

CP Progression Paper

'Category A BSC Signatory or Company Director sign-off required for any EFR plan following escalation'

ELEXON



Committee

Performance Assurance Board (PAB)
Imbalance Settlement Group (ISG)
Supplier Volume Allocation Group (SVG)



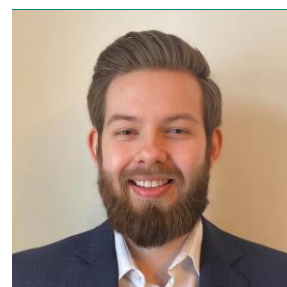
Contact

George Crabtree

020 7380 4017

BSC.change@elexon.co.uk

george.crabtree@elexon.co.uk



Contents

1	Summary	2
2	Why Change?	3
3	Solution	5
4	Impacts and Costs	6
5	Implementation Approach	7
6	Proposed Progression	8
7	Recommendations	9
	Appendix 1: Glossary & References	10

About This Document

This document provides information on new Change Proposal (CP) and outlines our proposed progression timetable for this change, including when it will be issued for CP Consultation in the next suitable Change Proposal Circular (CPC) batch.

We are presenting this paper to the PAB on 27 May 2021, and the ISG/SVG on 1 June 2021 to capture any comments or questions from Committee Members on this CP before we issue it for industry consultation.

There are three parts to this document:

- This is the main document. It provides a summary of the solution, impacts, anticipated costs, and proposed implementation approach, as well as our proposed progression approach for this CP.
- Attachment A contains the CP proposal form.
- Attachment B contains the proposed redlined changes to deliver the CP solution.

SVG244/02

CP Progression Paper

1 June 2021

Version 1.0

Page 1 of 11

© Elexon Limited 2021

Why change?

At the direction of the Performance Assurance Board (PAB), Elexon undertook a project to review the Performance Assurance Framework (PAF) established under the BSC. One of the recommendations of the PAF review project sought to increase senior level engagement with Error and Failure Resolution (EFR) plans in order that issues are resolved more quickly, thus limiting their material impact on Settlement. Specifically it was noted that many EFR plans are repeatedly escalated to the PAB where the Performance Assurance Party (PAP) has failed to meet one or more of the milestones within their EFR plan. Each time a PAP is escalated they are required to update their EFR plan and complete any actions requested by the PAB. In order to increase the likelihood that once an EFR plan is escalated it is resolved promptly, the PAF review project recommended that a CP be raised. The CP will amend [BSCP538 'Error and Failure Resolution'](#) to require sign off of the revised EFR plan by a Category A BSC Signatory or Company Director within the escalated PAP prior to the updated EFR plan being approved by the BSCCo.

Solution

To update BSCP538 to add that following escalation of an EFR plan, sign off by a Category A BSC Signatory or Company Director within the escalated PAP is required prior to the updated EFR plan being approved by the BSCCo.

Impacts and costs

This CP will impact all Parties that may be subject to EFR escalations. This includes Suppliers, Non Half Hourly Data Aggregators (NHHDA), Half Hourly Data Aggregators (HHDA), Metering Operating Agents (MOAs) (Central Volume Allocation (CVA) Non Half Hourly (NHH) and Half Hourly (HH)), Licensed Distribution System Operators (LDSOs), Supplier Meter Registrant Agents (SMRAs), Non Half Hourly Data Collectors (NHHDCs), Half Hourly Data Collectors (HHDCs), Meter Administrators (MAs). This CP will require changes to BSCP538.

Whilst Supplier Volume Allocation (SVA) MOAs are expected to transition to the Retail Energy Code (REC) as part of [P420 'Retail Code Consolidation Significant Code Review'](#) on September 1st 2021 this is their opportunity to respond to an Industry Consultation as the CP is still anticipated to affect them.

This CP is not expected to incur any costs to industry as it is a document only change.

The cost of amending these documents is expected to be <£1k.

Implementation

This CP is recommended for implementation on 4 November 2021 as part of the November 2021 BSC Release.

SVG244/02

CP Progression Paper

1 June 2021

Version 1.0

Page 2 of 11

© Elexon Limited 2021



What is the issue?

Error and Failure Resolution is not applied in the case of immaterial non-compliances. Therefore any error or failure which has justified the application of EFR is by its nature introducing material error into Settlement. Further, the majority of such issues present risk or on-going impact to other market participants and consumers.

One of the issues identified by the PAF review was that EFR plans are often not resolved in a timely manner, the PAF review project noted that the majority of EFR plans take over a year to be resolved. Industry and committee feedback supported a view that this was at least in part due to operational teams not being able to secure the resource necessary to resolve non-compliances and implement enduring controls and mitigations. It was therefore proposed that part of the solution should be to facilitate additional focus on issues in EFR amongst senior level management in the hopes that they might decide to make the required resource available to resolve issues effectively.

Background

Error and Failure Resolution

EFR is a key remedial technique in Elexon's Performance Assurance Framework. It is used to assure Elexon, the PAB and the rest of the industry that parties understand identified performance issues and have robust plans in place to correct them in a timely manner. As part of the EFR process, parties agree with Elexon what steps they will take to resolve the identified performance issues. As part of the EFR process Elexon also works to provide parties with advice and guidance.

EFR can be applied against all BSC Settlement Risks where an associated issue has been identified. EFR is used to assist PAPs to understand and rectify performance issues and non-compliances. When applying EFR against a Settlement Risk, we take into account the net significance of the risk and the PAP's contribution to the issue identified. The PAB can define specific escalation criteria for specific Settlement Risks or net significance values.

Where a PAP fails to meet one or more of the milestones set out within their EFR plan or otherwise meets the escalation criteria set out within BSCP538, Elexon may escalate the EFR plan. EFR escalation is to the PAB in the first instance but may also be to the BSC Panel where further escalation is required.

PAF Review

The [PAF review](#) was a review of the Performance Assurance Framework. Key aims of the PAF review were:

- Better engagement with Parties about issues that do and don't matter to them (their risk appetite)
- Increase the quantity and quality of participation in consultations
- Meet the current and future assurance needs of the Panel, the PAB and the wider electricity industry e.g. smart metering, alternative business models, CVA risk

What is a BSC Settlement Risk?

A Settlement Risk is a risk of any failure or error in a process required under the BSC that may impact (or has impacted) Settlement. Settlement Risks are recorded on the [Risk Evaluation Register \(RER\)](#).

An example of a Settlement Risk description from the RER is:

"The risk that [the NHHDC does not enter valid Meter readings by the Final Reconciliation Settlement Run] resulting in [old/default data entering Settlement]".

SVG244/02

CP Progression Paper

1 June 2021

Version 1.0

Page 3 of 11

© Elexon Limited 2021

- Improve the measurability of Settlement error and the mitigating effect of assurance activities
- Deliver a valued and trusted assurance service to BSC Parties under the strategic and tactical guidance of the BSC Panel and PAB

The PAF review concluded by outlining a set of recommendations. [The recommendations for EFR](#) were unanimously approved by the PAB following detailed discussion. This included the requirement for a Change Proposal to be raised to amend BSCP538 to add that following escalation to the PAB, sign off by a director or executive within the escalated PAP should be required prior to the updated EFR plan being approved.

Proposed solution

Following escalation to the PAB, sign off by a Category A BSC Signatory or Company Director within the escalated PAP should be required prior to the updated EFR plan being approved.

This will involve the PAB considering the evidence provided by BSCCo (from any Performance Assurance Technique) in relation to the unresolved Error/Failure and any information from the PAP and determining the best course of action for resolving the Error/Failure. The PAP will be required to adhere to the course of action agreed with the PAB. The PAB may choose to invite them to present, in person, their action plans.

Once this change is implemented we hope to observe a measurable reduction in the average time taken to close an EFR plan due to increased pressure on senior management to take action on issues that impact on other market participants. Elexon already actively monitors EFR plans and how long they remain open. This is routinely reported to the PAB.

Elexon will continue to track and monitor the frequency of EFR escalations to the PAB and the time taken to resolve EFR plans.

We have considered whether to amend Section 4 of BSCP38 to also explicitly state that Category A BSC Signatories can also sign off EFR plans following escalation. However, as Category A BSC Signatories are already able to sign off anything, explicitly highlighting that they can sign-off EFR plans is not required.

Proposer's rationale

Following the work undertaken through the PAF review project it was agreed that one of the most direct and effective solutions would be to encourage additional focus being placed on issues in EFR amongst senior level management, in the hopes that they might decide to make the required resource available to resolve issues effectively. This was due to industry and committee feedback supporting a view that this was at least in part due to operational teams not being able to secure the resource necessary to resolve non-compliances and implement enduring controls and mitigations.

Potential risks associated with this approach were considered as part of the PAF review, which included that obtaining sign off could delay the approval of revised EFR plans. Formally implementing this step within the BSCP is intended to mitigate this risk as it mandates senior level sign off as part of the existing escalation process. Therefore if sign off by a Category A BSC Signatory or Company Director is not forthcoming the PAB would be able to consider further escalation to the BSC Panel.

Proposed redlining

The proposed redlining to BSCP538 for this CP can be found in Attachment B of this paper.

SVG244/02

CP Progression Paper

1 June 2021

Version 1.0

Page 5 of 11

© Elexon Limited 2021

4 Impacts and Costs

BSC Party & Party Agent impacts and costs

BSC Party & Party Agent Impacts	
BSC Party/Party Agent	Impact
Suppliers	Following escalation to the PAB, sign off by a Category A BSC Signatory or Company Director within the escalated PAP will be required prior to the updated EFR plan being approved
NHHDA	
HHDA	
MOAs (CVA, NHH, HH)	
LDSO	
SMRAs	
NHHDCs	
HHDCs	
MAs	

Central impacts and costs

Central impacts

This CP requires changes to BSCP538. There are no system impacts.

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none">BSCP538 'Error and Failure Resolution'	<ul style="list-style-type: none">None

Operationally Elexon will need to update EFR guidance documents and training. It will also be important that EFR analysts ensure that they make all of our customers which are either already in EFR or newly entering EFR aware of this change and when it goes into effect, and what it means for them in terms of their individual plan. Ensuring that the positive benefits of this change are realised will require effective communication between Elexon and our customers.

Impact on BSC Settlement Risks

Impact on BSC Settlement Risks
We would expect a generic positive impact on BSC Settlement Risks from this CP, as this change should increase focus on issues in EFR at a corporate level. This should result in more resource within PAPs being devoted to EFR issues which would therefore be resolved more quickly. This will have a positive impact on the integrity of data entering settlement.
As EFR can be applied to all Settlement Risks this change is anticipated to positively impact on all Settlement Risks (where EFR is or continues to be applied).

Central costs

The central implementation costs for this CP will be approximately <£1k.

SVG244/02

CP Progression Paper

1 June 2021

Version 1.0

Page 6 of 11

© Elexon Limited 2021

Recommended Implementation Date

This CP is recommended for implementation on 4 November 2021 as part of the scheduled November 2021 BSC Release. The rationale for aiming for this, the earliest available release is so that we can realise the anticipated benefits to our customers as soon as possible.

Progression timetable

The table below outlines the proposed progression plan for this CP:

Progression Timetable	
Event	Date
CP Progression Paper presented to PAB for information	27 May 2021
CP Progression Paper presented to ISG for information	1 Jun 2021
CP Progression Paper presented to SVG for information	1 Jun 2021
CP Consultation	7 Jun 2021 – 2 Jul 2021
CP Assessment Report presented to PAB for decision	29 Jul 2021
CP Assessment Report presented to ISG for decision	3 Aug 2021
CP Assessment Report presented to SVG for decision	3 Aug 2021
Proposed Implementation Date	4 Nov 2021 (Nov 2021 Release)

CP Consultation questions

We intend to ask the standard CP Consultation questions for CP. We do not believe any additional questions need to be asked for this CP.

Standard CP Consultation Questions
Do you agree with the CP proposed solution?
Do you agree that the draft redlining delivers the CP proposed solution?
Will the CP impact your organisation?
Will your organisation incur any costs in implementing the CP?
Do you agree with the proposed implementation approach for this CP?

7 Recommendations

We invite you to:

- **NOTE** the proposed progression timetable for CP;
- **PROVIDE** any comments or additional questions for inclusion in the CP Consultation; and
- **NOTE** that the CP will be presented to the:
 - PAB on 27 May 2021;
 - ISG on 1 June 2021; and
 - SVG on 1 June 2021.

Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BM	Balancing Mechanism
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
CP	Change Proposal
CPC	Change Proposal Circular
CVA	Central Volume Allocation
EFR	Error and Failure Resolution
HH	Half Hourly
HHDA	Half Hourly Data Aggregation
HHDC	Half Hourly Data Collector
ISG	Imbalance Settlement Group (<i>Panel Committee</i>)
LDSO	Licensed Distribution System Operator
MA	Meter Administrator
MOA	Meter Operator Agent
NHH	Non Half Hourly
NHHDA	Non Half Hourly Data Aggregation
NHHDC	Non Half Hourly Data Collector
PAB	Performance Assurance Board (<i>Panel Committee</i>)
PAP	Performance Assurance Party
REC	Retail Energy Code
RER	Risk Evaluation Register
SMRA	Supplier Meter Registration Agent
SVA	Supplier Volume Allocation
SVG	Supplier Volume Allocation Group (<i>Panel Committee</i>)

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.

SVG244/02

CP Progression Paper

1 June 2021

Version 1.0

Page 10 of 11

© Elexon Limited 2021

External Links		
Page(s)	Description	URL
2	BSCP538 'Error and Failure Resolution'	https://www.elexon.co.uk/csd/bscp538-error-and-failure-resolution/
2	P420 'Retail Code Consolidation Significant Code Review'	https://www.elexon.co.uk/mod-proposal/p420/
3	Risk Evaluation Register	https://www.elexon.co.uk/reference/performance-assurance/performance-assurance-processes/performance-assurance-risk-evaluation-register/
3	PAF Review	https://www.elexon.co.uk/documents/groups/pab/2020-meetings-pab/234-july/pab234-08a-breach-default-and-efr-paf-review-recommendations/