CVA METERING SYSTEM TECHNICAL DETAILS ARE NOT CREATED OR NOTIFIED CORRECTLY

This document outlines the methodology used to assess the Settlement Risk related to changes to Central Volume Allocation (CVA) Metering Equipment where Meter Technical Details (MTDs) are not created or are but not notified to the Central Data Collection Agent (CDCA). 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...changes to CVA Metering Equipment are not notified to CDCA or are notified incorrectly **resulting in...**erroneous or estimated data in Settlement.

Category: Metering

Sub category: Technical details transfer and quality

Covers: Changes to CVA Metering Equipment

Does not cover: SVA impacts as a result of changes to CVA Metering Equipment where the same Metering Equipment is also SVA Metering Equipment

Estimated impact in 2020/21

Lower	Middle	Upper
£0m	£1.8m	£9.2m

Please note:

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 all changes made to CVA Metering Equipment that results in erroneous or estimated data.

Market	Event	At Risk Population		
		Lower	Middle	Upper
CVA	Change Notifications	550	650	750

Data point considered

We assessed the fault log maintained by the CDCA to understand the historical volume of faults per year. We looked at faults that could be caused by a failure to notify changes of CVA Metering Equipment to the CDCA or where Meter Technical Details are incorrect. The following table provides the counts of faults related to dial failures and data quality issues.

- ➢ * The 2019/20 period covers part of an annual period (Apr-19 to Nov-20)
- ➢ We ignore routine calibration, time tolerance and Meter Advance Reconciliations faults as these are less likely to materially impact Settlement.

Data Source		2017/18	2018/19	2019/2020*
Fault Log		683	574	500

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Forecast

Below are the key considerations and assumptions when forecasting the at risk population in the 2020/21 period:

- We could see a comparable volume of faults as seen in previous years.

Failure rate

From the population at risk, we need to estimate the proportion where the risk will manifest, i.e. the failure rate. 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

For the 2019/20 year to November 2019 we estimated the Failure rate of 0.75%.

Fault Log	2017/18	2018/19	2019/20
Failure rate	2%	2%	0.75%

Forecast

Below are the key consideration and assumptions when forecasting failure rates in the 2020/21 period:

- We could see a comparable failure rate in future years

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

We looked at specific faults in the fault log to estimate the number of days impacted. We took the average value of the days faults were outstanding for to estimate the Middle Days Impacted figure, and then calculated the 25th and 75th percentiles of the distribution to give the Upper and Lower Days Impacted figures.

Market	Event	Days Impacted		
		Lower	Middle	Upper
CVA	Change Notifications	20	55	90

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Average error per day

When estimating the error per day, we used the standard rate card related to estimated data. Please see the documentation on the rate card for estimated data for more details.

Rate	Avg. error per day (kWh)
CVA BM Unit	146,790

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

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