

ELEXON

QUARTERLY PERFORMANCE ASSURANCE REPORT

Quarter 2 – 2020/21

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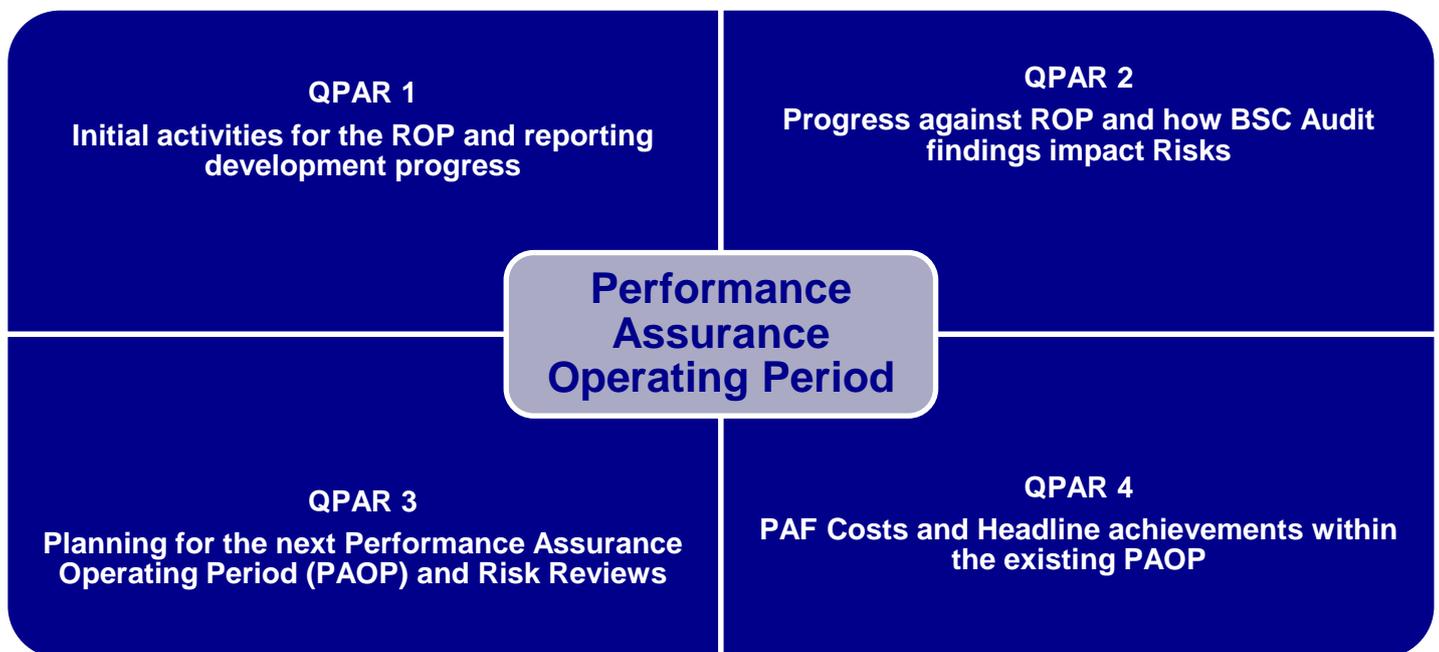
Contents	1
Overview	2
Key Points of Progress	3
Risk Landscape	4
Risk Manager Update	4
Key Industry Metrics	5
Focussed Risk and Event Overview	7
Risks	7
Risk Events	9
Other Notable Risk Updates	9
Technique Updates	10
BSC Audit Market Issues	10
Disputes	11
Error Failure Resolution	11
Technical Assurance Audit	12
Supplier Charges	12
Technical Assurance of Performance Assurance Parties	13
Plans for Next Quarter	13

Overview

The Performance Assurance Board (PAB) is required, by Balancing and Settlement Code (BSC) Section Z 8.1¹, to prepare an Annual Performance Assurance Report (APAR). Following the PAF Review, ELEXON intends to provide a Quarterly Performance Assurance Report (QPAR), which includes:

- Results from risk evaluation and risk assurance procedures focussing on the outcome of deployment of Performance Assurance Techniques (PAT);
- The actual costs associated in delivering the Performance Assurance Framework (PAF) compared with the estimated costs set out in the Risk Operating Plan (ROP); and
- Recommendations for modifying the Performance Assurance Techniques.

In addition, the content of the QPAR will focus on the Performance Assurance activities undertaken within the previous quarter. This may mean that, within each QPAR, the content and information provided changes or has a specific focus in line with activities undertaken. ELEXON will, over the course of the four quarterly reports, cover the full scope of the Performance Assurance Framework and our Risk Operating Plan. As a guide, we anticipate the four quarterly reports to have focus on the following areas



¹ <https://www.elexon.co.uk/bsc-and-codes/balancing-settlement-code/bsc-sections/>

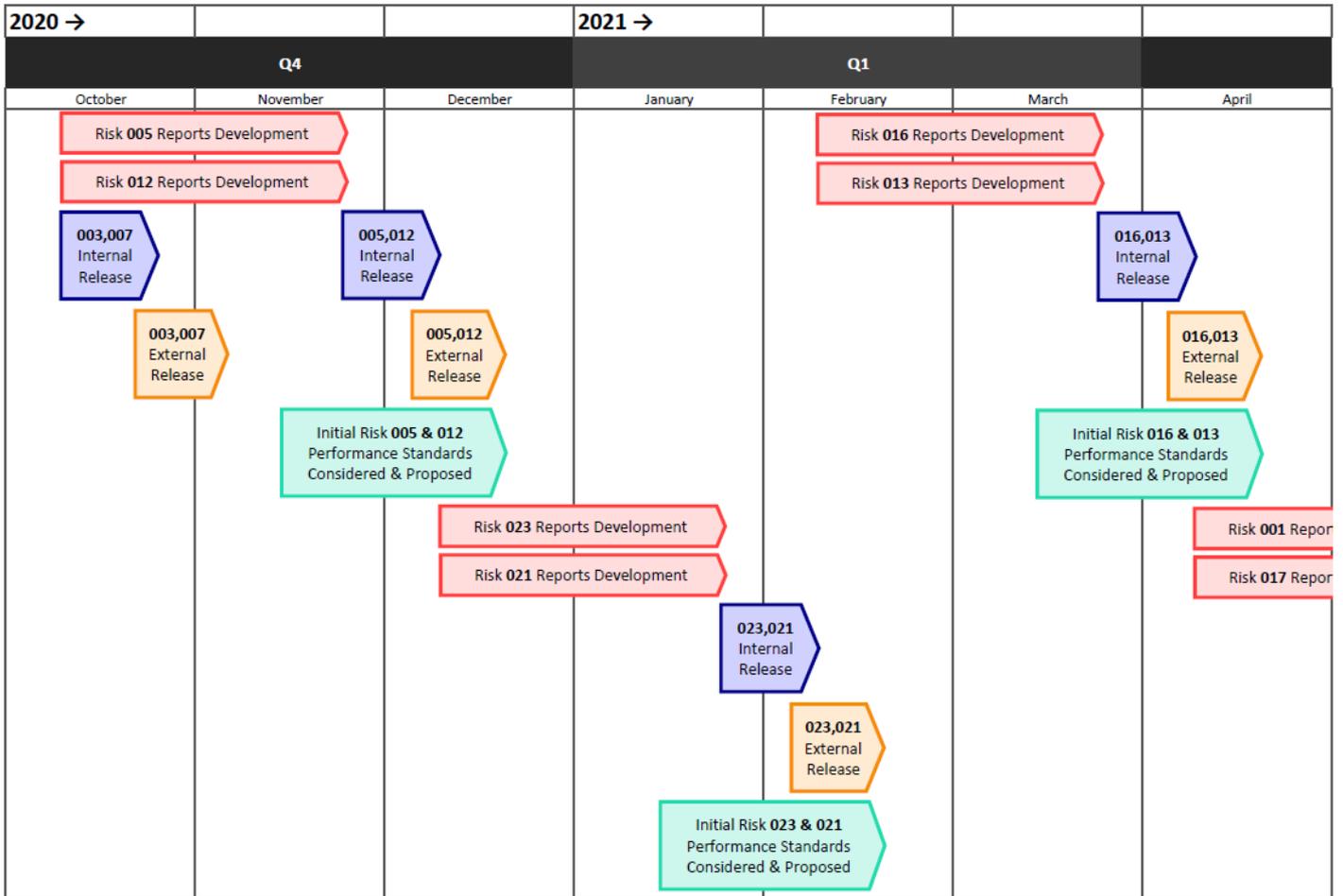
Key Points of Progress

Ongoing development of Risk Reporting

Exelon is continuing to produce reporting for all key risk areas to support Performance Assurance activities. Exelon has streamlined the delivery of reporting by consciously adopting the following principles:

- Scale back the level of detail of planned reporting;
- Focus only on data we already have available and which is most relevant to the material impact of each risk area; and
- Schedule the delivery of smaller but more frequent products.

Our delivery schedule is outlined below.



Risk Landscape

- Our Risk Evaluation Register contains 34 Risks following the inclusion of the Virtual Lead Party Risk, and the grouping of two Settlement Risks from the 2019/20 RER into Risk 22 - CVA Technical Details transfer and quality (18 SVA Risks and 16 CVA Risks)
- Elexon has been regularly reviewing the market operations impacted by COVID-19 for adjustments to be made to risk impacts. BSC Parties and their agents have advised of significant reductions to site visits and the adoption of remote working, while focusing on resolving backlogs that can be processed remotely. Whilst activities have increased in the second quarter of the Performance Assurance Operating Period operations remain impacted by the COVID-19 disruption and Elexon continues to monitor the situation at the Performance Assurance Parties.
- Our view of proposed risks for focus is unchanged and the seven risks areas identified for focus within the 2020/21 ROP are unchanged.

Risk Manager Update

During this continued period of uncertainty and unprecedented conditions for the Energy Market, Elexon has continued to seek supportive and appropriate measures within Performance Assurance to mitigate and manage the issues arising from Covid-19 and lock downs across the various regions of the country.

That said, there had been some emerging trends in performance across Half Hourly and Sub 100kW markets in particular which may have suggested something of a recovery from the initial impacts of the March 2020 nationwide lockdown.

However, even during the creation of this Quarterly Performance Assurance Report and monthly Risk Reporting, we have seen further changes in localised lockdowns imposed by central and devolved governments which we anticipate will continue to change and impact performance across all Market sectors.

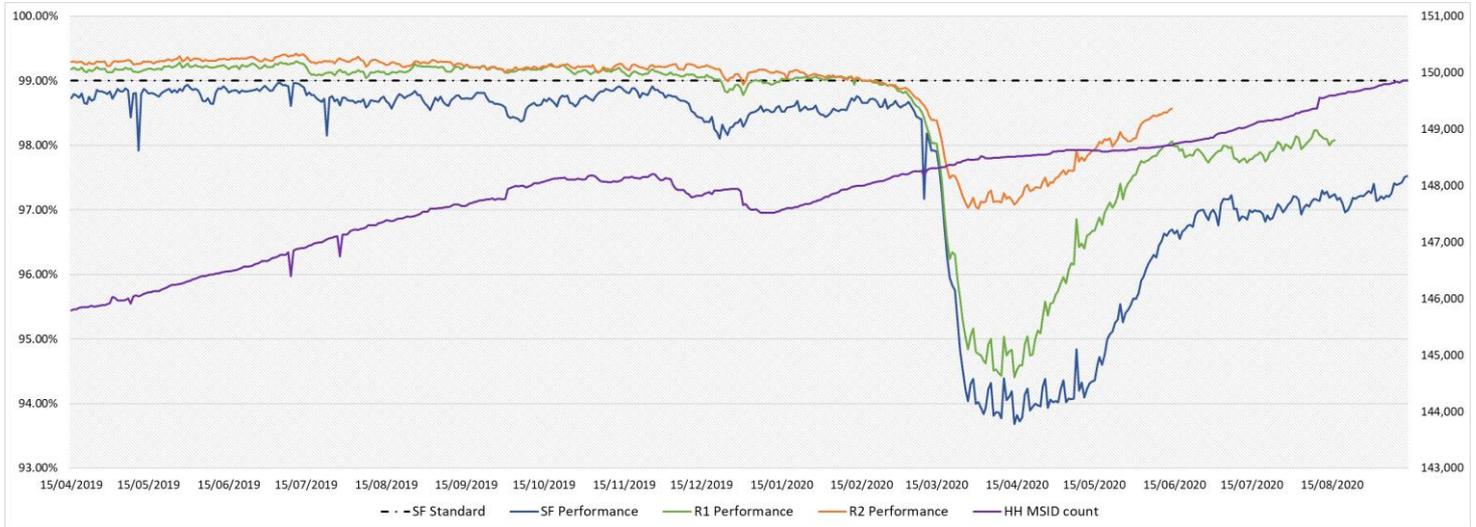
Our Risk approach within Elexon is to re-assess and re-prioritise risks in accordance with changes in how Risks impact the market. In addition, we take into consideration the strategic aims of the Performance Assurance Board and have sought feedback from market participants in order to understand what the key market issues are.

During the next quarter, the Risk team will be looking to draw together these various feedback loops to start building towards next year's Risk Operating Plan, which, given the circumstances, could well be notably different from any previous Risk Operating Plan in recent years.

If you have any questions regarding Settlement Risk, please contact risk@elexon.co.uk

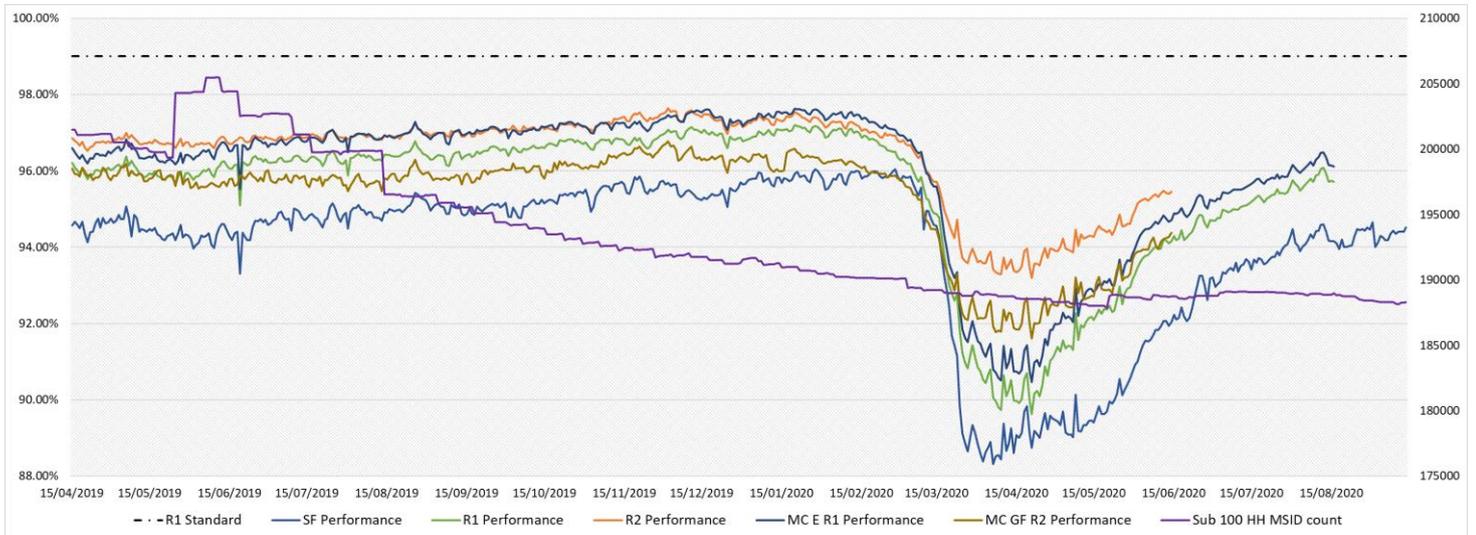
Key Industry Metrics

HH Market



The HH Market is appearing to recover from the impacts of the COVID-19 disruption. SF first achieved above 97% on 3 July 2020 although variable performance was observed frequently taking SF performance below 97% until 22 August 2020 where SF Performance has remained above 97% and continues to improve. R1 performance has a similar variable performance just below 98%, R1 achieved 98% on the 4 July 2020 however remained variable until the 5 August 2020 at which point R1 performance remained above 98% and continues to improve.

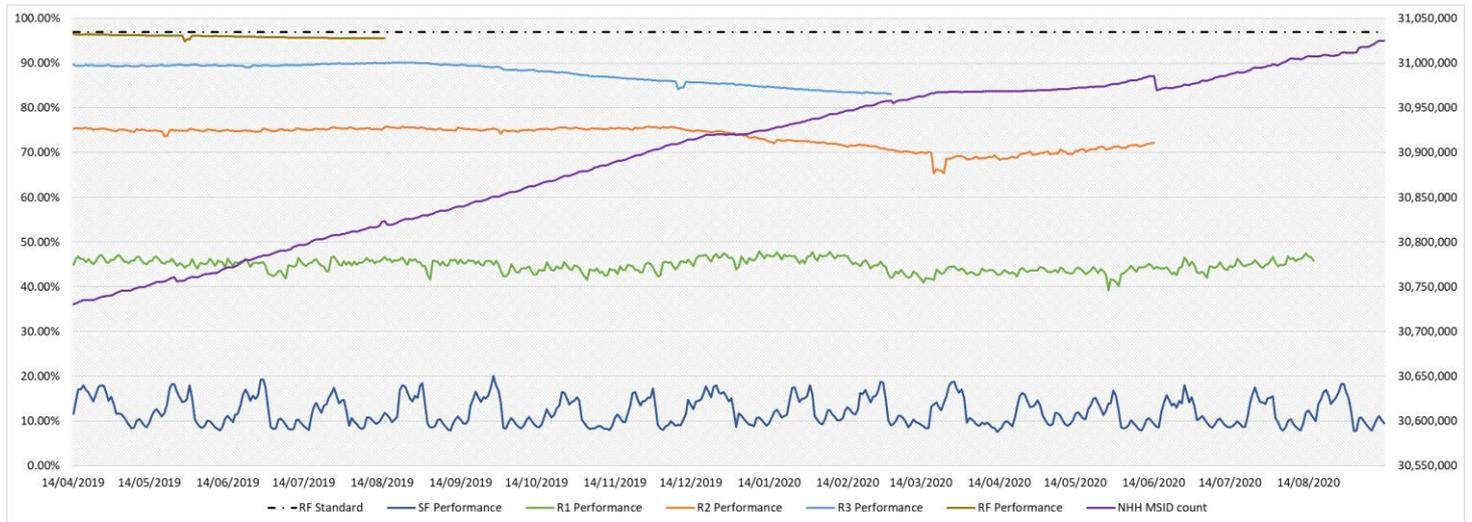
Sub 100kWh HH Market



The Sub100kWh HH Market continues to recover from the impacts of the COVID-19 disruption. SF performance achieved 94% on 28 July 2020 and has remained variably above 94% since. R1 performance has been improving consistently above 95% since the 8 July 2020 briefly achieving 96% on 11 August 2020 although remaining below 96% but the end of the quarter.

Quarterly Performance Assurance Report

NHH Market



The NHH Market R1 and R2 performance is recovering from the impact of the COVID-19 disruption. R1 performance dipped below 40% on 27 May 2020 although has recovered and continues to improve achieving 47% on 13 August 2020. R2 performance dipped to 65% on 19 March 2020 however has shown a continual improvement since, reaching 72% on 12 July 2020. Elexon is yet to see a recovery in performance for R3, currently reaching 83%, however an improvement mirroring that of R1 and R2 is expected as R3 moves through Settlement.

Focussed Risk and Event Overview

Risks

Risk 3 - Metering Equipment installation, programming, maintenance and Commissioning

Elxon has created Performance Assurance Reporting for Risk 3, to better enable us to understand the root causes and issues within this risk, and to identify Risk Factors and performance areas which are of a concern.

Elxon has completed an internal data validation exercise relating to Risk 3, to ensure that the data produced within each section of the report is valid and an accurate reflection of market conditions

Elxon is performing an external data validation exercise with two Performance Assurance Parties, to further validate and approve the data within our reporting in the coming weeks.

Elxon has taken on board the comments made during the first quarter QPAR of 2020/21 and provided more detail in the reporting to outline the specifics of the reports and how the data is assessed, explanation of the reporting is displayed below. Additionally, Elxon has adjusted the reporting to feature the new Elxon branding.

Risk Report 3: The risk that SVA Metering Equipment is installed, programmed or maintained incorrectly including where Commissioning is performed incorrectly or not at all

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RF 3.1 & 3.2: Mismatches identified between D0268 and D0215 CT and VT Ratios

Elxon has combined the most recent [HH Meter Technical Details](#) against the corresponding Provision of Site Technical Details to assess CT and VT Ratio mismatches between the two data flows. The data flows assessed are: Provision of Site Technical Details ([D0215](#)) and Half-Hourly Meter Technical Details ([D0268](#)).

RF 3.1 & 3.2: D0268 update lacking a corresponding D0215 from LDSO

Elxon has combined the most recent [HH Meter Technical Details](#) against the corresponding Provision of Site Technical Details to assess [HH Meter Technical Details](#) where there has not been a corresponding Provision of Site Technical Details. The data flows assessed are: Provision of Site Technical Details ([D0215](#)) and Half-Hourly Meter Technical Details ([D0268](#)).

RF 3.4: MOAs did not complete commissioning of Metering Equipment

Elxon has assessed the most recent Notification of Commissioning Status data flows sent which contains details of the Status of Commissioning sent by the [MOA](#). The data flow Assessed is: Notification of Commissioning Status ([D0384](#)).

RF 3.4: LDSOs did not complete commissioning of Measurement Transformers

Elxon has assessed the most recent Notification of Commissioning Status data flows sent which contains details of the Status of Commissioning sent by the [LDSO](#). The data flow Assessed is: Notification of Commissioning Status ([D0384](#)).

Please note: This report is based on industry data flows sent over the Data Transfer Network. It provides insight into market performance but not a complete view as Vertically Integrated BSC Parties may not use the DTN to communicate or exchange data with their Agents. Therefore the reports should not be used as the only source of information for decision making in Performance Assurance Determinations.

Risk 5 – Fault Resolution

Performance Assurance Reporting work has commenced for Risk 5. We are drafting the queries and objectives of Risk 5 reporting with the aim of providing insight into the activities surrounding Metering System Investigations as set out in [BSCP514 – SVA Meter Operations for Metering Systems Registered in SMRS](#).

Quarterly Performance Assurance Report

Risk 7 – Retrieval of Metered Data

During the development of Performance Assurance Reporting for Risk 7, Elexon has included Market and Performance Assurance Party Settlement Performance into the Risk 7 Reports. Alongside this, Elexon have included a three month Settlement Performance forecast for the 10 largest Non-Half Hourly Suppliers using a robust regression technique.

Elexon has completed an internal data validation exercise for the data relating to risk 7, the validation exercise at large resulted in agreement that the reports are valid and provide valuable insight into the performance of the Market in these areas.

As with Risk 3, Elexon is performing an external data validation exercise with two Performance Assurance Parties to further validate and approve the data within our reporting.

As with Risk 3 Elexon has taken on board the comments made during the first quarter QPAR of 2020/21.. Additionally, Elexon has adjusted the reporting to feature the new Elexon branding.

Elexon is conducting User Acceptance testing to confirm the objectives of the reporting have been met.

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Risk Report 7: SVA Metered Data Summary & Settlements Performance

RF 7.1: Failure to Access the Meter

Elexon has combined Site Visit data flows and assessed the number of Site Visits which resulted in a Failure to access the Meter, as well as the reason for the failure (Excl. Site Visits not attempted). The data flows assessed are: Request for Metering System Investigation (D0001), Fault Resolution Report (D0002), Notification of Failure to Obtain Reading (D0004), Meter Readings* (D0010) sent to the LDSO, Confirmation or Rejections of Energisation Status Change (D0139), and Notification of Failure to Install or Energise a Metering System (D0221)

* Only Routine, Initial, Final, and Special Reads

RF 7.2: Failure to complete Site Visit due to insufficient information available

Elexon has combined Site Visit data flows and assessed the number of Site Visits that could not be conducted due to insufficient information being available (Excl. Site Visits not attempted). The data flows assessed are: Request for Metering System Investigation (D0001), Fault Resolution Report (D0002), Notification of Failure to Obtain Reading (D0004), Meter Readings* (D0010) sent to the LDSO, Confirmation or Rejections of Energisation Status Change (D0139), Notification of Failure to Install or Energise a Metering System (D0221), NHH MTDs for remote communication Meters (D0150), and Auxiliary MTDs (D0313).

* Only Routine, Initial, Final, and Special Reads

RF 7.3: Failure of Remote Reading Systems on Site Visits

Elexon has combined Site Visit data flows and assessed the number of Site Visits where there was a Failure of remote reading systems, as well as the reason for the failure (Excl. Site Visits not attempted). The data flows assessed are: Request for Metering System Investigation (D0001), Fault Resolution Report (D0002), Notification of Failure to Obtain Reading (D0004), Meter Readings* (D0010) sent to the LDSO, Confirmation or Rejections of Energisation Status Change (D0139), and Notification of Failure to Install or Energise a Metering System (D0221)

* Only Routine, Initial, Final, and Special Reads

RF 7.4: Readings not obtained as prescribed by they BSC on Change of Supplier and Meter Exchange Events

Elexon has reviewed the latest data flows sent during successful Change of Supplier and Meter Exchange events to assess the events where Meter Readings are not submitted. The data flows assessed are: Notification of Termination of Supply Registration (D0058), Instructions to NHH DA (D0209), Notification of Change of Supply Readings (D0086), Termination of Appointment by Supplier (D0151), Notification of Objection to CoS (D0067), HH MTDs(D0268), NHH MTDs (D0150), Validated Meter Readings(D0010)

Please note: This report is based on industry data flows sent over the Data Transfer Network. It provides insight into market performance but not a complete view as Vertically Integrated BSC Parties may not use the DTN to communicate or exchange data with their Agents. Therefore the reports should not be used as the only source of information for decision making in Performance Assurance Determinations.

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Risk 12 - Metering Equipment Technical Detail Quality

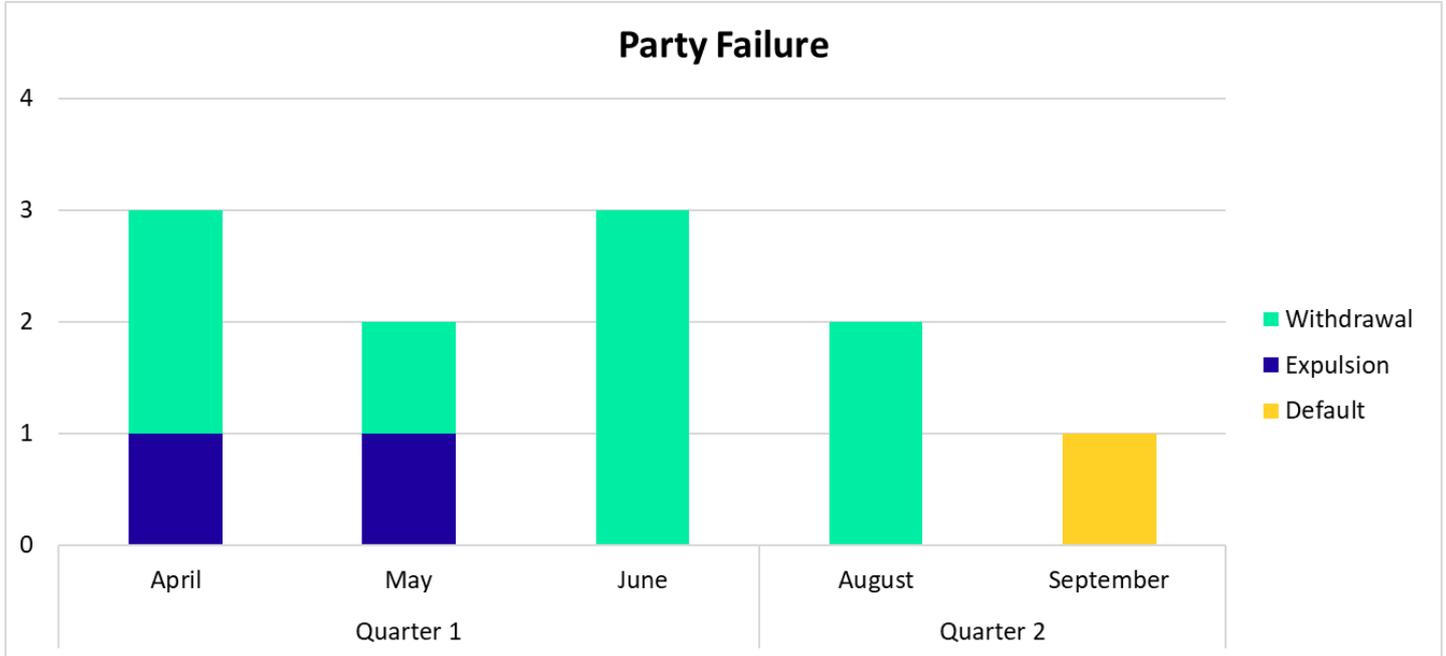
Performance Assurance Reporting work has commenced for Risk 12 and we are drafting the queries and objectives of Risk 12 reporting with the aim of providing insight into the activities surrounding corrected Meter Technical Details, Site Technical Details, Smart Meter Configuration Details, and the validation of Complex Sites.

Elexon will be releasing a training webinar highlighting the operational and Settlement impacts of missing Site Technical Details. The webinar will be available to all and shared directly with Parties affected by this issue.

Risk Events

Party Failure

Elxon has processed eight Party Withdrawals from the BSC in the first two quarters of the 2020/21 Performance Assurance Operating Period (PAOP). Two Parties were expelled from the BSC in the first quarter of the PAOP whilst a further Party has defaulted in the second quarter of the PAOP. There were no Party Failures processing in July 2021



CVA Market

Elxon continues to progress the CVA Market reporting project. Elxon has initiated a change request with its service providers to allow Elxon to access the data that is required to produce reporting to support the risk monitoring and performance improvement of Risk 21 CVA Retrieval and Processing of Metered Data, and Risk 23 CVA Fault Resolution.

Other Notable Risk Updates

Reference Data Risk

As a result of the Ofgem Targeted Charging Review, LDSOs (including IDNOs) need to add ~19,000 new LLFCs and ~300,000 valid set combinations to MDD by April 2021.

We have been working with LDSOs, Ofgem and others since December 2019 on the implementation of the TCR, and earlier in the year, suggested there would likely be a large impact on LLFCs but it couldn't be quantified.

Elxon has advised industry to consider creating new registration items rather than relying on LLFCs. It is only in the last month or so that we and the LDSOs have properly understood the scale of the LLFC/MDD challenge.

Elxon will continue to monitor the impact of this change against Risk 015 and provide updated assessments to PAB as and when complete.

Technique Updates

BSC Audit Market Issues

The BSC Auditor noted an increase in the number of material non-compliances in the 2019/20 BSC Audit, from three to eight in three key areas:

- Resolution of faults: one low non-compliance in 2018/19, four low non-compliances in 2019/20.
- Incomplete or delayed Meter Readings or Meter Technical Details (MTDs): one medium non-compliance in 2018/19 and two low non-compliances in 2019/20.
- Commissioning: one low non-compliance in 2018/19, two low non-compliances in 2019/20.

The BSC Auditor further noted that the overall materiality of the Central Volume Allocation (CVA) Meter Operator Agent (MOA) and Central Systems Issues for 2019/20 was 0.1TWh, a decrease from 0.13TWh in the 2018/19 Audit year. Following root cause analysis of the non-compliances found by the BSC Auditor, all eight non-compliances can be broken down into:

- Minor Manual Error – five non-compliances.
- Training and Knowledge – one non-compliance.
- Process Design Weakness – two non-compliances.

Resolution of Faults

Elexon are aware that Metering Faults are often not resolved in a timely manner. To determine the causes of the non-compliances found by the BSC Auditor, a further investigation will need to be performed to drill down into the Central Data Collection Agent (CDCA) Fault log to establish what the metering fault was in each case and determine the responsible Party needed to fix each Fault.

Elexon are developing new Central Volume Allocation (CVA) reporting that will make such investigations simpler and reduce overall time taken to perform going forward. This reporting and the subsequent investigations can establish where weaknesses lie and target those entities appropriately and proportionally. Elexon expect to share this reporting with the PAB in February 2021.

Further to the above actions, [Issue Group 75](#) have established the use of Internet Protocol (IP) address based communication methods for CVA Metering Systems which have the potential to avoid the issues typically associated with physical land lines (e.g. damaged lines).

Incomplete and delayed Meter Technical Details

It is suggested that issues with MTDs are captured and resolved during the CDCA assessment stage prior to being reviewed by Elexon. As the Metering team who review Meter Technical Details (MTD) as part of new Registrations, have not noted any issues when received.

Elexon will work with those parties where non-compliances have been found, providing education and guidance to ensure their internal processes are correct.

Commissioning

Elexon note that the CVA Meter Operator Agent (MOA) has implemented processes, that have been reviewed by the BSC Auditor, to resolve one of the two issues related to Commissioning. However there were no examples in the Audit year, and therefore the non-compliance could not be closed.

In addition, Elexon introduced the informal Post-Energisation Check with the CDCA to mitigate commissioning issues however this only currently applies to new sites and registration transfers. The Post-Energisation Check will be expanded to include:

- Changes to Metering equipment that are critical to ensure correct recording of metered data in an Outstation and on to the CDCA,
- Changes to non-duplicated CTs/VTs,
- Changes to existing CTs'/VTs' selected ratios (where multi-ratio),
- Changes to a non-duplicated Meter (e.g. CoP5),
- Changes to the Pulse Multiplier (e.g. because of a new Meter type being installed),

Quarterly Performance Assurance Report

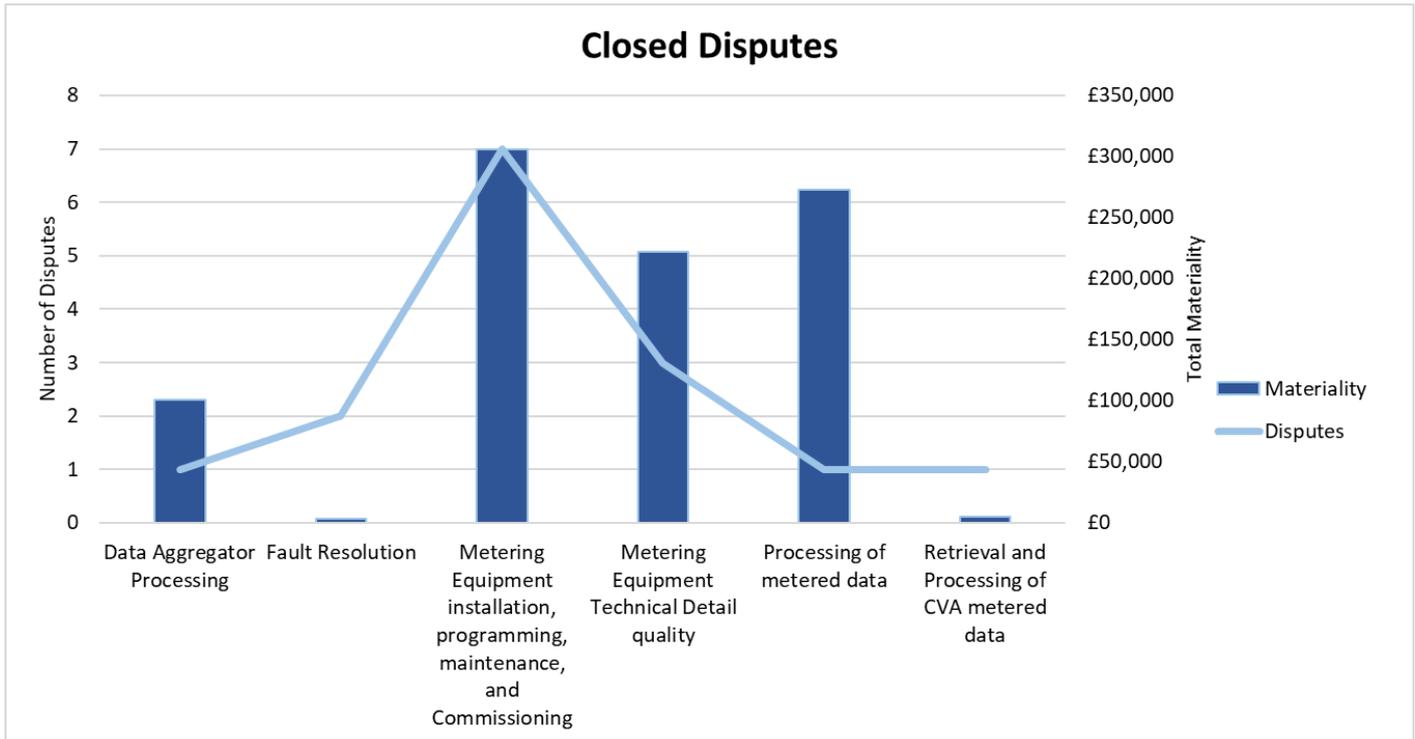
- Reprogramming of the CT/VT ratio in an existing Meter type (i.e. it is linked to a CT/VT ratio change), and
- Reprogramming of the CT/VT ratio in a non-duplicated separate Outstation (e.g. CoP2).

Disputes

Q2 Summary

Elexon resolved 15 Trading Disputes between July and September 2020. The Trading Disputes Committee (TDC) upheld 12 of the Trading Disputes noting their material impact to Settlement, however three Trading Disputes were found to be invalid and were closed by Elexon.

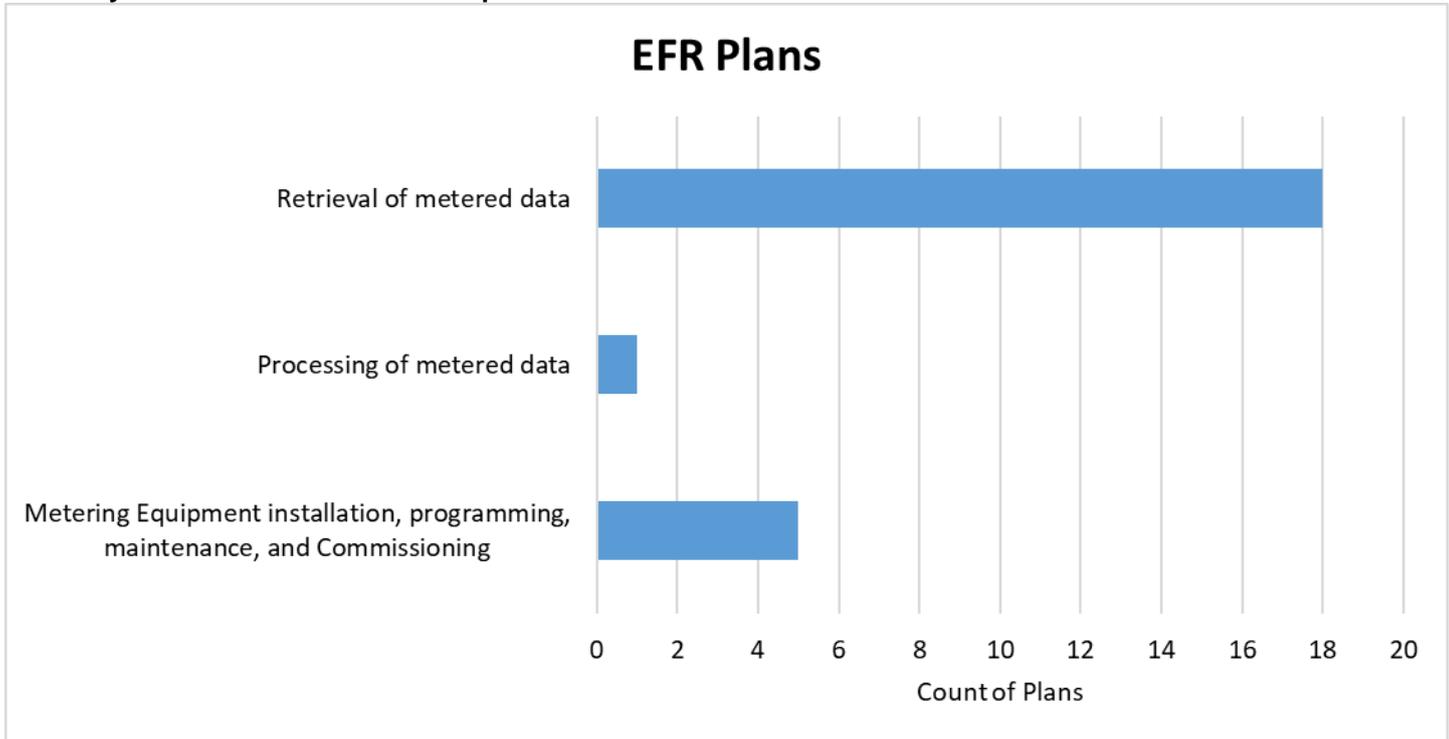
Six of the Trading Disputes upheld by the TDC were related to Risk 3, with a combined Materiality of £306,000. The largest Material Trading Dispute related to a data estimation issue, related to Risk 8 with materiality of £270,000.



Error Failure Resolution

The Error Failure Resolution (EFR) Technique remained suspended at the beginning of the Second Quarter of the PAOP. However in the July Performance Assurance Board Meeting it was agreed that EFR Plans not relating to the Performance Standards would resume as of the first of September 2020. The Performance Assurance Board agreed existing plans relating to the Performance Standards are due to resume on the first of November 2020.

The Performance Assurance Board agreed that new EFR Plans relating to the Performance Standards would not be considered until January 2021. Further to this, in the August PAB meeting the committee agreed that an appropriate EFR strategy for plans relating to the Performance Standards would be detailed in the PAB Strategy session due to take place in the Third Quarter of the 2020/21 PAOP.



Technical Assurance Audit

The Technical Assurance Audit (TAA) Technique remained suspended at the beginning of the Second Quarter of the PAOP. However in the July Performance Assurance Board Meeting it was agreed that the TAA Technique could be resumed for Category 1 non-compliances and optional Desktop Audits.

The PAB outlined its priority of resolving Metering issues that have accrued during the COVID-19 disruption. Exelon continues to contact Participants with outstanding Category 1 non-compliances to monitor their resolution.

The TAM Desktop Audit process was implemented in April 2020, with the Optional Desktop Audit sample starting in July 2020. Optional Desktop Audits have been used for the Measurement Class E Specific Sample, which has allowed Exelon and the TAA to monitor the new process and identify limitations and improvements.

Exelon's preliminary findings have allowed us to quantify the quality and availability of records held for Measurement Class E Metering Systems. It has historically been acknowledged that record retention and quality is likely to be poor for the Measurement Class E Meter population, primarily due to the Metering System migration Non Half Hourly Settlement to Half Hourly Settlement following P272. However, as the Specific Sample has focused on Meter Systems energised post-P283 the findings indicate that poor record retention has persisted post-P272 migration for new Metering System.

Commissioning remains the primary control for ensuring that Metering Equipment has been installed correctly and to provide assurance against Exelon focus Risk 003, the Metering Equipment installation, programming, maintenance and Commissioning risk. As such, it is concerning that the HHMOA Commissioning (part 2) records are missing in 82% of Desktop Audits, whilst LDSO Commissioning (part 1) records are missing in 55% of Desktop Audits.

Complete findings will be made available in the third quarter of the 2020/21 PAOP. Initial findings have been raised with the Technical Assurance Metering Expert Group, and once finalised Exelon will apply the most appropriate action.

Supplier Charges

The Supplier Charges Technique remained suspended at the beginning of the Second Quarter of the PAOP. However in the July Performance Assurance Board Meeting the committee passed their recommendation to the Panel for consideration in the September Panel meeting. The Panel agreed with the PAB's recommendation, and the Supplier Charges Technique remains suspended.

Technical Assurance of Performance Assurance Parties

The Technical Assurance of Performance Assurance Parties (TAPAP) Technique remained suspended at the beginning of the Second Quarter of the PAOP. However at the July Performance Assurance Board Meeting the committee agreed to resume the TAPAP Technique.

Elexon will resume a TAPAP on Risk 11 the Unmetered Supplies Risk which was prepared prior to the COVID-19 disruption having engaged with selected participants, with spot checks, and audits conducted between December 2020 and February 2021.

Elexon will conduct a TAPAP audit to investigate the estimation adjustments conducted during the COVID-19 disruption. Analysis has begun and Elexon will deliver an update to the PAB before the end of the fourth quarter of 2020/21.

Plans for Next Quarter

PAB Strategy

Following a meeting at the end of October, the Performance Assurance Board will have reviewed their existing strategy and considered other market issues following the impact of Covid-19. With this in mind, the Risk Team can begin reviewing and re-assessing risks to ascertain if the Risk Evaluation Register should require updates and building the plan for Risk Operations in 2021/22

Risk Evaluation Register 2021/22

In the third quarter of the 2020/21 Performance Assurance Operating Period Elexon will conduct its Risk reassessments in order to produce its Risk Evaluation Register 2021/22. Risk Owners will confirm the risk impacts and re-scored risks will be presented to the PAB for review and approval.

Risk Reporting

Elexon will continue to build and release reporting for risks. Elexon will prioritise the risks selected for reporting based on the PAB-approved ROP and the assessed impact of the risks as outlined in the Risk Evaluation Register.