ELEXON

RISK OPERATING PLAN 2021/2022

Public

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Ryan Dale	**PAB 242/xx V1.0**	**March 2021**

Contents

Introduction

The Balancing and Settlement Code (BSC), Section Z 5.6, requires the Performance Assurance Board (PAB) to determine which Performance Assurance Technique (PAT) it considers should be applied for each Settlement Risk on the Risk Evaluation Register[1] (RER) for each year. The PAB will then prepare a plan (the Risk Operating Plan - ROP) setting out the technique deployment and the estimated cost of the techniques for the year (the Performance Assurance Operating Period – PAOP).

The PAB reviews the ROP annually, primarily based on the PAB's strategy (see below) and additional feedback provided via BSC parties. A draft is published for Performance Assurance Parties (PAP) and other interested parties to comment on. Appropriate changes are made following consideration of any comments, after which the PAB submit the plan to the BSC Panel for further comment and approval before being asked to adopt the ROP.

This document describes for assurance year 2021/22:

- the PAB's risk appetite through the Target Impact[2] set for each Settlement Risk
- the planned technique deployment to achieve the target impact
- the planned technique deployment to strengthen controls or mitigate events[3]
- the estimated costs of such deployment

ROP Ledger

This document is accompanied by the ROP Ledger, a spreadsheet setting out the detail of the planned technique deployment, with rationale to risks, controls and events.

This ROP is effective from April 2021 to March 2022

Where to find out more

- Contact Risk@elexon.co.uk
- Visit https://www.elexon.co.uk/reference/performance-assurance/

[1] The Risk Evaluation Register is available on the ELEXON website [link]
[2] The Impact is a £ error value forecast according to the Risk Evaluation Methodology – see the methodology for more information [link]; the Target Impact is the £ error value that expresses the PAB's tolerance for the error
[3] Events are scenarios that may impact multiple risks; they are described within the RER

The Performance Assurance Board Strategy

In order to produce an effective ROP, the Risk Manager aligns activities around the PAB Strategy.

The proposed strategy of the PAB is reviewed each year, taking into consideration developments and activities across the market. This ensures the PAB's functions and actions are reflective of the market and effective in assuring performance amongst BSC Parties.

In October 2020, the PAB met and discussed the existing strategic objectives. Amongst the subjects discussed, the PAB identified a number of market areas which will steer the scope of this plan.

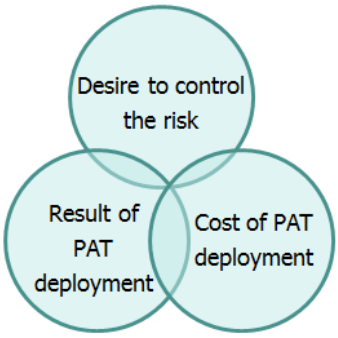
The market areas include;-

The CVA Market: This area of the market has continued to be a concern following recent investigations across GSP Metering. Whilst the SVA market provides a great deal of data with which to monitor Party performance, there is currently less available data which could be used to pro-actively monitor and identify potential issues within the CVA market. The PAB wishes to understand the risks within the CVA market in more detail and to ensure faults and errors are reduced.

Market-wide Half Hourly Settlement: The PAB is keen to understand potential changes to assurance introduced by MHHS implementation and to ensure that Settlement Risks are managed effectively during this transition

Understand Supplier concerns from P332: BSC Modification P332 relates to the proposed review of the Supplier Hub Principle model, in particular in relation to Customer Preferred Agents and the impact this has on assurance and performance of parties. The PAB wishes to understand and react to Supplier concerns raised as part of this Modification, to ensure that assurance deployment is effective and Settlement Risk is understood.

Post-Pandemic recovery: Finally, the energy market continues to react and change in light of lockdowns and other restrictions across the country. Elexon and the PAB wish to ensure that assurance activities strike the right balance of effective control and monitoring of performance within the market, whilst recognising and responding to the pressures and unprecedented challenges in the current environment.



Risk appetite

The PAB Strategy informs the PAB's consideration of risk appetite: the type and amount of Settlement Risk that can be tolerated in the coming year, when availability and cost of appropriate mitigation is factored in.

The PAB will consider the extent to which each Settlement Risk should be controlled, what is feasible with the PATs available, and what is a reasonable amount to invest in those PATs.

The PAB will determine for each Settlement Risk (where possible)

- a **target impact**, expressed in financial terms
- a **variance** from the current impact

Customer Feedback

In addition to the PAB Strategy, it is of key importance that this plan incorporates and recognises issues of risk faced by BSC Parties. In order to ascertain a view of risk from BSC Parties, Elexon engages with parties over a number of communication channels including:-

- Operational Support Manager (OSM) Communications
- The BSC Audit
- Error and Failure Resolution (EFR) management discussions
- Elexon customer satisfaction surveys

The table below summarises key messages received from different types of BSC Parties received recently.

Suppliers	
Accessing properties	Consideration for health and safety of customers and employees throughout any site access activity.
Varying lockdown restrictions across the country	The variety/changes in current lockdown and other restrictions geographically – customers spread across areas with differing restrictions require different access arrangements.
Flexibility of Party Agents	Agents have set out practices at the beginning of first lockdown often set on business type, creating a more labour intensive process for suppliers in facilitating meter read activity.
Lower levels of customer engagement	Significant impact on communications with customers, on emails, phone calls and facilitating site visits, due to reduced or furloughed staff, leading to issues with availability of staff.
Longer lead times for Meter communications installation	Delayed/slower response and BT waiting times have increased.
Customer Preferred Agents	Failing to meet timescales for actual read retrieval.
Managing customer bases acquired via Supplier of Last Resort (SoLR) process	Challenges faced in engaging with customer base from an acquired Supplier, particularly using more remote communication methods, such as smart phone applications.
IT system changes	Implementation of system changes and updates are slower and harder to manage remotely.
EAC/AA derogations and the Change of Supply process	The introduction of EAC/AA amendment derogations has added complexity to the Change of Supply process, increasing the risk of CoS disputes being raised.
Volume of Industry change	Including, but not limited to, the implementation of the Retail Energy Code (REC) and Faster Switching.
Potential closure of small businesses following lockdowns and other restrictions	The impact, in particular, of the failure of small business failure that may no longer operate following COVID-19 restrictions.
Hitting targets for energy decarbonisation	Challenges for Suppliers in hitting targets for net zero.
Disengagement with Smart Metering rollout	Customer disengagement with Smart Metering, making rollout targets harder to achieve.

Risk Operating Plan

Supplier Agents	
Accessing properties	Consideration for health and safety of customers and employees throughout any site access activity.
Cyber security threats	The impact and future risk of cyber attacks on Supplier Agent systems, as experienced this year. The impacted Party in this case was unable to send data flows and despite enacted workarounds, was unable to operate at all for a significant time.
Resourcing	Unable to source the appropriate number of employees to facilitate the demand created by site visit backlogs, management of exceptions.
Implementation of the REC	Particularly for Meter Operator Agents (MOAs) who have concerns regarding the scale of change introduced by proposed code changes between the BSC and the REC.
Current plans for transition to Market-wide Half Hourly Settlement (MHHS)	MHHS Transition planning is continuing on schedule despite additional pressures faced by Supplier Agents.
Smart Meter rollout expectations following lockdowns and other restrictions	Smart Meter Rollout is continuing on schedule despite additional pressures faced by Supplier Agents.
The ability to resolve Meter faults	Resolution of faults is likely to remain a challenge.

Licenced Distribution System Operator (LDSO) and Independent Distribution Network Operator (IDNO)	
Resourcing	Reduced resource due to COVID-19 impacts
Lower levels of communication between parties, during lockdowns and other restrictions	For example, on issues concerning Unmetered Supplies (UMS), Half Hourly customers, commissioning information and customer contact details.
Complexities of MHHS alongside other market wide programs such as Faster Switching.	The potential impacts of MHHS being planned in parallel with the Faster Switching programme and potential complexities this will introduce.

Elexon have considered this feedback with an aim to ensure that Performance Assurance activities provide the most relevant and effective assurance to BSC parties during the coming PAOP.

Within-period revisions

The ROP is reviewed on an annual basis in line with the Annual Performance Assurance Timetable[4] to be ready for the next PAOP on 1 April. A 'within-period revision' of the ROP may be applied to vary risk appetite or PAT deployment at any time in the year, to refocus risk management if required.

Within-period revisions of the ROP are approved by the PAB and may be published for comment by PAPs and other interested parties if the PAB considers it a material change.

How we deliver the plan

The PAB deploys the techniques as planned in this ROP against individual PAPs, via Risk Management Determinations (RMD), in order to meet the Target Impacts. A log of RMDs is maintained by the PAB Secretary, except for techniques such as Supplier Charges or PARMS Serials, which are mandated to all PAPs in the relevant party type on a continuous basis.

Elexon will produce the Annual Performance Assurance Report (APAR) for each PAOP, which will provide commentary on what was actioned and achieved in the year, and a comparison of costs against those forecast in the relevant ROP. In addition, Elexon will publish Quarterly Performance Assurance Reports (QPAR) throughout the PAOP to update and address points of progress.

Elexon's Assurance Product is split into three teams, focussing on Risk, PAT Deployment and Metering.

The Risk Team is led by the Risk Manager, who leads the co-ordination and management of Settlement Risk across Elexon. The accountability for each Risk on the RER is split across team members within the Risk team. Each team member is tasked with assessing performance, liaising with Operation Support Managers (OSMs) of Parties, investigating performance issues and making recommendations for Technique deployment to the PAB, via the Risk Report.

The following page details the contacts responsible for each Settlement Risk.

[4] https://www.elexon.co.uk/reference/market-compliance/performance-assurance/performance-assurance-processes/

Risk Operating Plan

Risk	Risk Sub-Category	Market	Risk Owner
007	Retrieval of Metered Data	SVA	Anna Millar
008	Processing of Metered Data	SVA	
010	Meter read history	SVA	
019	Registration	CVA	
001	Registration	SVA	George Player
013	Manual Adjustments	SVA	
014	Agent appointments	SVA	
016	Energisation status	SVA	
018	Revenue protection	SVA	
025	Virtual Lead Parties	CVA	
004	Notification of change to Metering Equipment	SVA	Jason Jackson
028	NETSO submissions	CVA	
029	SAA calculation	CVA	
030	ECVAA processes	CVA	
031	FAA processes	CVA	
032	Manual adjustments	CVA	
034	SVAA data processing	CVA	
021	Retrieval and processing of Metered Data	CVA	Kat Higby
020	Metering Equipment installation, programming, maintenance and Commissioning	CVA	
022	Notification of change to Metering Equipment	CVA	
023	Fault resolution	CVA	
026	Aggregation Rules	CVA	
002	Attributes	SVA	Tash Beckles
003	Metering Equipment installation, programming, maintenance and Commissioning	SVA	
005	Fault resolution	SVA	
006	Meter Technical Details transfer and processing	SVA	
011	Unmetered Supplies	SVA	
012	Metering Equipment Technical Detail Quality	SVA	
015	Reference data	SVA	
024	Reference data	CVA	TBC, currently covered by Kat Higby
033	Metered Volumes for Interconnector Users	CVA	
009	Data Aggregator processes Metered Data	SVA	
017	Exception management	SVA	
027	Payment default	SVA	

If you have a question or concern relating to any Settlement Risk, please use risk@elexon.co.uk in the first instance in order to contact the relevant Risk Owner.

Alternatively, BSC Parties can contact their appointed OSM.

Executive Summary – Risk Operating Plan 2020/2021 review

The ROP is a key Performance Assurance document, as it sets out how Elexon, as the Performance Assurance Administrator (PAA), will seek to mitigate Settlement Risks within the Electricity Market.
Using the approved Risk Evaluation Methodology (REM) to score and evaluate risks, documented in the RER, this plan creates a prioritisation and focus of that register, as instructed by the PAB.

Performance in 2020/21

Elexon chose to focus on four key risks and three risk events during this PAOP.

- Risk 003 - SVA Metering Equipment is installed, programmed or maintained incorrectly including where Commissioning is performed incorrectly or not at all.
- Risk 005 - A fault with SVA Metering Equipment is not resolved, such that metered data is recorded incorrectly or cannot be retrieved.
- Risk 007 - SVA Metered data is not retrieved, such that the proportion of estimated data being used in Settlement contributes to performance standards not being met.
- Risk 012 - SVA Metering System technical details are created incorrectly.
- Event 001 – BSC Party Agents – Elexon to carry out analysis into the impact of Customer Preferred Agents on Settlement, conducting further evidence gathering and analysis.
- Event 011 – Party Failure – Elexon to carry out analysis into SoLR events, and other instances where Parties or Party Agents cease operating.
- Event 020 – CVA Market – Elexon to create a suite of Reporting enabling the PAB to better monitor and challenge performance within the CVA Market. In addition, high impacting risks will be focussed on to reduce both risk impact and volatility.

The selection of risks for specific focus were with an aim to reduce and mitigate risk impact, risk volatility or to better assess risks where Elexon had limited data or understanding of risk factors and controls.

During this PAOP, the electricity market experienced unprecedented conditions within which to operate, during the COVID-19 pandemic.

Since March 2020, Elexon has been working to identify and manage impacts to Settlement Risk introduced by COVID-19 lockdowns and other restrictions. In addition, as agreed during the March 2020 PAB meeting, Elexon sought to monitor performance of Parties at this time but did not recommend the deployment of PATs, other than in exceptional cases.

This re-focussing of Assurance during this time has had a large impact on the success of the ROP 2020/21. In many cases, planned activities were reviewed and de-prioritised in light of this change. It is the aim of Elexon and the PAB to ensure that the plan for 2021/2022 is effective in light of the changing landscape and the plans outlined on future pages have been created with flexibility and responsiveness in mind.

Risk Assessment – Key Achievements

Despite obvious challenges and changes to the delivery of the ROP in 2020/21, the risk team have responded to this and continued to deliver notable risk management controls across the industry.

These include:-

The full implementation of a monthly Risk Report

This report is presented to the PAB on a monthly basis and contains market performance, updates regarding emerging and ongoing risks across the market and key performance information relating to BSC Parties.

Creation of reporting relating to COVID-19 Impacts

Following the start of the pandemic, Elexon implemented revised and additional data items within the Risk Report to enable the PAB and BSC Parties to see how COVID-19 impacts have affected the market.

Implementation of COVID-19 Performance Assurance derogations

Following the formation of an industry work group, Elexon instigated a derogated process for the submission of Estimated Annual Consumption (EAC) data across both Non Half Hourly (NHH) and Half Hourly (HH) markets. This enabled Suppliers to adjust estimated data in line with the changes noted from electricity consumers, in light of lockdowns and other restrictions. In addition to this derogation, Elexon also created central reporting of derogated submissions received from Suppliers (via Data Collectors – DCs), to monitor and control any potential issues with submissions received.

Implementation of COVID-19 PAT changes

During the year, Elexon deploys a number of different techniques in order to mitigate, reduce and resolve Settlement Errors and non-compliance. In light of the impacts of lockdowns and other restrictions, the PAB approved recommendations to reduce, revise or pause the deployment of a number of techniques, to allow parties to prioritise performance issues. The BSC Audit, Technical Assurance of Metering, Supplier Charges and Error and Failure Resolution (EFR) techniques were amongst the techniques adjusted or changed to support this approach.

Continued development of Risk Assessment and Monitoring Dashboards (RAMD)

Elexon has continued and refined the development of Performance Assurance data reporting, with the creation of RAMD documentation for a number of key risks, including

- Risk 003 – SVA Metering Equipment is installed, programmed or maintained incorrectly including where Commissioning is performed incorrectly or not at all
- Risk 007 - SVA metered data is not retrieved, such that the proportion of estimated data being used in Settlement contributes to performance standards not being met
- Risk 005 - A fault with SVA Metering Equipment is not resolved, such that metered data is recorded incorrectly or cannot be retrieved
- Risk 021 – CVA metered data is not retrieved, or processed correctly, or at all, by the CDCA
- Risk 023 - A fault with CVA Metering Equipment causes metered data to be recorded incorrectly or cannot be retrieved

The creation of this reporting will enable Elexon to more closely monitor party performance against these Risks.

Risk Assessment – Notable Changes

As outlined in the RER 2021/2022, Elexon has re-assessed risks across both SVA and CVA markets, using the established REM.

Assessment of Risk takes into consideration three factors:

- 'At Risk' population;
- The number of days an error may have impacted; and
- The rate of failure.

Given the widespread impact of COVID-19 lockdowns and other restrictions, in particular in accessing sites to gain Meter readings or address faults, there has been notable impact on Risks across the board.

Some Risks have been negatively impacted, whereas assessment of other risks may have improved, due to the decrease in activities.

In addition, our assessment of Risk is largely affected by system prices, which are used to establish a financial impact of Risk. As prices have reduced, so too has the assessed impact of Risk in financial terms.

During this period, the Total Risk Impact across all risks has reduced from **£279.3m to £229.7m, a 17.7% reduction.**

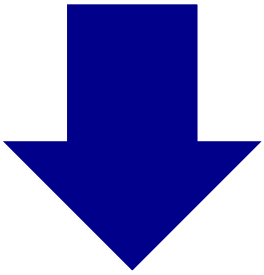
We present this number as a useful view of the scale of potential Settlement Error only - it would be misleading to sum the forecast error of each risk to calculate a total amount of error, due to the amount of assumptions and individual errors that can manifest in multiple risks as the impact works along the "meter-to-bank" process.

In addition, this reduction in Total Risk Impact can be attributed to both improvements in our assessment of Risk and mitigations carried out by Risk Owners, who are specifically tasked with managing their risks.

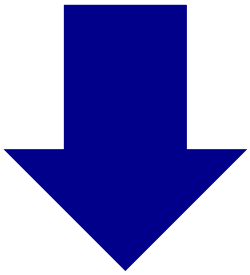
There have been movements in both risk impact and risk volatility.

Risk Impact – the most plausible estimated error for each risk (middle impact).

Risk Volatility – the difference between the middle and upper impact of a risk.



Risk Volatility decrease (Total upper impact down £24.3m)



Risk Impact decrease (Total Risk Impact down £49.6m)

Risk Operating Plan

Top 10 most impactful Settlement Risks

Risk	Risk Sub-Category	CVA/SVA	Impact	Movement
021	Retrieval and processing of Metered Data	CVA	£44.7m	£128.1m
023	Fault resolution	CVA	£35.9m	£101.3m
003	Metering Equipment installation, programming, maintenance and Commissioning	SVA	£30.1m	£75.9m
007	Retrieval of Metered Data	SVA	£28.2m	£96.1m
005	Fault resolution	SVA	£27.2m	£55.7m
016	Energisation status	SVA	£10.7m	£24.1m
013	Manual adjustments	SVA	£10.3m	£18.5m
011	Unmetered Supplies	SVA	£5.2m	£14.2m
008	Processing of Metered Data	SVA	£4.5m	£9.0m
018	Revenue protection	SVA	£3.1m	£9.0m

Top 5 decreases in Risk Impact and Volatility (Following re-assessment of Risk)

Risk	Market	Impact	Change
Metering Equipment installation, programming, maintenance and Commissioning	SVA	£30.1m	£22.06m
Retrieval and processing of Metered Data	CVA	£44.7m	£14m
Registration	SVA	£1.6m	£4.2m
Energisation status	SVA	£10.7m	£3.9m
Manual adjustments	SVA	£10.3m	£3.8m

Risk	Market	Impact	Change
Metering Equipment installation, programming, maintenance and Commissioning	SVA	£30.1m	£50m
Registration	SVA	£1.6m	£14.2m
Metering Equipment Technical Detail Quality	SVA	£2.6m	£5.2m
Attributes	SVA	£198.2k	£4.3m
Exception management	SVA	£152.5k	£4.1m

Top 5 Increases in Risk Impact and Volatility (Following re-assessment of Risk)

Risk	Market	Impact	Change
Retrieval of Metered Data	SVA	£28.2m	£16.3m
Payment default	CVA	£2.8m	£1.6m
NETSO submissions	CVA	£1.7m	£0.62m
Notification of change to Metering Equipment	CVA	£2.3m	£0.49m
Metering Equipment installation, programming, maintenance and Commissioning	CVA	£1.1m	£0.09m

Risk	Market	Impact	Change
Retrieval of Metered Data	SVA	£28.2m	£50.4m
NETSO submissions	CVA	£1.7m	£42.1m
Notification of change to Metering Equipment	CVA	£0.0k	£18.8m
Fault resolution	CVA	£35.9m	£9.4m
Fault resolution	SVA	£27.2m	£2.4m

Areas for focus 2021/22

In order to create this plan, Elexon will consider a number of aspects to ascertain the most appropriate focus.

The selected focus areas are proposed based on;-

- The PAB Strategy and discussions held with the PAB during meetings throughout the year; and
- Feedback received from BSC Parties, about areas of the market that are of concern. This feedback has been provided by OSM or via participation in Change activities or as received during the deployment of PATs, such as BSC Audit.

The plan can consist of focus on an individual risk or risks, a group of risks that relate to broader market or process areas, any risk event or purely on the feedback of BSC parties.

For 2021/22, we are proposing four risks areas to place greater focus on, these are;-

- **Supporting the recovery of the market, following the COVID-19 pandemic**
- **Provide improved Performance Assurance within the CVA Market**
- **Understand and mitigate, where possible, the impact of any potential transition of Risk to the REC**
- **Address actions arising from Market Issues identified within the BSC Audit**

In order to align these areas of Risk to the Risks or Risk Events listed within the RER, it is necessary to group risks under each of these four areas, to propose and assess targeted impact reduction.

Therefore, Elexon is proposing focus on the following Risk Groups and Events in order to meet these aims.

1. To support the recovery of the market, following the COVID-19 pandemic

Risk	Risk Sub-Category	Impact	Upper Impact	Volatility	Control Strength
005	Fault resolution	£27.2m	£55.7m	M	L
006	Meter Technical Details transfer and processing	£2.6m	£6.3m	M	M
007	Retrieval of Metered Data	£28.2m	£96.1m	H	M
008	Processing of Metered Data	£4.5m	£9.0m	H	M
010	Meter read history	£1.8m	£5.2m	L	L
012	Metering Equipment Technical Detail Quality	£2.6m	£8.4m	M	L

Total Impact - £38.7m, Total Upper Impact - £84.7m

Our focus on these particular risks centres around supporting peripheral data processing and technical processes that link to Data Retrieval. However, we note that, whilst retrieval rates from properties are likely to remain impacted by COVID-19 lockdowns and other restrictions for some time, the focus should be on ensuring that all processes that impact on the quality of retrieved data are as effective and efficient as possible, to maximise the quality of the data received.

Elexon's approach to these risks will be to seek to reduce impact, volatility or improve the strength of controls for each risk.

In addition, this area of the plan would include focus on parties Disaster Recovery planning and preparedness for security incidents, such as cyber attacks, which may impact parties abilities to process and manage Settlement data items.

2. Provide improved Performance Assurance within the CVA Market

Risk	Risk Sub-Category	Impact	Upper Impact	Volatility	Control Strength
019	Registration	£2.9m	£12.4m	M	H
020	Metering Equipment installation, programming, maintenance and Commissioning	£1.1m	£2.6m	M	H
021	Retrieval and processing of Metered Data	£44.7m	£128.1m	M	H
022	Notification of change to Metering Equipment	2.3m	£26.2m	M	H
023	Fault resolution	£35.9m	£101.3m	H	H

Total Impact - £86.9M, Total Upper Impact - £270.6m

In a continuation of work started in the ROP 2020/2021, Elexon is aiming to improve the overall availability and visibility of Performance Assurance data within the CVA Market. In light of recent errors detected within CVA metering, it is evident that, whilst some controls that mitigate CVA Settlement Risks are strong, there is a case to review and further improve these. In addition, performance assurance data within this area will enable the PAB to identify and respond to performance concerns as early as possible.

Elexon plans to continue the development and understanding of data items now available following initial activities in this area last PAOP.

Creation of Risk Assessment and Monitoring Dashboards, the data from which can be presented to the PAB for consideration and potential technique deployment.

3. Understand and mitigate, where possible, the impact of any potential transition of Assurance to the REC

Total Impact - £132.9M, Total Upper Impact - £359.7m

Elexon aims to monitor closely the development of Assurance within the REC, and will seek to manage any transition of responsibilities as efficiently as possible.

The purpose of the REC is to bring together the code requirements relating to retail energy activities. This will involve merging some content from the Master Registration Agreement (MRA) the Supply Point Administration Agreement (SPAA) and the BSC into the REC.

Version 2.0 of the REC, which plans to give effect to Retail Code Consolidation, is expected to take effect on 1 September 2021 and is likely to significantly impact the vires Elexon and the PAB have for BSC processes which affect the risks in the RER.

Ofgem has undertaken a consultation on its draft schedules for Version 2.0 of the REC, to which Elexon responded. It is now undertaking the following process prior to confirming the changes to the BSC:

- 30 April 2021: Ofgem issue to the Panel the draft changes to the BSC which will then undergo consultation.
- 2 July 2021: Ofgem confirms the final changes to the BSC.
- 1 September 2021: The changes to enable Version 2.0 of the REC will come into effect.

Risk Operating Plan

Date	Activity
From now until 30 April 2021	• Request clarification from Ofgem on the likely approach that will be taken to the transition after 1 September 2021 and the likely timescales for any transition period expected; and • Work to establish contacts for the organisations undertaking the REC Performance Assurance, REC Professional Services and REC Technical Services to ease and handover and liaison required during and following the transition period.
May 2021 PAB Meeting	• Consider draft BSC Changes for version 2.0 of the REC; • Consider any responses Elexon has obtained in relation to the transition approach and duration; and • Determine based on the above whether any changes to the plans laid out in the ROP are required and if any Within Period Revisions should be undertaken. It will be important to consider carefully the impact on any PATs and how issue management should be addressed in a transition when the transition approach is known.
August 2021 PAB Meeting	• Consider final BSC Changes for version 2.0 of the REC; • Consider any (further) responses Elexon has obtained in relation to the transition approach and duration; and • Determine based on the above whether any (further) changes to the plans laid out in the ROP are required and if any Within Period Revisions should be undertaken. It will be important to consider carefully the impact on any PATs and how issue management should be addressed in a transition when the transition approach is known.
Further reviews may then be required after September 2021, dependent on the transition approach and timescales.	

It is expected that this risk area will affect the majority of SVA Risks on the 2021/2022 RER.

4. Address actions arising from Market Issues identified within the BSC Audit

A number of Market Issues were identified in the BSC Audit. To address these, along with other areas of feedback received from BSC Parties during the BSC Audit, Elexon proposes to include actions within the ROP 2021/22

Risk	Risk Sub-Category	CVA/SVA	Impact	Impact band	Upper Impact	Volatility	Control Strength
003	Metering Equipment installation, programming, maintenance and Commissioning	SVA	£30.1m	5	£75.9m	H	M
004	Notification of change to Metering Equipment	SVA	£2.0m	3	£5.8m	M	M
006	Meter Technical Details transfer and processing	SVA	£2.6m	3	£6.3m	M	M
008	Processing of Metered Data	SVA	£4.5m	3	£9.0m	H	M
011	Unmetered Supplies	SVA	£5.2m	4	£14.2m	M	L
013	Manual adjustments	SVA	£10.3m	4	£18.5m	L	L
018	Revenue protection	SVA	£3.1m	3	£9.0m	M	L
020	Metering Equipment installation, programming, maintenance and Commissioning	CVA	£1.1m	4	£2.6m	M	H

Total Impact - £58.8m, Total Upper Impact - £141.3m

Market issues are raised each year as part of the BSC Audit. Parties are invited to provide feedback on Industry issues or processes that they deem to be of concern.

The issues raised do not necessarily encapsulate any single risk, and in some cases, may relate to process from many risks.

Historically, Market Issues have been solely owned and managed by the BSC Audit Technique Owner. The Risk Team proposes to take ownership of the delivery of actions raised relating to Market issues as part of wider Risk Operating Plan delivery ensuring that issues are progressed, resolved or re-assessed during the course of the PAOP.

Overall Risk Mitigation forecast

Whilst it is clear that that the last year has created unique and difficult conditions in which to deliver an operational plan, the forthcoming PAOP is likely to create similar uncertainty and Elexon anticipates that this plan may be subject to future changes.

The combined forecast error that is likely to manifest in 2021/22 without mitigation is £229m (compared to £270m in 2020/21).

Taking into consideration the impacts covering the four areas of proposed focus, the sum of current impacts of our focussed Risk areas is £125.7m, and the combined upper impact at £355.3m.

We anticipate approximately **£10.3m of Risk impact** can be mitigated through application of assurance techniques. In addition, the reduction of upper impact of these risks can be reduced by approximately £92m, through the implication of increased controls, reporting and performance assurance data, particularly within the CVA market.

The forecasted cost of Technique deployment is approximately **£3.5m**.

Key mitigation techniques planned to be deployed in the year include

- the annual BSC Audit;
- Technical Assurance of Metering checks;
- an additional Supplier and Agent TAPAP check (a bi-annual spot check, carried out following the BSC Audit);
- Ongoing development of RAMD reporting to provide oversight of risks across CVA and SVA markets; and
- Development and constant review of Educational techniques and documentation.

Elexon will report progress to the PAB throughout the year, with an overall view provided in the 2021/22 Annual Performance Assurance Report (APAR).

Performance Assurance Techniques

There are 16 PATs available to the PAB to manage Settlement Risks. A summary of the PATs and full details are available on the ELEXON website [link].

Performance Assurance Technique	Technique Category	Technique Type
Qualification	Preventative	Non-standard Triggered by applicant; no flexibility in deployment
Re-Qualification	Preventative	Non-standard Triggered by the PAB or PAP
Bulk Change of Agent (BCoA)	Preventative	Non-standard Triggered by Supplier
Education	Preventative	Non-standard Fully flexible – triggered by the PAB
Performance Monitoring & Reporting	Detective	Mandatory Applicable to all relevant parties as per the BSC
Material Error Monitoring (MEM)	Detective	Standard Fully flexible – triggered by the PAB
Technical Assurance of Metering Systems (TAM)	Detective	Standard Partly flexible – the PAB manages scope
BSC Audit (BSCA)	Detective	Standard Partly flexible – the PAB manages scope
Technical Assurance of PAPs (TAPAP)	Detective	Non-standard Fully flexible – triggered by the PAB
Peer Comparison	Incentive	Standard Partly flexible – the PAB decides Serials
Removal of Qualification	Incentive	Non-standard Fully flexible – triggered by the PAB
Breach and Default	Incentive	Non-standard Fully flexible – triggered by the PAB
Supplier Charges	Remedial	Mandatory Applicable to all relevant parties as per the BSC
Error and Failure Resolution (EFR)	Remedial	Non-standard Fully flexible – triggered by the PAB
Trading Disputes	Remedial	Non-standard Partly flexible – deployed for errors meeting BSC criteria
Change Mechanisms	Remedial	Non-standard Fully flexible, triggered by the PAB

Mandatory PATs - Techniques which the PAB is required to deploy to a PAP because they are mandated by the BSC (e.g. Supplier Charges).

Standard PATs - Default techniques, assigned to the relevant Settlement Risk which the PAB will usually deploy uniformly across PAPs (e.g. Material Error Monitoring); any exceptions will be described in the ROP.

Non-Standard PATs - Techniques that the PAB may consider deploying to mitigate the Settlement Risks to meet the Target Impact. Where the PAB deploys a Non-Standard PAT it will make a RMD in line with BSC Section Z 5.7.

Other Assurance Activities

In order for ELEXON to better understand a Settlement Risk, we carry out analysis and reporting to provide greater insight. In addition, we may require further information from BSC Parties; these will be requested via formal RFI (Request for Information) as required.

Risk Assessment and Monitoring Dashboard (RAMD)

As part of our Risk monitoring activity, Elexon is creating a suite of reporting linked to each Settlement Risk on the current RER. Over the course of this year, Elexon will be internally releasing Risk Assessment and Monitoring Dashboards (RAMDs) for the most impactful risks. These will provide insight into Party performance against noted Risk Factors for each risk. We aim to use this reporting to inform recommendations made to the PAB.

Escalation

Where the PAB observes significant failures by a PAP over one or more Settlement Risk, and has exhausted all escalation steps within the Error and Failure Resolution (EFR) process (BSCP 538[5]) without sufficient improvement, it may consider escalating the issue to the BSC Panel. This in turn can lead to Breach and Default (for BSC Parties) or Removal of Qualification (for Party Agents) being initiated.

[5] https://www.elexon.co.uk/bsc-and-codes/bsc-related-documents/bscps/

Risk Operating Plan for focussed risk areas

1. To support the recovery of the market, following the COVID-19 pandemic

Risk	Risk Sub-Category	Impact	Upper Impact	Volatility	Control Strength
005	Fault resolution	£27.2m	£55.7m	M	L
006	Meter Technical Details transfer and processing	£2.6m	£6.3m	M	M
007	Retrieval of Metered Data	£28.2m	£96.1m	H	M
008	Processing of Metered Data	£4.5m	£9.0m	H	M
010	Meter read history	£1.8m	£5.2m	L	L
012	Metering Equipment Technical Detail Quality	£2.6m	£8.4m	M	L

Risk Impact - £38.7m

Risk Upper Impact - £84.7m

Target Impact - £34.8m (10% reduction)

The Risks highlighted in the table above represent areas that affect the quality of retrieved data and processes where that data is transferred between Parties, once retrieved. With a view to supporting Parties' recovery from the pandemic, Elexon is seeking to reduce impact and volatility metrics within these risks.

There is scope to reduce the impact and volatility of these risks, via the following actions:

- Ongoing monitoring and management of Performance during the recovery from the pandemic, as directed via quarterly reviews of technique deployment and EAC/AA derogations;
- Host Supplier and Party Agent workshops to discuss Performance and best practice following lockdowns and other restrictions;
- Monitor output of BSC Audit on Disaster Recovery to understand risks;
- Investigating LDSO involvement in Fault Process (Issue 73);
- Monitoring and supporting the implementation of D268 changes to improve data transfer efficiency;
- Using TAA desktop audits to identify and resolve cases where the alignment of fault categories are different between DCs and MOAs;
- Improving D0313 Management and monitoring, seeking to review data submitted and automate the process of identifying D0313 issues between parties;
- Monitor outputs from Code of Practice (CoP) reviews to ensure changes are impactful;
- Seek to develop broader expertise within Metering communications, identifying an internal Champion to understand the potential risks and changes on horizon within this area; and
- Monitor and support activities during P332 workgroup to assist in the Risk Assessment of impact relating to the appointment of customer preferred agents.

Ongoing PAT Deployment

- BSC Audit
- TAA Audit
- EFR
- Change Management

2. Provide improved Performance Assurance within the CVA Market

Risk	Risk Sub-Category	Impact	Upper Impact	Volatility	Control Strength
019	Registration	£4.2m	£14.0m	M	H
020	Metering Equipment installation, programming, maintenance and Commissioning	£1.0m	£1.7m	M	H
021	Retrieval and processing of Metered Data	£59.3m	£145.7m	M	H
022	Notification of change to Metering Equipment	£1.8m	£9.2m	M	H
023	Fault resolution	£36.6m	£92.6m	H	H

Risk Impact - £102.9m

Risk Upper Impact - £263.2m

Target Impact Reduction - £92.6m (10% reduction)

Target Upper Impact Reduction - £131.6m (50% reduction)

Following identified Meter faults within the CVA market, the requirement to create and provide improved data monitoring of CVA metering continues to be a priority within Assurance.

At present, the monitoring of areas such as Annual Demand Ratio (ADR), provides limited ability to mitigate issues early. It is key to identify and create more effective data monitoring. This will enable improved efficiencies in flagging issues to the relevant Parties, and therefore provides opportunities for resolving faults and errors at the earliest possible time.

There is scope to reduce the impact of this risk, via the following actions:

- Working with Central Systems to utilise available data to create meaningful data monitoring of performance;
- Utilise the Lessons Learned activity relating to GSP_A Metering issues, to ensure that recommendations are incorporated into BAU CVA Risk management;
- Highlight parties that are of concern within CVA process to the PAB for escalation or further action; and
- Improve internal understanding of CVA processes and risk controls

Ongoing PAT Deployment

- BSC Audit (Including improved remote auditing capabilities)
- Technical Assurance of Metering (Including improved remote auditing capabilities)

3. Understand and mitigate, where possible, the impact of any potential transition of Risk to the REC

Risk Impact - £132.9m

Risk Upper Impact - £359.7m

Target Impact Reduction – Not Applicable

Target Upper Impact Reduction – Not Applicable

The purpose of the REC is to bring together the code requirements relating to retail energy activities. This will involve merging some content from the Master Registration Agreement (MRA) the Supply Point Administration Agreement (SPAA) and the BSC into the REC.

Ofgem has informed Elexon that it expects there will be a transitional period from 1 September 2021 until the new assurance arrangements for the REC are in place. However, the timescales for this transition have not yet been set out and it is not yet clear how Elexon and the PAB will have the vires to undertaken the management of the REC assurance during this time.

This ROP period runs from April 2021 to March 2022 and consequently the REC 2.0 outcome could considerably affect the approaches and activities we have set out in this report. However, as Ofgem has not yet issued the draft changes to the BSC and details of any transition period have not yet been set out, it is extremely challenging for Elexon to fully factor the REC impacts into our planning confidently at this stage.

Whilst the risks to Settlement are not anticipated to change significantly as a result of the REC 2.0 becoming effective, Elexon and the PAB's changing vires are likely to affect the action that we are able to take to address the risks.

Elexon considers it would be inappropriate to avoid taking action in relation to the risks and process areas that will eventually have vires changes within this ROP period. This is because the ROP sets out activities that could help to improve the accuracy of Settlement in many of these areas and it is not yet clear when these will undertake a transition to the new REC assurance regime.

The table on the following page provides a summary of the SVA Risks and our assessment of impact to each Risk.

The Risk Team will monitor developments and provide updates and propose Within Period Revisions to this ROP in accordance with developments relating to this transition.

Ongoing PAT Deployment

- BSC Audit (Including improved remote auditing capabilities)
- Technical Assurance of Metering (Including improved remote auditing capabilities)
- BSC Change

Risk Operating Plan

Risk	Risk Sub Category	Impact on underlying processes expected from REC 2.0
001	Registration	Greater BSC vires eventually but potential transitional risks
002	Attributes	Greater BSC vires eventually but potential transitional risks
003	Metering Equipment installation, programming, maintenance…	Most underlying processes expected to fall within the REC
004	Notification of change to Metering Equipment	Most underlying processes expected to fall within the REC
005	Fault resolution	Most underlying processes expected to fall within the REC
006	Meter Technical Details transfer and processing	All underlying processes expected to fall within the REC
007	Retrieval of Metered Data	Area remains largely within the BSC, some risk factors now within the REC
008	Processing of Metered Data	All underlying processes expected to fall within the BSC
009	Data Aggregator processes Metered Data	All underlying processes expected to fall within the BSC
010	Meter read history	All underlying processes expected to fall within the BSC
011	Unmetered Supplies	All underlying processes expected to fall within the BSC
012	Metering Equipment Technical Detail Quality	Most underlying processes expected to fall within the REC
013	Manual adjustments	All underlying processes expected to fall within the BSC
014	Agent appointments	Most underlying processes expected to fall within the BSC
015	Reference data	Area remains largely within the BSC, some risk factors now within the REC
016	Energisation status	Area remains largely within the BSC, some risk factors now within the REC
017	Exception management	All underlying processes expected to fall within the BSC
018	Revenue protection	No change expected

4. Address actions arising from Market Issues identified within the BSC Audit

Risk Impact - £58.8m

Risk Upper Impact - £141.3m

Target Impact Reduction – Not Applicable

Target Upper Impact Reduction – Not Applicable

The table below details the current outstanding Market Issues and proposed actions to resolve or mitigate these issues. In May 2021, at the conclusion of the BSC Audit, additional new issues will be incorporated into this approach, and actioned as part of this plan.

Market Issue	Actions Taken
NHHMOA and HHMOA Agents experience difficulties meeting the obligations within the CoMC process due to issues regarding appointment flags within Data flows, inconsistencies in free text fields of other flows, and the sharing of meter technical details across systems not configured to receive them	• The Risk Owner to enhance the CoMC training to help with all three points of the issue and to advise Suppliers on the limitations of their and MOA software and to propose re-configurement. • ELEXON will suggest that a Party can raise a change with MPAS to include a flag for CoMC on D0155 and/or the D0142. • BSC Auditor to re-assess issue during BSC Audit 2021/22.
There is inconsistency and lack of quality data contained within this dataflow to enable the efficient sharing of meter information	• Risk Owner has also begun developing Risk Reporting for the D0215 Flow, relating to Risk 004. • BSC Audit to focus on more qualitative testing, specifically LDSO data quality and greater coordination with the TAA.
The D0313 dataflow is available for parties to use to share communication, security and channel/outstation information for AMR metering, however, the dataflows is now utilised in all cases.	• Action to be Incorporated into Focus Risk Area 1 (Market Recovery following pandemic).
There are delays in the sending of Meter Technical Details or Missing MTDs by previously appointed NHHMOAs in response to D0170 requests, during Change of Agent Events	• BSC Audit testing adjusted to provide more granularity. Risk Owner to review Audit findings.
Party Agents state there is a general lack of clarity in BSCP02 when Proving Tests and the relevant documentation have to be completed.	• Risk Team to communicate with CVA MOAs to determine if this is still a concern - April 21.
Data within the CVA market is, in some cases, paper based and as such does not provide clear auditable flow of information, weakening the ability to assure this market.	• Action to be incorporated into Focus Risk Area 2(CVA market).
Suppliers state that there are delays in receiving the D0086 dataflow from NHHDCs	• Risk Team to look at Guidance documentation and advice provided on these issues. Risk reporting being developed will aid in this area. • BSC Auditor to determine which Agents and Roles this is an issue and to communicate with these Parties to update the severity of this issue.
NHHDC Agents do not have any formalised rejection or failure mechanism in place for reporting to the sender	• Risk Team to determine if each component of this issue still persists and if the flows need a rejection

(Supplier and MOA) the failure to process standing data flows received from them.	flow and to discuss with raising Parties if this is a clear explanation of their concerns.
D0023 rejection records are received by the NHHDC with effective dates that span RF. As a result, the NHHDC are in receipt of a D0023 that they are obliged to action, but to do so must perform a data fix that amends crystalized data which will result in contravention of BSCP 504.	• Seek to generate D0023 guidance note to educate Parties on this issue. Parties can then raise an Issue group if further Change is required. • Additionally, Risk Team to investigate the scale of this issues and provide feedback to the PAB.
DCs are not contracted by suppliers to perform activities such as Meter read collection or visits to Long Term Vacant sites at terms not in line to the BSC requirements.	• Issue Group 85 raised to discuss this and a Change to this obligation has been raised and is in initial stages of the Change Process.
There is a general lack of clarity and guidance for Revenue protection processes regarding the amendment of settlement data.	• RAMD Reporting being developed following provision of three years' worth of TRAS data.
A large volume of reported erroneous EAC/AA values are highlighted by Suppliers as having been generated as a result of erroneous CoS readings. Parties have raised concerns around the management of MPANs going through the Disputed Read process, primarily the lack of defined timescales within BSCP504, in agreeing to and responding to a D0300 flow.	• Risk team to promote Educational guidance available to manage issues relating to High EAC/AA issues and to monitor the volume of error. • Risk Team will ask the parties for information on the changes they plan to implement to better manage their Large EAC/AA Volumes, and monitor the effectiveness of the implemented measures. Where Parties are not able to sufficiently reduce their Large EAC/AA Error or continue to have a detrimental impact to other BSC Parties and with an identified non-compliance, Elexon will turn on the EFR technique against them.
Agents require further guidance on requirements of Elective HH Mpans to comply with BSCP	• A Request for Information on what is the underlying concern for this issue to be performed during BSC Audit.
Unmetered Supply Operators (UMSO) have raised concerns regarding the consistency of information held within UMS inventories.	• UMS TAPAP is currently underway and results will be reported to the PAB once complete.

Ongoing PAT Deployment

- BSC Audit (Including improved remote auditing capabilities)
- Technical Assurance of Metering (Including improved remote auditing capabilities)
- BSC Change

Risk Operating Plan

Focussed Risk Area Coverage

Risk	Risk Sub-Category	CVA/SVA/ Both	Impact	Risk Area 1 - Market Recovery following pandemic	Risk Area 2 - Improved Assurance within CVA Market	Risk Area 3 - Understand impact of any transition of Risk to the REC	Risk Area 4 - Address actions arising from Market Issues
001	Registration	SVA	£1.6m			x	
002	Attributes	SVA	£198.2k			x	
003	Metering Equipment installation, programming, maintenance…	SVA	£30.1m			x	x
004	Notification of change to Metering Equipment	SVA	£2.0m			x	x
005	Fault resolution	SVA	£27.2m	x		x	
006	Meter Technical Details transfer and processing	SVA	£2.6m	x		x	x
007	Retrieval of Metered Data	SVA	£28.2m	x		x	
008	Processing of Metered Data	SVA	£4.5m	x		x	x
009	Data Aggregator processes Metered Data	SVA	£130.0k			x	
010	Meter read history	SVA	£1.8m	x		x	
011	Unmetered Supplies	SVA	£5.2m			x	x
012	Metering Equipment Technical Detail Quality	SVA	£2.6m	x		x	
013	Manual adjustments	SVA	£10.3m			x	x
014	Agent appointments	SVA	£2.1m			x	
015	Reference data	SVA	£428.6k			x	
016	Energisation status	SVA	£10.7m			x	
017	Exception management	SVA	£152.5k			x	
018	Revenue protection	SVA	£3.1m			x	x
019	Registration	CVA	£2.9m		x		
020	Metering Equipment installation, programming, maintenance…	CVA	£1.1m		x		x
021	Retrieval and processing of Metered Data	CVA	£44.7m		x		
022	Notification of change to Metering Equipment	CVA	£2.3m		x		
023	Fault resolution	CVA	£35.9m		x		
024	Reference data	CVA	£256.7k				
025	Virtual Lead Parties	SVA	£0.0k				
026	Aggregation Rules	CVA	£1.9m				
027	Payment default	CVA	£2.8m				
028	NETSO submissions	CVA	£1.7m				
029	SAA calculation	CVA	£368.7k				
030	ECVAA processes	CVA	£1.6m				
031	FAA processes	CVA	£42.2k				
032	Manual adjustments	CVA	£1.1m				
033	Metered Volumes for Interconnector Users	CVA	£65.8k				
034	SVAA data processing	CVA	£130.6k				

Risk Team Prioritisation (1 = highest priority, 4 = lowest priority)

Risk	Risk Sub-Category	Market	Risk Owner	Risk Area 1 - Market Recovery following Pandemic	Risk Area 2 - Improved Assurance within CVA Market	Risk Area 3 - Understand impact of any transition of Risk to the REC	Risk Area 4 - Address actions arising from Market Issues
007	Retrieval of Metered Data	SVA	Anna Millar	1	4	2	3
008	Processing of Metered Data	SVA					
010	Meter read history	SVA					
019	Registration	CVA					
001	Registration	SVA	George Player	4	1	3	2
013	Manual Adjustments	SVA					
014	Agent appointments	SVA					
016	Energisation status	SVA					
018	Revenue protection	SVA					
025	Virtual Lead Parties	CVA					
004	Notification of change to Metering Equipment	SVA	Jason Jackson	2	1	3	4
028	NETSO submissions	CVA					
029	SAA calculation	CVA					
030	ECVAA processes	CVA					
031	FAA processes	CVA					
032	Manual adjustments	CVA					
034	SVAA data processing	CVA					
021	Retrieval and processing of Metered Data	CVA	Kat Higby	3	1	2	4
020	Metering Equipment installation, programming, maintenance…	CVA					
022	Notification of change to Metering Equipment	CVA					
023	Fault resolution	CVA					
026	Aggregation Rules	CVA					
002	Attributes	SVA	Tash Beckles	1	4	3	2
003	Metering Equipment installation, programming, maintenance…	SVA					
005	Fault resolution	SVA					
006	Meter Technical Details transfer and processing	SVA					
011	Unmetered Supplies	SVA					
012	Metering Equipment Technical Detail Quality	SVA					
015	Reference data	SVA					
024	Reference data	CVA	TBC – currently covered by Kat Higby	1	4	3	2
033	Metered Volumes for Interconnector Users	CVA					
009	Data Aggregator processes Metered Data	SVA					
017	Exception management	SVA					
027	Payment default	SVA					

Performance Assurance Techniques Calendar

		PAOP Q1			PAOP Q2			PAOP Q3			PAOP Q4		
Technique	**Activity**	**Apr-21**	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**	**Oct-21**	**Nov-21**	**Dec-21**	**Jan-22**	**Feb-22**	**Mar-22**
Qualification	Qualification active												
Error and Failure Resolution	EFR active												
	EFR recommendations												
	EFR following BSC Audit												
Trading Disputes	Disputes investigated												
BSC Audit	New Audit Scope agreed												
	New Audit Approach agreed												
	Previous Audit Issues presented												
	New Audit active												
Technical Audit of Metering	Scope												
	Market Issues												
	Audit active												
Technical Audit of Performance Assurance Parties	TAPAP Check 1												

Summary of Costs for delivering Performance Assurance

The estimated cost of delivering the Performance Assurance Framework (PAF) in 2021/22 is £3,548,800.

A review of these costs for the last PAOP is shown below

Cost Type	2020/21 Forecast (£k)	2020/21 Actual (£k)
Operational	£675	£1,109
Contractual	£2,765	£2,168
Total	**£3,415**	**£3,277**

Operational and Contractual Cost details

PA Technique	Operational Days 20/21	Operational Costs (£k) 20/21	Contracted Costs (£k) 20/21	Total Costs (£k) 20/21
Qualification	35	£17	£281	£298
Training	2	£1	n/a	£1
Disputes	446	£158	n/a	£158
EFR	162	£58	n/a	£58
BSC Audit	241	£100	£1,223	£1,323
TAPAP	92	£47	n/a	£47
TAM	297	£123	£625	£748
Committee Support	371	£192	£0	£192
Risk Management	883	£413	£39	£452
Total	**2529**	**£1,109**	**£2,168**	**£3,277**

Contractual and Operational Cost changes.

We derived the 2020/21 contractual costs from the BSC budget forecasts as of February 2021. These figures include RPI and are subject to amendment to reflect contractual changes and changes to indicative costs (e.g. ad hoc and variable expenses).

Contractual costs for 2020/21 are less than forecast for the year, due to the restrictions imposed on third party contractors to carry out particular Assurance techniques during the COVID-19 lockdowns and other restrictions.

The increases noted in 2020/21 operational costs can be attributed to improved data provided by timesheet codes, improvements which were implemented during this PAOP. These internal data improvements have enabled us to provide a clearer, more representative view of Assurance activities across Elexon.

Forecasted costs for 2021/2022

Cost Type	2021/22 Forecast (£k)
Operational	£1,164
Contractual	£2,384
Total	**£3,548.80**

Elexon has forecasted increases of 10% contractual costs, as activities are expected to resume following the easing of lockdowns and other restrictions. Additionally, we forecast a continued increase in operational costs, in support of increased Risk Assessment and Monitoring activity planned for the coming year.

What happens next?

Elexon will proceed to deliver and manage the specific actions laid out in this ROP over the course of the PAOP.

Over the course of the PAOP, Elexon will provide insight via QPARs.

These will be presented to the PAB at the following monthly meetings

- July 2021
- October 2021
- January 2022
- April 2022 (via APAR)

If you have any questions or comments regarding this ROP or any questions regarding Settlement Risk management, please contact

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