

ELELEXION

**MHHS – Performance Assurance Working
Group**

Meeting 2

01 December 2022

Agenda

	Agenda Item	Time	Page
1	Qualification	1pm-2pm	3-5
2	Performance Reporting – Part 1	2pm-2.30pm	6 (and Appendix A)
3	Break	2.30pm-2.45pm	N/A
4	Performance Reporting – Part 2	2:45pm-3.15pm	7 (and Appendix B)
5	Supplier Charges	3.15pm-4.15pm	8-11 (and Appendix C and D for Estimation methods)
6	Next steps and AOB	4:15pm	N/A

MHHS Transitional Qualification

QWG Cancellations

- Members of the PAWG highlighted concerns regarding the cancelation of two MHHS led Qualification Working Group and noted the importance of participants obtaining a high level view of the Qualification arrangements as soon as possible.
- Elexon has met with the MHHS to discuss Qualification related responsibilities which highlighted some differences in expectations.
- Elexon has produced a high level approach which we plan to discuss with the MHHS to help us to identify potential gaps and work to address these so that we can provide clearer information to participants soon.

MHHS Qualification Plan

- At the time the Qualification phase begins, it is expected that the MHHS Code changes will have been drafted and consulted on but not implemented. Therefore, the transitional Qualification process will not be set out in BSCP537 “Qualification Process for SVA Parties, SVA Party Agents and CVA MOAs”.
- The BSC currently sets out requirements for BSC Parties and Party Agents to complete MHHS Qualification and comply with the MHHS Qualification Plan. Therefore, the MHHS Qualification Plan will set out the transitional Qualification requirements- Elexon’s legal team have been requested to provide confirmation our understanding of these obligations is correct
- If there are changes which impact the MHHS Code drafting between the time the Code change and detailed design recommendations are delivered (M6) and the time the Code changes delivered (M8), Elexon will have a process in place with the MHHS to provide details of these and may need to update the transitional Qualification requirements and process, if necessary.
- BSC and Party Agents who meet the requirements for Qualification prior to the MHHS Code changes being delivered will have Qualification approved in principle. A short period between the Code being delivered and migration will then be required to enable formal confirmation that MHHS Qualification has been achieved.

Supplier Hub Principle and Qualified Entity

- **BSC Supplier Hub principle – No change:**

- Design comment responses confirmed that no change to the is expected for the TOM
- Ofgem's rejection and response on P332

- **BSC Qualification Entity**

- Data Services not split by collection and processing but Advanced Data Services, Smart Data Services and Unmetered Data Services all distinct roles (although names still to be agreed). All requirements for each of these roles should be satisfied for Qualification.

Qualification – Transitional and Enduring

- At the first PAWG meeting a member noted that the use of the Self Assessment Document (SAD) (available [here](#)) which is currently used to complete the Qualification process should be evaluated before a similar approach is used for MHHS:
 - What are the pros and cons of the SAD approach to Qualification?
 - What other options are available to ensure Qualification is adequately completed?
 - What are the pros and cons of each of these options (including assessment of potential value for money)?
 - Does the group have a preferred option (including the current SAD approach)?
 - Is it realistic for the preferred option to be in place for transitional Qualification or the enduring process only?

Performance Reporting – 1 Process for agreeing requirements

- What are your key areas of concern or your view of key risk areas within the new TOM and why?
- We have sent out a potential way of arriving at performance measures based on a bottom up view from the role requirements. What are the pros and cons of this approach? Please see Attachment A where the ADS Requirements have been assessed in columns B-E up to row 47 as an example. It is this approach rather than comments on the assessment itself we would appreciate now.
- How could the cons be mitigated?
- What other approaches could be employed and how do these compare?
- Decision point- should Elexon work to provide bottom up view of performance measures for PAWG validation (likely to be one role at a time) based on the role requirements whilst mitigating the cons?
- What else might we need to add outside of the role requirements?
- Based on your views of the risk areas within the new TOM do you believe any additional performance or other explicit requirements should be added to mitigate these?
- In relation to Performance Reporting we are keen to keep as much out of the Code as possible to allow flexibility. What is the best way for us to do this whilst ensuring we can take adequate action on under-performance?
- What needs to be in the Code?
- What needs to be in a BSCP?
- What other documentation might be needed and what should be the process for updating it?

BREAK

Performance Reporting – 2 Mechanism for reporting

- How do we obtain the data required and construct reporting?

1) For DIP related interfaces.

Options:

- Participants provide their own reporting
 - DIP Reporting- However the DIP does not have the functionality to report on data within flows only on flow volumes
 - New mechanism for performance reporting added to the internal Elexon design work but this is only possible for the DIP publications that Elexon receives.
- In relation to the third option, Elexon has identified that Central Systems is not a sender or recipient of 24 of the 39 interfaces set out in the Interface Catalogue (please see Attachment B for the list). What risk areas might be missed if we are limited only to these publications?
 - The MHHSP has indicated verbally that a programme CR would be needed to amend any interfaces and/or reporting set out within the TOM.

2) For D flow interfaces

Options:

- Participants provide their own reporting
- DIP Reporting- However the DIP does not have the functionality to report on data within flows only on flow volumes (not all participants send flows via the DTN)
- A mix of the above
- Are there any viable options not considered?
- Which are the best options and why?

Supplier Charges - Recap 1

- **What should an effective performance measure be there to do?**

Encourage the correct behaviours which are:

- Obtaining actual, accurate and complete data required from Meters
- Timely – get data in for early settlement runs - early performance assurance activities to pick up any significant issues due to the impact that load shaping will have across the market.

- **How should Performance Standards be linked to Supplier Charges?**

- There was agreement that Supplier Charges should remain a part of the MHHS Performance Assurance Framework as an incentive to ensure there is not gaming of the system and encourage behaviours that will improve Settlement.
- There is scope for re-consideration on re-distribution approach.

Discussion on re-distribution combined with whether to use fixed standards or compare to average market performance.

Average = easier re-distribution, but can be a moving goalpost Standard = Parties know what to aim for each month

Supplier Charges - Recap 2

- What are the potential drawbacks of Supplier Charges so that we can work to minimise these?
 - Unintended consequences could lead to big costs on legacy meters VS need to incentivise Suppliers to try and regularly read all Metering Systems
 - For small Suppliers a small number of Metering Systems can have a big impact against a 100% standard - need to be mindful of materiality
- How should Performance Standards be linked to Supplier Charges?
 - Should we look at charges being issued based on MSID numbers without actual/accurate data rather than the volume, which could incentivise good behaviour?
 - Makes use of all the MHHS data now available
 - Prevents lack of incentives for MSIDs that would usually be within a tolerance

BUT

- Standards should be realistic, 100% is not achievable and may act as a disincentive. A clear, realistic target that people can remember.
- Need to know if charge is aligned to a clear non-compliance to determine if other Performance Assurance techniques such as Error and Failure Resolution could also be applied. It may be possible that some charges are applied at an MSID level but an overall target feeds into other techniques

Supplier Charges – Recap 3

Overall conclusions:

- Supplier Charges should remain in some form
- Potential move away from re-distribution being on the basis of pre-estimate of loss, to an incentivised approach
- Need to consider who the impacted parties are in the MHHS end state with NHH/HH distinction gone
- Try not to codify requirements too rigidly - especially if we don't know what is a good state in the new world

Supplier Charges – Key Questions

- What should an effective performance measure be there to do? We have attached a PAF review report and a methodology considered in the review for future performance standards is set out in Section 1.2. Is this list still appropriate and are there there additional considerations?
- Pros and cons of having key industry level Performance Standards at all
- How should Performance Standards be linked to Supplier Charges?
- Should charges be based on potential re-distribution of GSPGCF impacts or something else? (Note- GSPGCF will now be socialised across all Suppliers not just one segment)
- Should we introduce agent SLAs which support the Performance Standards when agreed?
- Should Performance Standards that align to Supplier Charges be within the BSC, a CSD or outside of the BSC and only the process for amending these contained within the BSC?
- In principle, should Supplier charges be capped?
- Should there be separate standards for each MHHS market segment?
- Should there be separate standards for different scenarios- eg for customers that have opted out, non-communicating Meters etc? If so what are the scenarios we should consider?
- How should the types of actual data and estimation be factored in? Please see P 6-10 of ADS Methodology and P13- 17 of the SDS Methodology
- Should there be separate standards for each of the Settlement Runs?
- Should we consider the age of any estimation?