

Risk Evaluation Register Summary 2024/25

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The 2023/24 Risk Evaluation Register (RER) sets out and describes identified Risks to Settlement. The RER identifies events that may happen during the 2023/24 Performance Assurance Operating Period (PAOP) that could impact industry compliance with Balancing and Settlement Code (BSC) governed procedures, and evaluates the Settlement Risks that would be impacted if such events were to occur.

Below notes a brief description of the events identified in the RER:

Reduced supply of Gas – Geopolitical escalations as a result of conflict in the Ukraine and the Middle East, along with prolonged cold spells could threaten energy security, potentially leading to increased wholesale energy costs and the possibility of blackouts in the worst case.

Potential impacts:

- **Increased Change of Supply events** – as a result of acquisitions or Supplier of Last Resort (SoLR) events, as a response to increased wholesale energy costs.
- **Increased usage of pre-payment Meters** – as a result of increased wholesale energy costs.
- **Increased energy theft** – as a result of increased wholesale energy costs.
- **Potential issues with error monitoring and estimation inaccuracies** – as a result of consumption behavior changes in response to increased wholesale energy costs.
- **Increased Export metering** – increased wholesale energy costs may spur adoption for Supplier Volume Allocation energy generation.
- **Resourcing** – as a result of increased wholesale energy costs, firms could face financial distress. This may impact the meeting of BSC obligations.

Meter Operator shortage – This has been noted anecdotally by the industry, causing a shortfall in the timeliness of fault resolution.

Changes to Policy - there are a range of projects taking place throughout the industry, which could potentially have varying effects on Settlement. The key projects that Elexon have identified as having active changes within the current PAOP are:

- **Market-wide Half-Hourly Settlement (MHHS)** – Preparations are already underway to prepare for the full-market rollout of the MHHS scheme, potentially causing risks to Settlement during the implementation phase.
- **Review of Electricity Market Arrangements (REMA)** – Ongoing changes driven by DESNZ could affect risk areas.
- **Energy Price Cap** – potential modifications to the current system could present risks to Settlement.

Horizon scanning – technological innovation within the sector could present issues to the accuracy of Settlement if not implemented correctly.

- **The use of artificial intelligence**
- **Unqualified systems**

- **Discontinuation of the Public Switched Telephone Network (PSTN)**
- **Cyberattacks**

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