
Public notification of Octopus Energy Limited (MRCY) Supplier's accountability for a Settlement Error under P427

BSC Panel

Date of meeting	14 December 2023
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Purpose of paper	Decision
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Classification	Public
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Document version	1.1
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Summary	The BSC Panel is invited to approve the public notification of MRCY Supplier's accountability for a Settlement Error under Modification P427
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1. Background

- 1.1 BSC Modification [P427¹](#) was approved by Ofgem on 28 November 2022 (in line with the BSC Panel's recommendation), and was implemented on 23 February 2023 as part of the standard February 2023 Release.
- 1.2 The Modification allowed for public notification of accountability for Settlement Errors meeting De Minimis error thresholds, which are set from time to time by the BSC Panel and are currently established as:
- Aggregate financial impact on all Trading Parties equivalent to or greater than £2m; and
 - Financial impact on any single Trading Party equivalent to or greater than £70k.
- 1.3 This paper invites the Panel to approve the public notification of MRCY Supplier's accountability for a Settlement Error.
- 1.4 Between June 2022 and October 2023, MRCY Supplier consistently reported erroneously high volumes of Active Export (AE) energy from up to ~40,000 Meter System Identifiers (MSIDs). This resulted in all Non Half Hourly (NHH) Suppliers paying higher Trading Charges through an increase in Group Correction Factor (GCF). Elexon has estimated the aggregate financial impact on all Trading Parties of this Settlement Error as ~£49M to date.

2. Details of Settlement Error

- 2.1 MRCY Supplier had moved these sites from Half Hourly (HH) to Non Half Hourly (NHH) Settlement, but had failed to provide the appointed NHH Data Collector (DC) with an initial estimate for how much energy the sites would generate. As a result, the appointed NHH Data Aggregator (DA) estimated generation volumes from default values².
- 2.2 These default values are a last resort intended for use on individual Supplies in unusual circumstances. No Supplier familiar with the relevant BSC requirements should reasonably expect an attempt to settle an entire portfolio of ~40,000 MSIDs on them to result in anything other than significant inaccuracy.
- 2.3 As of 22 November 2023, MRCY Supplier had taken corrective action to issue its NHH DC with more accurate estimates for the majority of the affected Supplies. This has resulted in significant reductions in volume as the affected Settlement Dates pass through subsequent Settlement Runs. Volumes may reduce further at later Settlement Runs as actual Meter reads are processed into Settlement.

¹ Publication of Performance Assurance Parties' impact on Settlement Risk

² The Grid Supply Point (GSP) Group Profile Class Default EAC (GGPCDEAC)

- 2.4 A visualisation of the impact to Settlement Volumes of the initial error and the corrective action to date is included in Appendix A.

3. Settlement Impact

- 3.1 Elexon estimated the material impact of the Settlement Error by comparing MRCY's maximum and most recent reported microgeneration volumes between Settlement Days 3 March and 4 October 2023. Elexon then multiplied the difference in volumes by the average System Price per MWh for these days.
- 3.2 Based on this method, the total corrected Settlement Error as of 22 November 2023 stood at **~570,000 MWh** with an estimated material impact of **~£49M**.
- 3.3 Full backing data is included as Attachment A. The method used to calculate the impact does not cover the full period during which erroneous volumes were reported into Settlement, nor does it provide an estimate of the financial impact on individual Trading Parties. It is, however, sufficient to demonstrate that the error exceeds the current De Minimis thresholds for a Public Notification.
- 3.4 Elexon considers the Settlement Error to be of sufficient severity to warrant an immediate public notification, to be supplemented with an estimate of the final impact once this is known.

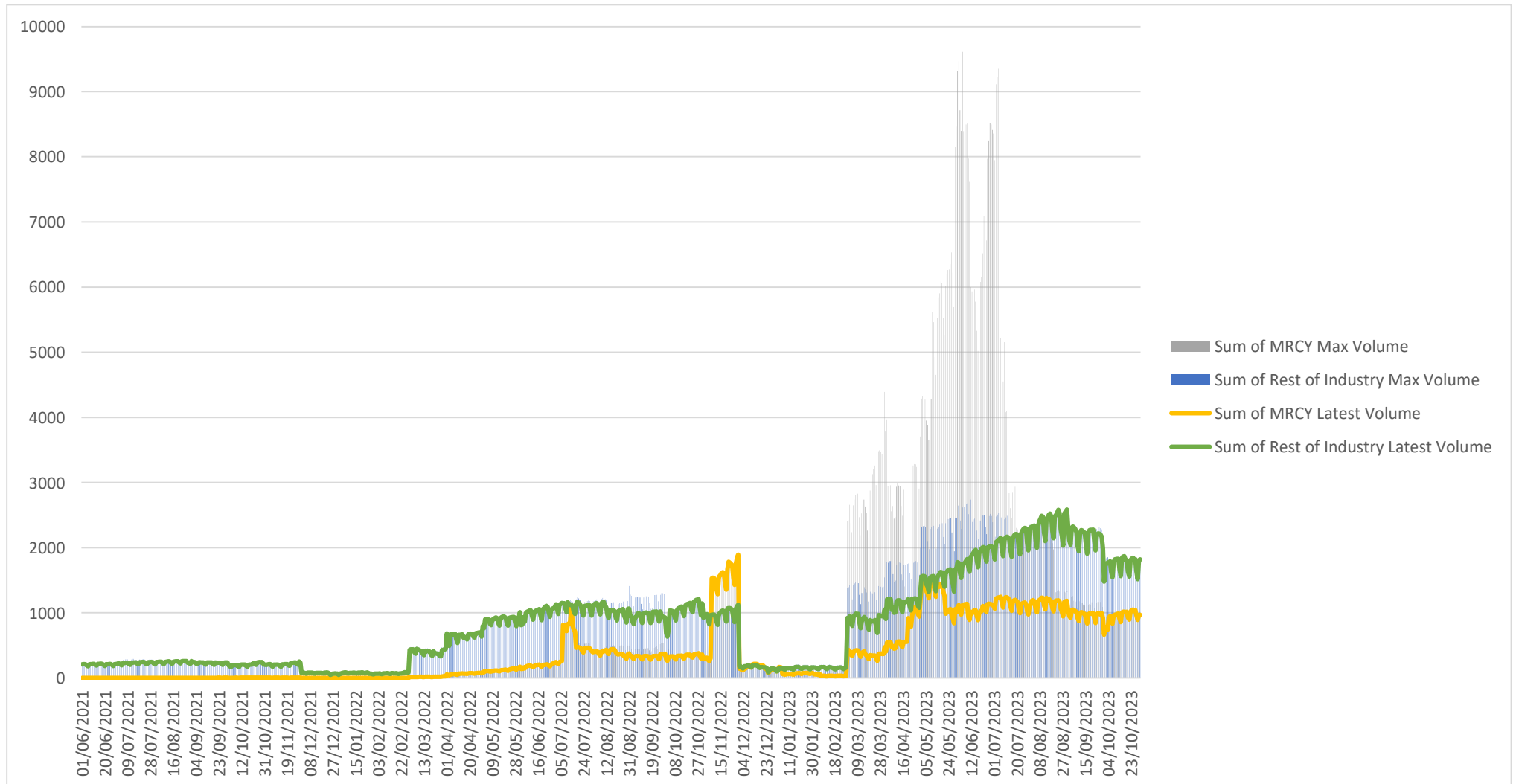
4. Performance Assurance Board (PAB) Response

- 4.1 A version of this paper was presented at the [PAB273](#) meeting on 26 October 2023, at which point the estimated material impact stood at **~£26M**. The PAB unanimously recommended that the BSC Panel approve the Public Notification of MRCY Supplier's accountability for a Settlement Error under Modification P427.

5. Recommendations

- 5.1 We invite the BSC Panel to
- a) **APPROVE** the Public Notification of MRCY Supplier's accountability for a Settlement Error under Modification P427.

Appendix A: Visualisation of Settlement Error and Corrective Action



Attachments

Attachment A: Backing Data & Materiality Calculation

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