SVA METERING POINT REGISTRATION

This document outlines the methodology used to assess the Settlement Risk related to site registrations. We are not seeking to exhaustively outline all aspects considered during this assessment; our aim is to draw out the main data items considered and any key assumptions when estimating a future impact range.

The risk that… an SVA Metering Point is registered incorrectly or not at all, such that metered data is not collected or aggregated **resulting in…** erroneous, estimated or missing data in Settlement

Category: Registration and Appointments

Sub category: Site registrations

Covers: Registered Line Loss Factor Class (LLFC), GSP Group, MSID

Estimated impact in 2019/20

Market	Lower	Middle	Upper
HH	£942.6k	£4.7m	£19.2m
NHH	£412.0k	£1.2m	£3.4m

Impact to remain unchanged for the 2020/21 PAOP

Please note: This risk includes sites that have never been registered. This value is very hard to estimate, and so we have focused on backdated registrations to estimate the materiality, noting that there may be a further small percentage of sites not registered but consuming.

At risk population

As part of this assessment, we seek to understand the population at risk in the upcoming period, i.e. how many times will the underlying process occur where the risk can manifest.

The at risk population for this risk is the number of meters in each profile/measurement class as each of these meters had the potential to be registered incorrectly. The below table shows an abstract of these values for Measurement Class C and Profile Class 1, taken from SMRS.

Data points considered

Market	Number of Meters (2017)	Number of new connections (2017)
HH (Measurement Class C)	154.1k	6.0k
NHH (Profile Class 1)	24.5m	397.1k

- Although other years were considered, 2017 was the only year for which the data was complete.

Forecast

Below are the key considerations and assumptions when forecasting the at risk population in the 2019/20 period:

- Currently, it is unlikely the number of connections in 2019/20 will diverge significantly from the number seen in 2017 plus the number of new connections that we see each year.

Failure rate

From the population at risk, we need to estimate the proportion where the risk will manifest, i.e. the failure rate. For this risk, the failure rate is the number of meters that will see a backdated change to their registration, suggesting

that the registration was initially done incorrectly. To do this, we assess historical performance in the area and consider any upcoming changes that have the potential to impact future performance.

Data points considered

When assessing historical performance in the area, we considered backdated registrations in SMRS.

Analysis of D0036 flows suggests that only around half of the backdated registrations in the HH market are likely to be material, i.e. consuming during the incorrectly registered period. We assumed that this proportion would be equal in the NHH market, and so our failure rate is the number of backdated registrations, multiplied by 0.5.

Market	Number of backdated registrations (material & immaterial)		
	2016 (part year)	2017	2018 (part year)
NHH	11.6k	35.2k	11.6k
HH	0.8k	2.0k	0.8k

Impact

To estimate the impact of a risk we need to understand the days impacted and error volume on average per instance.

Average days impacted

To estimate the average days impacted, we analysed the number of days the registrations were backdated by. The SMRS data to which we have access are snapshots for each quarter, meaning that we only see that a site was registered within a quarter, not the specific date. As a result, we assumed that a site was registered or the change to a site registration was made on the first day of the quarter.

Market	Average number of days backdated	
	2017	2018
NHH	137	121
HH	121	157

Average error per day

When estimating the error per day, we used the standard rate card related to missing data:

Market	Segment	Avg. daily missing consumption (kWh)
SVA NHH	PC 1	10
SVA NHH	PC 2	13
SVA NHH	PC 3	38
SVA NHH	PC 4	59
SVA HH	MC G (import)	164
SVA HH	MC E (import)	273
SVA HH	MC C (import)	2328

We convert the error volume into a monetary value by the forecast system buy and sell price for the upcoming period.

Other considerations for this risk

- Incorrect registrations (e.g. a site being registered in the wrong GSP) were considered for the scoring of this risk. These instances tend to remain for a number of years, however the volume of these instances is negligible in comparison to backdated registrations, and so incorrect GSP registrations were excluded from the scoring.

