
Risk Evaluation Register 2022/23 – July 2022 Within-Period Revision

Performance Assurance Board

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Summary

The 2022/23 Risk Evaluation Register (RER) sets out Settlement Risks and their forecasted material error. This paper comments on the RER for the 2022/23 Performance Assurance Operating Period (PAOP), which assesses the potential materiality of Settlement Risks based on future events that could impact industry compliance with Balancing and Settlement Code (BSC) governed procedures. The RER assists with the development of the Risk Operating Plan (ROP), which will propose areas of specific focus for 2022/23.

This within-period revision of the RER (produced in July 2022) provides our risk assessment of the implementation of the Central Switching Service (CSS), following the introduction of Ofgem's Faster Switching Programme.

Introduction

Elexon has re-evaluated BSC Settlement Risks following consideration of projected and anticipated events between April 2022 and March 2023. Unless otherwise stated, Elexon has re-evaluated the Settlement Risks by utilising the Risk Evaluation Methodology (REM) and data sources as set out in the REM 2021/22.

Elexon's approach to the RER has changed for 2022/23, the RER and the commentary in this paper focuses on events that may happen during the 2022/23 PAOP, and the Settlement Risks that would be impacted if such events were to occur. These potential events have also been considered when forecasting the impact of the Settlement Risks for the 2022/23 PAOP (Table 10).

Each event includes a table noting the Settlement Risks that Elexon considers will be impacted if the event occurs. These tables detail how Settlement Risks that will be impacted, the level of impact anticipated and whether the material error is likely to increase or decrease if the event should occur. For clarity, the tables relating to each risk event only include the Settlement Risks that Elexon believes will be impacted to a material extent.

As a result of a rise in demand in the electricity wholesale market and a rise in the price of gas, the price of electricity has increased through the second half of 2021 and into 2022. Subsequently, the financial materiality for each Settlement Risk has increased significantly. Table 10 provides comparisons between the current PAOP (2021/22) and the 2022/23 PAOP in both annual monetary values and energy volumes. When reviewing the values, the percent change in energy volume gives a better indication of the difference in material error from the previous RER.

Predicted Risk Events for 2022/23

The Impact of COVID-19

As of January 2022, the UK is facing the highest confirmed cases rates of COVID-19 recorded. At the time of writing, the Governments of the UK have imposed some further restrictions ('Plan B' in England, and limitations on event sizes and social distancing requirements in Scotland and Wales). As a result, the Settlement Risks have been evaluated with the view that the UK will not go into another lockdown or see significant enforced business closures through the period of the 2022/23 PAOP. However, Elexon is aware that further restrictions (including lockdowns) could be enforced in the future; this has been considered in this paper and when evaluating the Settlement Risks.

Site visit issues as a result of COVID-19

It is reasonable for us to assume that if the number of cases of COVID-19 in the UK increases, an increased number of people will need to isolate resulting in a depleted workforce. Subsequently, less site visits will take place because either:

- Suppliers or their agents will not have the resource to send employees to perform sites visits; and/or
- Sites will be inaccessible due to staff shortages, remote working or temporary business closures.

Site visits may be limited as businesses impose additional health and safety restrictions or requirements, such as reduced number of external visitors or requirements for proof of negative tests or vaccination.

Further lockdowns may be required to curb the severity of the virus if the Government feel it is appropriate. This may also result in a reduction of site visits.

If cases in the UK increase dramatically or another lockdown is implemented then Elexon would consider the High and Medium impacted Settlement Risks detailed in Table 1 and how to mitigate further material error as a result of site visits not being able to occur.

Backlogs

COVID-19 has also resulted in a large backlog of work that has not been completed throughout the pandemic due to staff shortages or access difficulties. Elexon believes that this will have an effect on all Settlement Risks and could be exacerbated by further lockdowns or restrictions. This would negatively affect all Settlement Risks. Although a table has not been created Elexon are closely monitoring the current backlog and identifying how to mitigate future backlogs of work in industry. This has also been taken into consideration when evaluating the Settlement Risks.

Change in consumer behaviours

As a result of COVID-19, consumer behaviours have changed – including the way they use electricity. Due to greater home working and lockdowns there has been an increase in domestic consumption and a decrease in non-domestic consumption. This affects Suppliers' ability to predict consumer energy consumption volumes and patterns and ultimately makes Settlement data less accurate. However, this is not a failure in a Party's compliance to a BSC processes and therefore cannot be classed as a Settlement Risk. Elexon has recognised that changes in consumer behaviour will likely affect the materiality of some risks that rely on customer profiling and estimations to determine electricity consumption in the future; these Settlement Risks are detailed in Table 2.

Table 1: Settlement Risks impacted by COVID-19 events

Risk	Title	Material effect	Severity	Comments
1	Registration	Decrease	Low	Less site visits would result in less Meters being installed, therefore less registration activities.
2	Attributes	Decrease	Low	Less site visits would result in less Meters being installed, therefore less attributes being applied to Metering Systems.
3	Metering Equipment installation, programming,	Increase	High	Parties are not able to attend site visits to fix, maintain and commission Metering Equipment.

¹ <https://www.gov.uk/government/news/prime-minister-confirms-move-to-plan-b-in-england>

	maintenance and Commissioning			
4	Notification of change to Metering Equipment	Decrease	Low	Less site visits will result in less need to notify changes to Metering Equipment.
5	Fault resolution	Increase	Medium	Some faults can be fixed remotely but those that require a site visit will not be able to be fixed as quickly as expected.
7	Retrieval of Metered Data	Increase	Medium	Data that is currently retrieved manually will not be collected at expected levels.
10	Meter read history	Increase	Low	Manually collected data will not be retrieved and subsequently not passed on to the new Data Collector (DC).
12	Metering Equipment Technical Detail Quality	Decrease	Low	Less Meters being installed would result in less new Metering systems needing new Meter Technical Details (MTDs).
14	Agent appointments	Decrease	Low	Less Meters installed, therefore less new Agents would need to be appointed.
16	Energisation status	Decrease	Low	Less Meters being installed and energised.
18	Revenue protection	Increase	High	Revenue Protection cannot attend site.
19	Registration (CVA)	Decrease	Low	Less site visits means less Meters being installed and therefore less new registrations.
20	Metering Equipment installation, programming, maintenance and Commissioning (CVA)	Increase	High	Parties are not able to fix, maintain and commission Metering Equipment.
21	Retrieval and processing of Metered Data (CVA)	Increase	Medium	Data that is retrieved manually may not be collected.
22	Notification of change to Metering Equipment (CVA)	Decrease	Low	Less site visits will result in less need to notify changes to Metering Equipment.
23	Fault resolution (CVA)	Increase	Medium	Some faults can be fixed remotely but those that require a site visit will not all be able to be fixed.
26	Aggregation Rules	Decrease	Low	Aggregation Rules are changed less often as a consequence of a reduced number of site visits.
29	SAA calculation	Increase	Low	Reduced site visits could mean that more Metered data is incorrect.

Table 2: Settlement Risks impacted by change in consumer behaviour

Risk	Title	Comment
5	Fault resolution	Due to the change in behaviours, the fault investigation process may not be triggered as the error in data may be overlooked and classed as standard usage. This may decrease the reported material error due to less faults being identified, however actual error may not increase.
8	Processing of Metered Data	Due to the change in consumer behaviours, estimated energy volumes may not be accurate, thus potentially increasing the material error.

13	Manual Adjustments	Where error is found as a result of inaccurate estimations there may require a manual adjustment. This may result in an increase in the use of the process and therefore a potential increase of material error.
15	Reference data	Once accurate profiling data may no longer reflect the consumer usage due to changes in behaviours. This may result in an increase of material error.
17	Exception management	With a change in consumer behaviours it is more challenging for Suppliers to determine a genuine exception. This may decrease the reported material error due to less exceptions being identified, however actual error may not increase.

Rise in electricity prices

Great Britain saw power demand increase over the summer months of 2021 and, with energy generation uncommonly low, this led to a rise of demand on the electricity wholesale market. A rise in the price of gas saw the price of electricity increase drastically. Subsequently, this has led to wholesale electricity prices exceeding that which Suppliers can charge domestic customers under Ofgem's price cap policy. This has contributed to many Supplier Defaults and an increase in Supplier of Last Resort (SoLR) events.

This section of the paper will focus on the impacts the comparison between the wholesale prices and the price cap set by Ofgem will have on the Settlement Risks. Under the current legislation, the price cap is reviewed every six months, and is expected to increase in April 2022.

Wholesale price of electricity is above the Ofgem price cap

If the wholesale price of electricity stays above the price cap then the industry is likely to see more Suppliers going through the SoLR process. Consumers are being advised not to switch Supplier during this time, which has resulted in a reduction in the number of Change of Supply (CoS) events. This advice may continue if the price of wholesale electricity remains above the price cap. Table 3 details the affect that this will have the impacted Settlement Risks.

If more Suppliers fail and the industry experiences further SoLR events, the number of BSC Parties will decrease. This could allow Elexon to monitor and assist a larger proportion of the market by targeting a smaller number of Parties. This would affect all Settlement Risks and the material error may decrease. This has not been included in the table below, but would be considered if we continue to see numerous Supplier failures.

If the price of wholesale electricity remains above the price cap, Suppliers may reduce focus on specific processes in an attempt to save money. This would affect all Settlement Risks as the material error may increase. This has not been included in the table but again would be considered if this trend continues.

Currently, no CVA Registrants have failed as a result of the increase in wholesale electricity prices; the Ofgem price cap only applies to domestic customers.

Table 3: Settlement Risks impacted by continuing frequent SoLR events

Risk	Title	Material effect	Severity	Comment
4	Notification of change to Metering Equipment	Increase	Low	When a SoLR event occurs there is a risk that a backlog of flows may not reach the appropriate party.
5	Fault resolution	Increase	Medium	When a SoLR event occurs, all investigations would be closed and would need to be re-diagnosed by the new Agents unless the same Agent was used.
6	Meter Technical Details transfer and processing	Increase	High	The increase in SoLR events would lead an increase in the transfer of MTDs between Suppliers.
7	Retrieval of Metered Data	Increase	Low	Suppliers may not always be aware of who to contact to retrieve Metered Data.
8	Processing of Metered Data	Increase	High	Data may not being transferred correctly during a SoLR event.

10	Meter read history	Increase	High	With more SoLR events there could be more occurrences of Meter read history not being transferred.
14	Agent appointments	Increase	High	With more SoLR events there is a risk that new agents are not appointed or de-appointed correctly in the process.
17	Exception management	Increase	High	When a SoLR event occurs the old Supplier will not review the last 14 month of exceptions and will no longer be responsible. The new Supplier is also not responsible for the previous 14 months of exceptions.
18	Revenue protection	Increase	Low	Revenue Protection may not investigate without a responsible Party, causing historic investigations to close.
27	Payment default	Increase	High	This is part of the SoLR process and will therefore increase with more SoLR events leading to an increase in potential material error.

Wholesale price of energy is below the Ofgem price cap

If the price cap is above the wholesale prices (either due to an increase in the price cap, or reduction in wholesale prices), the industry would likely see a larger number of Change of Supply (CoS) events and again become attractive to new entrants. Table 4 details the potential impact that an increased amount of customer switching would have on impacted Settlement Risks.

If there is an increase in the number of new entrants into the Market, a lack of experience and knowledge could increase the material effect on all Settlement Risks. This has not been included in the table below but would be taken into consideration if we see a sustained increase in Market Entry activity.

If the price cap increases there is a risk that customers would not be able to pay their bills. This may force Suppliers to reduce focus on specific processes in an attempt to save money. This would affect all Settlement Risks; the material error may increase. Again, this has not been included in the table below but would be considered if Elexon identifies this trend occurring.

Table 4: Settlement Risks impacted by increased CoS events

Risk	Title	Material effect	Severity	Comment
6	Meter Technical Details transfer and processing	Increase	High	More consumers switching would result in more transfer of data.
12	Metering Equipment Technical Detail Quality	Increase	High	More CoS events will result in an increase of transferred data.
14	Agent appointments	Increase	High	More CoS events would result in more Agents being appointed and de-appointed.
15	Reference data	Increase	High	More CoS events will result in an increase of transferred data.
27	Payment default	Potential for increase and decrease	Low	If a large proportion of customers cannot pay their bills there may be more payment defaults. However, it is more likely that Suppliers will have more cash flow issues and the potential material error will decrease.

Metering Systems shortage

There has been a global shortage of semiconductors, including those which are used in the construction of Metering Systems. This has resulted in a reduction of Meters being available to be installed. Table 5 details the effects on the Settlement Risks, noting the different effects depending whether this shortage prevails or ceases.

To deal with the shortage, some parties have been refurbishing and recycling old Metering systems. This should not impact the Settlement Risks for 2022/23, but could decrease the time for failure so should be considered as a potential risk to Metering System accuracy in the future.

Where, in Table 5, an increase in the material effect of a Settlement Risk has been projected when the Metering Systems shortage ceases, it should be noted that some of this effect may be a result of expedited work in an attempt to clear the backlog of Meters that need replacing.

Table 5: Settlement Risks impacted by Metering System shortage

Risk	Title	Scenario	Material effect	Severity	Comment
1	Registration	Prevails	Decrease	Low	There will be less Meters installed and subsequently less registration activities.
		Ceases	Increase	High	With Meters being installed there could be errors when registering the new Metering systems.
2	Attributes	Prevails	Decrease	Low	There will be less Meters installed and subsequently less attributes being applied to Metering Systems.
		Ceases	Increase	High	With Meters being installed there could be errors when registering the new Metering systems.
3	Metering Equipment installation, programming, maintenance and Commissioning	Prevails	Increase	High	Faulty Metering equipment could not be replaced (or not replaced in a timely manner).
		Ceases	Potential for increase and decrease	High	If Meters become available then there is potential for metering systems to be installed and programmed incorrectly and a potential increase in material error. However, this would also allow for commissioning and fixes to take place subsequently a decrease in material error
4	Notification of change to Metering Equipment	Prevails	Decrease	Low	There will be less Meters installed and subsequently less need to notify about changing Metering Equipment.
		Ceases	Increase	High	With Meters being installed there could be errors when sending notifications of changes of Metering Equipment.
5	Fault resolution	Prevails	Increase	Medium	Faults that require a change of Metering System will increase the material error.
		Ceases	Decrease	Low	This would allow for faults to be rectified and subsequently a decrease in potential material error.
7	Retrieval of Metered Data	Prevails	Increase	Low	Incorrect data could be retrieved following Meter faults.
8	Processing of Metered Data	Prevails	Increase	Low	Incorrect data being processed following Meter faults.

9	Data Aggregator processes Metered Data	Prevails	Increase	Low	Incorrect data could be processed following Meter faults.
14	Agent appointments	Prevails	Decrease	Low	If less Meters are installed, less new Agents would need to be appointed
		Ceases	Increase	High	With Meters being installed there could be errors when sending appointing agents and subsequently an increase in material error
16	Energisation status	Prevails	Decrease	Low	Less Meters installed means less Meters needing to be energised.
		Ceases	Increase	High	With Meters being installed there could be errors when sending energisation statuses and subsequently an increase in material error
19	Registration (CVA)	Prevails	Decrease	Low	There will be less Meters installed and subsequently less registration activities.
		Ceases	Increase	High	With Meters being installed there could be errors when registering the new Metering systems and subsequently an increase in material error
20	Metering Equipment installation, programming, maintenance and Commissioning (CVA)	Prevails	Potential for increase and decrease	High	Faulty Metering equipment could not be replaced and therefore a potential increase in material error. However, with less installations and programming there would be less opportunity for error and the material error may decrease.
		Ceases	Potential for increase and decrease	High	If Meters become available then there is potential for Metering Systems to be installed and programmed incorrectly and a potential increase in material error. However, this would also allow for commissioning and fixes to take place subsequently a decrease in material error
21	Retrieval and processing of Metered Data (CVA)	Prevails	Increase	Low	Potentially incorrect data being retrieved following a meter fault not being corrected.
22	Notification of change to Metering Equipment (CVA)	Prevails	Decrease	Low	There will be less Meters installed and subsequently less need to notify about changing Metering Equipment.
		Ceases	Increase	High	With Meters being installed there could be errors when sending notifications of changes of Metering Equipment.
23	Fault resolution (CVA)	Prevails	Decrease	Low	There will be less Meters installed and subsequently less need to notify changes to Metering Equipment.
		Ceases	Increase	High	With Meters being installed there could be errors when sending notification of changes to Metering Equipment.

29	SAA calculation	Prevails	Increase	Low	Metered data could be incorrect due to Meter faults not being fixed.
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Faster Switching

Ofgem's Switching Program² is intended to be implemented on 18 July 2022. The current switching timetable allows a customer to switch Supplier within 21 days' the Faster Switching Program will reduce this to allow the customers to switch Suppliers within 5 days, with the intent to reduce this further in the future. The Faster Switching Program's ultimate goal is to encourage more consumer switching. As detailed in Table 6, this will affect many Settlement Risks, mostly due to shortened timescales to complete processes.

Central Switching Service Implementation

There is a risk that the Central Switching Service (CSS) system will fail to work, or that the CSS synchronisation with Supplier Meter Registration Service (SMRS) will not to work. This could result in the SMRS system being incorrect. This would impact all Settlement Risks with direct impacts on Risks 001 and 002. Whilst this would greatly impact Settlement, the likelihood of occurrence is extremely low as this has been extensively tested through the CSS implementation programme.

Table 6: Settlement Risks impacted by Faster Switching

Risk	Title	Material effect	Severity	Comment
1	Registration	Increase	High	If a customer decides to switch shortly after their Metering System is installed, this reduces the number of days that the Supplier has to register a Metering system.
2	Attributes	Increase	High	If a customer decides to switch shortly after their Metering System is installed this reduces the number of days that the Supplier has to assign attributes.
3	Metering Equipment installation, programming, maintenance and Commissioning	Increase	High	If the customer decides to switch at any time during an installation or fix, it will reduce the number of days that parties have to complete this process.
4	Notification of change to Metering Equipment	Increase	Low	Parties that are responsible for the sending of MTDs and configurations may have out of date data following the installation of new Metering Equipment.
5	Fault resolution	Increase	High	The customer may decide to switch multiple times during the resolution of a faulty Meter, this would require outstanding fault details to be transferred more frequently and quickly.
6	Meter Technical Details transfer and processing	Increase	High	More Change of Agent events may result in more MTDs not being received or completed in the required timescale.
7	Retrieval of Metered Data	Increase	High	An increase of Change of Agent events would require more final reads. Faster switching reduces the number of days to run this process.
8	Processing of Metered Data	Increase	High	More CoS events would require more Meter reads being transferred to the DC in a shorter time.

² <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/switching-programme>

9	Data Aggregator processes Metered Data	Increase	Low	Data could be out of date due to the shortened timescales. This may increase the material error.
10	Meter read history	Increase	High	An increase in CoS events would require more transfers of Meter read history which could result in errors.
12	Metering Equipment Technical Detail Quality	Increase	High	If a customer decides to switch shortly after their Metering System is installed, this reduces the number of days that the MOA has to create new MTDs.
13	Manual Adjustments	Increase	High	The customer may decide to switch during this process potentially changing the responsibility to correct metered data and send the manual adjustments.
14	Agent appointments	Increase	High	If a customer decides to switch shortly after their Metering System is installed, this reduces the number of days that the Supplier has to appoint an Agent.
17	Exception management	Increase	High	The customer may decide to switch during this process potentially changing the responsibility to investigate the exception.
18	Revenue protection	Increase	High	The customer may decide to switch multiple times during this process which would result in more transfer of investigations more quickly.

Transfer of BSC Obligations to the Retail Energy Code (REC)

The implementation of the REC in September 2021 has had an effect on a number of BSC Settlement Risks. Details of how the Settlement Risks are affected is detailed in Table 7. As further changes to the REC are released, there will be further impacts on Settlement Risks and as such this table will be updated. Redlining for REC Version 3.0 is being reviewed; some Settlement Risks that Elexon expect to be affected are noted below.

Table 7: Settlement Risks impacted by the transfer of obligations to the REC

Risk	Title	Material effect	Severity	Comment
1	Registration			Details expected in REC 3.0
2	Attributes			Details expected in REC 3.0
3	Metering Equipment installation, programming, maintenance and Commissioning		Medium	The governance of SVA MOAs transitioning to the REC may result in material error reported by Elexon to decrease in this Risk. Actual error is not likely to decrease as a result.
4	Notification of change to Metering Equipment		Medium	The governance of SVA MOAs transitioning to the REC may result in material error reported by Elexon to decrease in this Risk. Actual error is not likely to decrease as a result.
5	Fault resolution		Medium	The governance of SVA MOAs transitioning to the REC may result in material error reported by Elexon to decrease in this Risk. Actual error is not likely to decrease as a result.
6	Meter Technical Details transfer and processing		Medium	The governance of SVA MOAs transitioning to the REC may result in material error reported by Elexon to decrease in this Risk. Actual error is not likely to decrease as a result.

12	Metering Equipment Technical Detail Quality		Medium	The governance of SVA MOAs transitioning to the REC may result in material error reported by Elexon to decrease in this Risk. Actual error is not likely to decrease as a result.
13	Manual Adjustments	Increase	Medium	The REC is currently putting more emphasis on investigating energy theft; this will result in more manual adjustments and therefore a potential increase in material error.
14	Agent appointments		Medium	The governance of SVA MOAs transitioning to the REC may result in material error reported by Elexon to decrease in this Risk. Actual error is not likely to decrease as a result. Further details expected in REC 3.0
15	Reference data	Increase	Low	There is a potential of the REC not updating MDD correctly for qualification and market exits, this could increase material error.
16	Energisation status		Medium	The governance of SVA MOAs transitioning to the REC may result in material error reported by Elexon to decrease in this Risk. Actual error is not likely to decrease as a result.
18	Revenue protection	Increase	Low	Knock on effect from a heavier emphasis on investigating stolen energy. This will increase the need to engage in this process and therefore there is a potential to increase the material error.

Issues & Change Proposals (CPs)

P375³ 'Settlement of Secondary BM Units using metering behind the site Boundary Point'

P375 allows for Secondary Balancing Mechanism (BM) Units using Metering Equipment behind the defined Boundary Point for Balancing Services, rather than Settling using Metering Equipment at the Boundary Point. This will introduce the use of Metering at the asset delivering the Balancing Service, or 'Asset Metering'. Primarily, this will allow balancing-related services on-site from smaller assets to be separated from current imbalance-related activities, more accurately reflecting the balancing-energy volumes provided by the Balancing Service Provider (BSP). For Settlement purposes, the Half Hourly Data Collector will submit the Asset Metering System Identifiers (AMSID) Metered volumes "on behalf of the Asset Metering Virtual Lead Parties (AMVLP)" which will make adjustments to the Suppliers imbalance position.

Table 8: Settlement Risks impacted by P375

Risk	Title	Material effect	Severity	Comment
25	Virtual Lead Parties	Decrease	Medium	VLPs have the opportunity to submit better data to their DC to calculate the Supplier imbalance leading to a decrease in material error

P427⁴ 'Publication of Performance Assurance Parties' impact on Settlement Risk'

This Modification seeks to increase the effectiveness of all detective and investigative Performance Assurance Techniques (PATs) including Error and Failure Resolution (EFR) through greater incentives.

The specifics of the P427 solution are still being discussed and developed by an industry Workgroup, however the initial proposed solution would amend BSC Section Z – Performance Assurance to allow the PAB to publish notices to industry in respect of PABs' contribution to Settlement Risk along with relevant risk data where:

1. This action is approved by the BSC Panel; and

³ <https://www.elexon.co.uk/mod-proposal/p375/>

⁴ <https://www.elexon.co.uk/mod-proposal/p427/>

2. The relevant PAP has failed to meet an EFR milestone following prior escalation for the same issue; or
3. Exceptional circumstances require that such a notice is issued outside of the EFR process e.g. where the relevant PAP's contribution to Settlement Risk is sufficiently significant to risk serious impact on other market participants enough to and the resolution of the associated issue is therefore time critical.

It is anticipated that such notices would provide an incentive for Performance Assurance Parties (PAPs) to improve performance where they are having an impact on one or more Settlement Risks.

The final solution put forward by the Workgroup may well not be limited to specific Settlement Risks however Elexon has identified the risks below as prime candidates for the application of P427.

Table 9: Settlement Risks impacted by P427

Risk	Title	Material effect	Severity
3	Metering Equipment installation, programming, maintenance and Commissioning	Decrease	Medium
5	Fault resolution	Decrease	Medium
7	Retrieval of Metered Data	Decrease	Medium
20	Metering Equipment installation, programming, maintenance and Commissioning (CVA)	Decrease	Medium
22	Notification of change to Metering Equipment (CVA)	Decrease	Medium
23	Fault resolution (CVA)	Decrease	Medium

Horizon Scanning

This section highlights events that may affect the risk evaluations in the future.

Market Wide Half Hourly Settlement (MHHS)

MHHS will move the whole electricity market to settle Half Hourly. This change is intended to make Settlement data more accurate and reducing the Settlement reconciliation timescale to 4 months. As the Program Manager, Elexon is already engaged with the effect that this will have on the risks and will continue to update industry prior to its intended completion in 2025.

Phasing out of 2G and 3G comms

Elexon are looking at the impact of the cessation of Public Switched Telephone Network (PSTN), the sun setting of 2G and 3G networks, the subsequent growth of 4G Long Term Evolution (LTE) technology and how it relates to metering and will affects the risks. This will be covered under a subgroup of Issue 93 (Review of the BSC metering Codes of Practice).

Radio Teleswitching Service

The Radio Teleswitching Service (RTS) was due to be decommissioned in April 2022. However, this is now set to be extended until April 2025 (to tie in with Market-wide Half Hourly Settlement implementation timescales). Therefore, during that three-year period, Elexon will monitor the number of RTS Meters and encourage migration to alternative Metering Systems. We anticipate that from mid-2024, Elexon will then ask for more detailed updates from Suppliers with RTS Meters remaining, and re-assess the Risk posed to Settlement based on the market position at that time.

Risk Assessment Detail

Table 10: Settlement Risk scoring comparison

Risk	Title	Scoring for 2021/22			Scoring for 2022/23			Change in Materiality 21/22 – 22/23
		Lower Impact	Impact	Upper Impact	Lower Impact	Impact	Upper Impact	
1	Registration	£1.4m	£5.9m	£22.6m	£1.3m	£3.8m	£10.3m	-36%
		82.4k mWh	156.9k mWh	452.0k mWh	23.6k mWh	43.3k mWh	82.4k mWh	-72%
2	Attributes	£9.0k	£18.2k	£37.6k	£94.4k	£655.5k	£2.5m	+3502%
		500 mWh	500 mWh	752 mWh	1.7k mWh	7.5k mWh	20.2k mWh	+1459%
3	Metering Equipment installation, programming, maintenance and Commissioning	£9.9m	£52.2m	£148.7m	£35.9m	£208m	£640.3m	+298%
		582.4k mWh	1.3m mWh	2.9m mWh	655.2k mWh	2.4m mWh	5.1m mWh	+73%
4	Notification of change to Metering Equipment	£449.0k	£2.0m	£5.8m	£1.4m	£4.5m	£10.7m	+125%
		26.4k mWh	53.0k mWh	116.5k mWh	24.7k mWh	51.5k mWh	85.2k mWh	-3%
5	Fault resolution	£16.2m	£29.8m	£55.9m	£17.6m	£52.5m	£134.3m	+76%
		952.9k mWh	792.7k mWh	1.1m mWh	322.2k mWh	604.8k mWh	1.07m mWh	-24%
6	Meter Technical Details transfer and processing	£1.1m	£2.8m	£7.2m	£1.9m	£5.4m	£15.5m	+92%
		64.7k mWh	74.5k mWh	144.0k mWh	34.6k mWh	61.9k mWh	124.2k mWh	-17%
7	Retrieval of Metered Data	£5m	£28.1m	£96.1m	£18.4m	£97.5m	£261m	+243%
		295.kk mWh	749.kk mWh	1.9.mk mWh	335k mWh	1.1m mWh	2m mWh	+34%
8	Processing of Metered Data	£2.4m	£5.4m	£9.0m	£5.1m	£12.4m	£24.0m	+130%
		70k. k mWh	120.kk mWh	180.kk mWh	92k mWh	143k mWh	192k mWh	+19%
9	Data Aggregator processes Metered Data	£35.0k	£130.0k	£1.1m	£20k	£125k	£1m	-4%
		2.1k mWh	3.5k mWh	22.0k mWh	364 mWh	1.4k mWh	8.8k mWh	-58%
10	Meter read history	£63.7k	£1.9m	£4.2m	£84.7k	£3.6m	£13.9m	+81%
		3.7k mWh	50.5k mWh	84.0k mWh	1.5k mWh	41.1k mWh	111.2k mWh	-19%
11	Unmetered Supplies	£5.0m	£7.8m	£18.0m	£11m	£19.5m	£31.6m	+150%
		294.1k mWh	207.5k mWh	360.0k mWh	199.5k mWh	224.7k mWh	252.7k mWh	+8%
12	Metering Equipment Technical Detail Quality	£2.1m	£6.1m	£17.1m	£1.1m	£6.1m	£21.0m	0%
		123.5k mWh	162.3k mWh	342.0k mWh	20.6k mWh	69.8k mWh	168.0k mWh	-57%
13	Manual Adjustments	£8.7m	£14.2m	£23.4m	£11m	£23.8m	£46.2m	+68%
		511.8k mWh	377.7k mWh	468.0k mWh	201.1k mWh	274k mWh	369.8k mWh	-27%

14	Agent appointments	£1.3m	£3.1m	£8.5m	£2.1m	£6.5m	£15.7m	+111%
		76.5k mWh	82.5k mWh	170.0k mWh	39.2k mWh	75.3k mWh	125.4k mWh	-9%
15	Reference data	£0.0k	£590.6k	£5.5m	£6.1k	£990.1k	£11m	+68%
		0 mWh	15.7k mWh	110.0k mWh	111 mWh	11.4k mWh	88.1k mWh	-27%
16	Energisation status	£2.0m	£14.6m	£31.5m	£3.7m	£21.8m	£54.2m	+49%
		117.6k mWh	388.3k mWh	630.0k mWh	67.4k mWh	251.2k mWh	433.6k mWh	-35%
17	Exception management	£0.0k	£200.0k	£20.1m	£0	£352.2k	£39.6m	+76%
		0 mWh	5.3k mWh	402.0k mWh	0 mWh	4k mWh	31.7k mWh	-24%
18	Revenue protection	£1.7m	£4.3m	£10.1m	£5.5m	£9.9m	£25.3m	+131%
		100.0k mWh	114.4k mWh	202.0k mWh	100.0k mWh	114.4k mWh	202.0k mWh	0%
19	Registration	£3.9k	£4.2m	£14.0m	£2k	£2.9m	£12.4m	-31%
		200 mWh	111.7k mWh	280.0k mWh	21 mWh	3.1k mWh	17.2k mWh	-97%
20	Metering Equipment installation, programming, maintenance and Commissioning	£493.4k	£1.0m	£1.7m	£485.5k	£2m	£6.7m	+104%
		29.0k mWh	26.6k mWh	34.0k mWh	8.8k mWh	23.4k mWh	53.5k mWh	-12%
21	Retrieval and processing of Metered Data	£25.7m	£43.8m	£73.9m	£18.9m	£107.5m	£324m	+146%
		1.5m mWh	1.1m mWh	1.4m mWh	344.9	1.2m mWh	2.6m mWh	+6%
22	Notification of change to Metering Equipment	£0.0k	£2.3m	£26.2m	£0	£5.3m	£54.5m	+134%
		0 mWh	61.2k mWh	524.0k mWh	0 mWh	62k mWh	436.0k mWh	+1%
23	Fault resolution	£13.7m	£36.6m	£92.6m	£22.6m	£88.7m	£267.7m	+142%
		274.0k mWh	973.5k mWh	1.8m mWh	412.2k mWh	1m mWh	2.1m mWh	+5%
24	Reference data	£0.0k	£257.7k	£2.2m	£0	£304.7k	£4.4m	+18%
		0 mWh	6.9k mWh	44.0k mWh	0 mWh	3.5k mWh	34.9k mWh	-49%
25	Virtual Lead Parties	0 mWh	0 mWh	0 mWh	Risk Reassessment to be made following completion of P375/376 early in 22/23 PAOP			N/a
		0 mWh	0 mWh	0 mWh				N/a
26	Aggregation Rules	£0.0k	£2.3m	£6.6m	£0.0k	£4.3m	£14.7m	+89%
		0 mWh	61.2k mWh	132.0k mWh	0 mWh	49.9k mWh	117.8k mWh	-18%
27	Payment default	£0.0k	£1.1m	£6.5m	£18.9m	£103.5m	£210m	+9309%
		0 mWh	29.3k mWh	130.0k mWh	34.4k mWh	119.1k mWh	1.7m mWh	+3972%
28	NETSO submissions	£4.2k	£1.6m	£45.2m	£13.7k	£3.8m	£75.4m	+143%
		251 mWh	44.7k mWh	905.6k mWh	251 mWh	44.7k mWh	603.7k mWh	0%
29	SAA calculation	£0.0k	£368.7k	£592.8k	£0.0k	£508.0k	£750.0k	+38%
		0 mWh	9.8k mWh	11.8k mWh	0 mWh	5.8k mWh	6k mWh	-40%
30	ECVAA processes	£631.5k	£2.1m	£4.2m	£8.1m	£15.6m	£26.7m	+645%
		37.1k mWh	55.9k mWh	84.0k mWh	147.5k mWh	1800k mWh	213.5k mWh	+222%

31	FAA processes	£0.0k	£58.2k	£116.4k	£0.0k	£133.8k	£291k	+130%
		0 mWh	1.5k mWh	2.3k mWh	0 mWh	1.5k mWh	2.3k mWh	0%
32	Manual adjustments	£347.0k	£1.5m	£12.5m	£483.8k	£2.5m	£22.4m	+68%
		20.4k mWh	39.9k mWh	250.0k mWh	8.8k mWh	29k mWh	179k mWh	-27%
33	Metered Volumes for Interconnector Users	£0.0k	£81.5k	£844.6k	£0	£151.9k	£1.9m	+86%
		0 mWh	2.2k mWh	16.8k mWh	0 mWh	1.7k mWh	15 mWh	-19%
34	SVAA data processing	£0.0k	£179.9k	£8.4m	£0	£206.5k	£10.3m	+15%
		0 mWh	4.8k mWh	168.0k mWh	0 mWh	2.4k mWh	82.1k mWh	-50%

Attachments

For more information, please contact:

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