.0.pdf</a>
20	COMC Guidance	<a href="https://www.elexon.co.uk/documents/training-guidance/bsc-guidance-notes/change-of-measurement-class-and-change-of-profile-class-comc/">https://www.elexon.co.uk/documents/training-guidance/bsc-guidance-notes/change-of-measurement-class-and-change-of-profile-class-comc/</a>
21	PAB 230	<a href="https://www.elexon.co.uk/meeting/pab-230/">https://www.elexon.co.uk/meeting/pab-230/</a>
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27	P391	<a href="https://www.elexon.co.uk/mod-proposal/P391/">https://www.elexon.co.uk/mod-proposal/P391/</a>
27	P393	<a href="https://www.elexon.co.uk/mod-proposal/P393/">https://www.elexon.co.uk/mod-proposal/P393/</a>
27	P404	<a href="https://www.elexon.co.uk/mod-proposal/P404/">https://www.elexon.co.uk/mod-proposal/P404/</a>
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## Appendix 2 – PAF Review Recommendations

Workstream	Date	Recommendation
Smart metering	Nov-17	Smart MTD report and mitigating actions
PAF Procedures	Sep-18	New Risk Evaluation Methodology that estimates a financial impact of risk in the year
PAF Procedures	Sep-18	New set of Settlement Risks with updated categories / sub-categories
PAF Procedures	Sep-18	The Performance Assurance Board (PAB) Strategy is reviewed annually and gives steer for Risk Operating Plan
PAF Procedures	Sep-18	Risk appetite set by the PAB through Target Impact values
PAF Procedures	Sep-18	New format risk register including supporting information and rationales
PAF Procedures	Sep-18	Risk Manager role and more effective engagement of parties in the assurance framework
PAF Procedures	Sep-18	PAB meeting agenda focused on risk management ahead of issue management
PAF Procedures	Sep-18	The PAB directs ELEXON on actions to manage higher priority risks via policies
PAF Procedures	Sep-18	The PAF document set is redesigned to be more reader-friendly and aligned with PAF web pages
PAF Procedures	Sep-18	A new 'PAF Document' is published as a guide to the PAF
PAF Procedures	Sep-18	A controls log included in the risk register to describe how the controls work, and greater emphasis placed on controls to mitigate risks
PAF Procedures	Sep-18	New format of the Risk Operating Plan, with more detail of planned deployment of mitigating techniques
PAF Procedures	Sep-18	Use of "events" that cover multiple risks, which the PAB may seek to mitigate
PAF Procedures	Sep-18	Quarterly versions of the Annual Performance Assurance Report build a picture of how Settlement Risks are changing through the year
PAF Procedures	Sep-18	Issue register collated and maintained, reported by related risk(s)

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PAF Procedures	Sep-18	Use of a near miss register in certain scenarios e.g. change implementation
PAF Procedures	Sep-18	Settlement Risks reviewed routinely, considering risk indicators, issues, near misses, BSC change, controls
PAF Procedures	Sep-18	Log of Risk Management Determinations maintained with link to Settlement Risks
PAF Procedures	Sep-18	BSC Change analysis enhanced to further consider the broader scope of Settlement Risk
PAF Procedures	Sep-18	More accessible information on the top priority Settlement Risks e.g. on ELEXON website
PAF Procedures	Sep-18	PAF Key Performance Indicators refreshed to support commentary on PAF efficacy
BSC Audit	May-19	Theft Risk Assessment Service (TRAS) data accessed to gain information on Revenue Protection risk
BSC Audit	May-19	Introduce an audit approach where any element may be dialled up or down in response to risk
BSC Audit	May-19	Enhanced Audited Entity selection criteria
BSC Audit	May-19	Revise the audit cycle to allow more time for actual audit work (as opposed to planning and reporting)
BSC Audit	May-19	Segment the audit period to separately focus on different market roles in whatever configuration best facilitates effective performance assurance
BSC Audit	May-19	Extend use of desktop audits to reduce time spent on site and to improve the quality of site visits
BSC Audit	May-19	Introduce a mechanism for closing Audit Issues that are not in scope
BSC Audit	May-19	Greater interaction between the 3 audit techniques to ensure no unnecessary overlap of effort
TAM	Feb-19	Greater flexibility is provided for when setting the TAM audit scope (for all sample types) with consideration given to targeting market segments deemed to be of higher risk
TAM	Feb-19	Introduction of lower intensity desktop audits to supplement or replace onsite inspections as directed within the annual scope
TAM	Feb-19	An annual exercise is undertaken to assess the sample size required to deliver the scope which follows good statistical practice

TAM	Feb-19	Consideration is given to auditing techniques that cover metering processes to ensure the level of expertise required to undertake the testing is deployed
TAM	Feb-19	Greater emphasis is given to identifying and addressing the root cause of non-compliance, including those deemed to not be currently material but still considered to be of risk
TAM	Feb-19	Greater focus is given to rectification of Settlement impacting non-compliances with escalation considered where non-compliances are not achieved within a timeframe considered reasonable for the nature of the issue
TAM	Feb-19	We investigate other data sources that would support building a risk profile for each participant, such as audits outside the BSC such as MOCOPA (Meter Operation Code of Practice Agreement) and the Capacity Market
Qual / Re-Qual	Oct-19	New LDSOs should be required to apply for Qualification in the LDSO role
Qual / Re-Qual	Oct-19	Introduction of a Qualification check after change of ownership
Qual / Re-Qual	Oct-19	Single assessment of identical systems and processes used in multiple applications
Qual / Re-Qual	Oct-19	Redesign of the annual statement template to include future changes and outline party risk profile
Qual / Re-Qual	Oct-19	Update Self-Assessment Document (SAD) questions and storyboards scenarios, and maintain them as category 3 configurable items
Qual / Re-Qual	Oct-19	Track participant size and their early run performance
Qual / Re-Qual	Oct-19	Information provided in Annual Statements to be shared with other PATs
Qual / Re-Qual	Oct-19	Replacement of Re-Qualification with "Maintenance of Qualification"
Qual / Re-Qual	Oct-19	Qualification Service Provider (QSP) Qualification reports to be shared with Operational Support Managers
Data - PoC	May-19	Historic Default Payment Charges - We handed over the findings to risk owner. This analysis can be performed on an ad-hoc basis, to review the materiality of Settlement Risk 27.
Data - PoC	May-19	Analysis of CVA metered data - We handed over the findings to risk owner. Rate card to be updated and relevant risks re-evaluated.
Data - PoC	Sep-19	ADR - Due to resource constraints, process tested by the POC has yet to be fully implemented. a two stage

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		implementation - a) by the end of 2019, meet the minimum requirements of the scope; b) wider review aimed at automating the process.
Data - PoC	Oct-19	Text mining - 1) Identify data flows which will be used for the risk reports and which require text mining to extract information 2) Set up a support group to develop the appropriate model for text mining 3) Further refine the model quarterly by data comparison; aim to achieve 95% - 97% accuracy (risk 5) 4) Finalise the risk reports (by end 2020)
Supplier Charges	Sep-19	Quick win - Report of net charges by Grid Supply Point (GSP) Group compared against overall GSPG performance
Supplier Charges	Sep-19	Quick win - Flag key Supplier Charges messages about risk at PAB instead of tabling the item
Supplier Charges	Sep-19	Quick win - Bring Supplier Charges reports to PAB Strategy meeting
Supplier Charges	Sep-19	Quick win - Show trends in Supplier Charges (not just monthly data).
Supplier Charges	Sep-19	Quick win - Do Supplier Charges need to be signed off by the PAB?
Peer Comparison	Aug-19	Quick win - Standardise Peer Comparison graphs
Peer Comparison	Aug-19	Quick win - Consider automating Peer Comparison graphs
Peer Comparison	Aug-19	Quick win - Show trends in Peer Comparison graphs (not just monthly data).
Data and reporting	Nov-19	Data ownership - identify internal data owners for each PAF data source. As part of implementing this recommendation, the responsibilities of a data owner would need to be drafted, in addition to training/coaching for the assigned data owners.
Data and reporting	Nov-19	PAF internal resource - existing timesheet codes are reviewed with the objective to ring fence PAF related activities (as much as can be feasibility achieved)
Data and reporting	Nov-19	Accessing personal data - the right to access that specific data should be formalised within the BSC to reflect good governance.
Data and reporting	Nov-19	Supplier Meter Registration Service (SMRS) - this dataset be enhanced by obtaining it from a different source on a more frequent basis (daily), expand the scope to include Meter

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		details and revising our internal storage and archiving processes.
Data and reporting	Nov-19	DTN - when a data owner is identified for this data source, they lead on the initiatives to streamline the process by which we access additional data flows from the DTN and make the data source more accessible to junior analysts.
Data and reporting	Nov-19	Unmetered Supply (UMS) MEM - the risk owner and any data owner assigned investigates the cost effectiveness and feasibility of the identified enhancements to this data source and progresses where appropriate.
Data and reporting	Nov-19	SVA - the data owner assigned investigates the cost effectiveness and feasibility of moving the monthly SVA extracts from a Microsoft Access to SQL database.
Data and reporting	Nov-19	ADR - the proposed changes to how ADR is calculated is assessed further by the assigned data owner and progressed if deemed appropriate.
Data and reporting	Nov-19	Electricity Central Online Enquiry Service (ECOES) - monthly ECOES data acquisition is ceased and the data on the live system archived.
Supplier Charges	Mar-20	Introduce ability to use charging as an incentive i.e. for co-operation with the PAF
Supplier Charges	Mar-20	Allow charges to be based on sources other than Performance Assurance Reporting and Monitoring System (PARMS) Serials
Supplier Charges	Mar-20	Introduce a methodology to assist in developing new charge structures.
Per Comparison	Mar-20	removal of ties only to PARMS Serials
Per Comparison	Mar-20	introduction of an operational methodology for introducing new comparisons
Technical Assurance of Performance Assurance Parties (TAPAP)	Jun-20	Amend the timescales and process for agreeing TAPAP Findings Reports
TAPAP	Jun-20	TAPAP audit of action taken by Suppliers regarding appointed Party Agents' BSC Audit Issues
TAPAP	Jun-20	Clarify hand off of non-compliances identified through TAPAP (M)
TAPAP	Jun-20	Providing assurance against Settlement Risks relating to Central Data Collection Agent (CDCA) processes

TAPAP	Jun-20	Sharing best practice
TAPAP	Jun-20	Reduce overlapping PAT application
TAPAP	Jun-20	Introduce testing for TAPAP auditors
EFR	Aug-20	A Board sign off needed from Party for plan following escalation.
EFR	Aug-20	More severe consequences for repeat EFR Issues.
EFR	Aug-20	Rules limiting the duration of EFR plans.
EFR	Aug-20	Linking EFR to risk 'events'.
EFR	Aug-20	Letter sent to a director at the outset of the EFR process
EFR	Aug-20	Streamlining customers' experience in EFR
EFR	Aug-20	Introducing new working practices for EFR escalation
EFR	Aug-20	Revising the process for the application of Breach and Default
EFR	Aug-20	New working practices for EFR de-escalation
EFR	Aug-20	'EFR Avoidance' applied prior to EFR
EFR	Aug-20	Increase focus on PAB precedent register
Data	Aug-20	Some participant reported aspects of PARMS are ceased and not replaced at this time
Data	Aug-20	The process by which assurance data is obtained on an ad hoc basis through the Material Error Monitoring (MEM) technique is formalised within the BSC