

# ELEXON

## QUARTERLY PERFORMANCE ASSURANCE REPORT

---

Quarter 2 – 2021/22

---

Public

## Contents

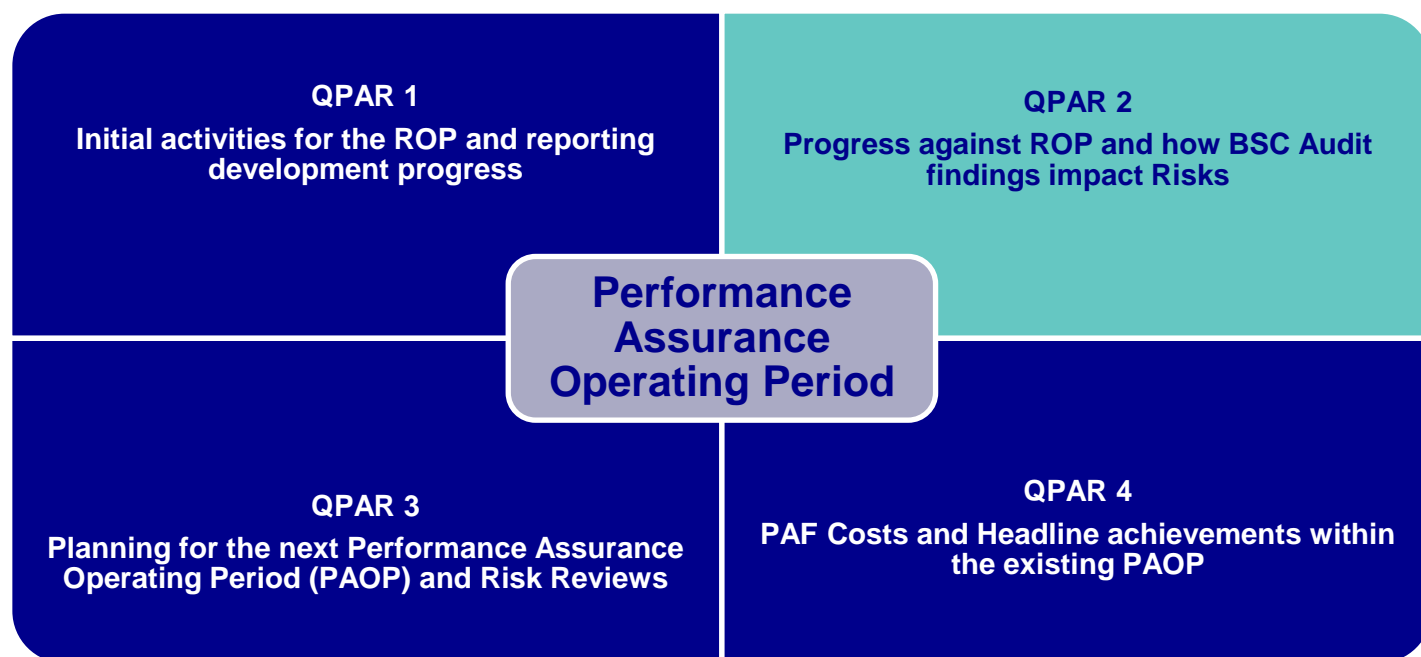
<b>Contents</b>	<b>1</b>
<b>Overview</b>	<b>2</b>
Key Points of Progress	3
Risk Manager Update	4
Key Industry Metrics	5
<b>Focussed Risk Event Overview</b>	<b>7</b>
Supporting the recovery of the market following the COVID-19 pandemic	7
CVA Assurance Improvements	8
Transition of Assurance to the Retail Energy Code (REC)	9
Addressing actions arising from Market Issues identified within the BSC Audit	10
<b>Other Notable Risk Updates</b>	<b>11</b>
Party Failure	11
Annual Demand Ratio Monitoring and Investigation	11
Issue 97 – Meter shortage risk driven by global materials availability and supply chain challenges	12
PAF Review Recommendations	12
Reference Data Risk	13
<b>Technique Updates</b>	<b>14</b>
Disputes	14
Error and Failure Resolution	14
Technical Assurance Audit	15
Supplier Charges	15
Technical Assurance of Performance Assurance Parties	15
Qualification	16
<b>Plans for Next Quarter</b>	<b>17</b>

### Overview

The Performance Assurance Board (PAB) is required, by Balancing and Settlement Code (BSC) Section Z 8.1<sup>1</sup>, to prepare an Annual Performance Assurance Report (APAR). Following a recommendation from the PAF Review, Elexon will also 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



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

## Key Points of Progress

### Ongoing development of Risk Reporting

Exelon remains on track with its program of work to develop and rollout dashboards for all Settlement Risks for which we have access to relevant and reliable data. Dashboards for Risks 019<sup>2</sup> and 032<sup>3</sup> were presented at the September 2021 PAB meeting.

Ahead of the next dashboard release, detailed in the table below, Exelon reviewed two of the dashboards due to be developed:

- Risk 22 – Changes to CVA Metering Equipment are not notified to CDCA; and
- Risk 26 - Aggregation Rules in CDCA are incorrect such that CVA Metered Data is not correctly aggregated and the energy volumes required for Settlement are incorrect or missing.

Exelon has noted that these processes do not lend themselves to this type of reporting. In the case of Risk 22 the process includes the manual sending of forms from the Meter Operator Agent (MOA) to the Central Data Collection Agent (CDCA). Exelon does not have visibility of these forms, and manual forms filled and sent in this manner cannot be assessed in a way in which it would support the Risk Analytic and Monitoring Dashboards. Exelon notes that these reporting challenges will be addressed as part of Exelon's program of work to re-platform Central Systems.

In the case of Risk 26 the process includes the manual assessment of Aggregation Rules as they are submitted to Exelon for approval. The assurance controls in place for Risk 26 are recognised as robust and well managed within Exelon.

Therefore there are limited benefits of producing reporting due to the practicalities and the nature of the processes in these risk areas. Exelon has taken the decision in light of the pressing issues relating to Risk 27<sup>4</sup>, to begin developing Risk Analytic and Monitoring Dashboard for this risk area as a priority.

The dashboards for Risks 030<sup>5</sup> and 034<sup>6</sup> are also in development.

Risk ID	Market	Risk Title - The risk that...	Release Schedule
27	both	Trading Parties do not or are unable to pay Trading Charges fully or at all, such that it triggers an Event of Default	Oct-21
34	CVA	The SVAA does not process or transfer the correct data or does not use approved default data.	Oct-21
30	CVA	The ECVA does not carry out processes correctly, such that output files are inaccurate	Feb-22
16	SVA	The energisation status held in SMRS or by any party in the Supplier Hub does not match the physical energisation status of the SVA Metering System	Feb-22
13	SVA	Manual adjustments to Metered Data are not completed correctly, or at all	Apr-22
1	SVA	SVA Metering Point is registered incorrectly or not at all, such that metered data is not collected or aggregated	Apr-22

<sup>2</sup> Risk 019 - A Volume Allocation Unit is registered incorrectly or not at all, such that the CDCA does not collect any or the relevant data.

<sup>3</sup> Risk 032 - Manual adjustments to CVA Metered Data are not completed correctly, or at all.

<sup>4</sup> Trading Parties do not or are unable to pay Trading Charges fully or at all, such that it triggers an Event of Default.

<sup>5</sup> The ECVA does not carry out processes correctly, such that output files are inaccurate.

<sup>6</sup> The SVAA does not process or transfer the correct data or does not use approved default data.

---

### Risk Manager Update

- The operations of BSC Parties and their Agents were significantly impacted by COVID-19 during the period of lockdown in the 2020/21 PAOP, which extended into PAOP 2021/22. Since March 2020, there have been temporary derogations in place to allow Suppliers to ensure that estimated consumptions used in Settlement reflects known reductions in customer demand. These derogations were ended on 30 September 2021. We are currently assessing how many MSIDs remain in a derogated state, and will recommend any further assurance activities to the PAB in November 2021, should they be required.
- During the next quarter, we will continue to focus on supporting the recovery of the market following the COVID-19 pandemic, including the facilitation of a continuous review of Party performance thresholds. In addition, we will focus on the following areas and associated Risks:
  - Providing improved Performance Assurance within the CVA Market
  - Understanding and mitigating, where possible, the impact of any potential transition of Risk to the REC
  - Addressing actions arising from Market Issues identified within the BSC Audit
- Our Risk Evaluation Register (RER) contains a total of 34 Risks. 18 Risks relate to Supplier Volume Allocation (SVA) processes, and 16 to Central Volume Allocation (CVA). Our Risk approach within Elexon remains to re-assess and re-prioritise Risks in accordance with changes in how Risks impact the market. We continue to deploy Performance Assurance Techniques (PATs) to monitor and mitigate Risks, in line with the 2021/22 ROP.
- If you have any questions regarding Risk, please contact [Risk@elexon.co.uk](mailto:Risk@elexon.co.uk).

## Key Industry Metrics

Elexon has provided a high-level overview of the Market Performance across the most recent quarter of settled dates at each Settlement Run, for the Half Hourly (HH) Measurement Class C Market, the Sub-100kWh Half Hourly Market, and the Non-Half Hourly (NHH) Market. For a detailed analysis of the Market performance across each month, please find the recent [Risk Reports: Insight and Guidance on Settlement](#) available on the Elexon website.

### HH Market



The HH Market recorded a gradual improvement in performance as the market continues its recovery following the extended COVID-19 disruption:

Settlement Run	Lowest Performance	Date achieved	Highest Performance	Date achieved
SF	96.79%	2 June 2021	98.02%	31 May 2021
R1	98.32%	4 July 2021	98.54%	31 May 2021

### Sub 100kWh HH Market



The Sub 100kWh HH Market recorded a variable performance in the second quarter of the 2021/22 PAOP.

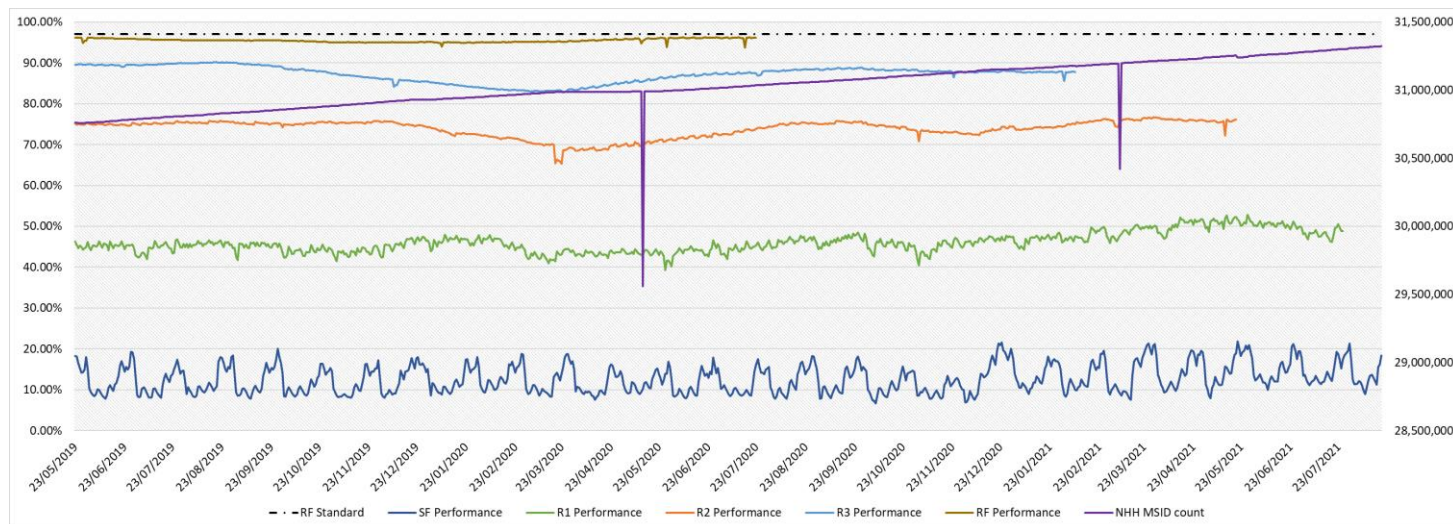
The performance range for each of the runs is detailed below, including the dates on which the lowest and highest performance was achieved:



## Quarterly Performance Assurance Report

Settlement Run	Lowest Performance	Date achieved	Highest Performance	Date achieved
SF	88.85%	11 August 2021	94.28%	21 May 2021
R1	94.60%	15 July 2021	95.65%	22 July 2021

## NHH Market



The NHH Market recovery has been variable in the second quarter of the 2021/22 PAOP.

The performance range for each of the runs is detailed below, including the dates on which the lowest and highest performance was achieved:

Settlement Run	Lowest Performance	Date achieved	Highest Performance	Date Achieved
R1	46.15%	19 July 2021	52.78%	27 May 2021
R2	72.20%	13 May 2021	76.70%	30 March 2021
R3	85.59%	1 February 2021	88.18%	25 December 2020
RF	93.77%	16 July 2020	96.31%	28 June 2020

---

## Focussed Risk Event Overview

---

### Supporting the recovery of the market following the COVID-19 pandemic

Due to the prolonged impact of the COVID-19 pandemic, Elexon continues to focus on supporting the recovery of market performance and reinforcement of good practices as a priority for the 2021/22 PAOP.

The Risks identified for focused support within this area are:

- Risk 5 – Fault Resolution;
- Risk 6 – Meter Technical Details transfer and processing;
- Risk 7 – Retrieval of Metered Data;
- Risk 8 – Processing of Metered Data;
- Risk 10 – Meter read history; and
- Risk 12 – Metering Equipment Technical Detail Quality.

Two of the key factors involved in supporting the recovery of the market in a responsible and managed manner are the use of derogations and the continued review of performance standards.

Information on the review of the Performance Standards can be found in the Public Paper **Performance Thresholds Review** which was presented to the [Performance Assurance Board Meeting 247](#) in August 2021.

#### Use of Derogations

On 30 September 2021 the three-month notice period to end the COVID-19 Supplier derogations concluded. The Performance Assurance Board (PAB) believed there was adequate justification to ending the derogations with the easing of Government restrictions. In order to monitor the ending of the derogations Elexon requested from all Suppliers that they submit a list of all Half Hourly (HH) and Non Half Hourly (NHH) Meter System IDs (MSIDs) where the derogated Estimated Annual Consumption (EAC) will remain in place. This submission will include the MSID number, EAC value in kWh and rationale for any derogated EAC remaining in place. Elexon is now in the process of reviewing these submissions and determining if any further Assurance activities are required. An update to the PAB is being presented at its October 2021 meeting on the progress of this review.

#### Half Hourly (HH) & Non Half Hourly (NHH) Estimation during COVID-19

Elexon presented to the PAB at its August 2021 meeting a TAPAP scope for approval of a check on the HH and NHH estimation process during Covid-19 ([PAB247/06](#)). The check was proposed with two main objectives:

- For HH Supplies, to confirm that Suppliers have reviewed the current EAC of all such MSIDs entered into the process and have evidence that this appropriately reflects current consumption on site; and
- For NHH Supplies, to confirm that Suppliers have submitted revised EACs for MSIDs entered into the process and, where the current EAC is an estimation made under the provisions for exiting the derogations, the Supplier has evidence this appropriately reflects current consumption on site.

The PAB determined that a TAPAP check was not needed at this stage because of the level of detail within the monitoring and reporting that Elexon had provided to the committee since the derogations had been introduced.

Elexon will provide an analysis of this data to the PAB in October 2021. The PAB could then decide whether further Assurance activity was needed.



### CVA Assurance Improvements

Elxon is focusing on CVA Risks, to improve and strengthen Assurance processes in line with Elxon's proactive and transparent assurance programme following the Performance Assurance Framework Review.

The Risks identified for focused support within this area are:

- Risk 19 – CVA Registration;
- Risk 20 – CVA Metering Equipment installation, programming, maintenance and Commissioning;
- Risk 21 – CVA Retrieval and processing of Metered Data;
- Risk 22 – CVA Notification of change to Metering Equipment; and
- Risk 23 – CVA Fault Resolution.

We aim to provide improved visibility to the PAB and controls in order to enhance the current CVA Assurance programme by providing:

- CVA Risk Analytic & Monitoring Dashboards;
- Inclusion of CVA Risk into the Risk Report;
- Development of the [Annual Demand Ratio](#);
- Improved CVA Work Papers for the BSC Audit; and
- Providing Registrants and their Agents a view of their Performance data in order to drive Performance improvements.

Elxon now has a number of Risk Dashboards in place in respect of CVA risks, namely:

- Risk 019 – A Volume Allocation Unit is registered incorrectly or not at all, such that the CDCA does not collect any or the relevant data.
- 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 is not resolved, such that Metered Data is recorded incorrectly or cannot be retrieved;
- Risk 032 – Manual adjustments to CVA Metered Data are not completed correctly, or at all; and

Elxon continues to monitor these Risks and engage with Market Participants where their performance is found to be contributing to these Risks.

Elxon has held two CVA Workshops this quarter, one in August 2021 and one in October 2021. These workshops are focused on the review of past CVA issues and CVA processes with a view to identifying controls and processes which could be strengthened to help increase CVA Assurance and mitigate against potential future issues.

#### August 2021 CVA Workshop

Elxon hosted a workshop to discuss CVA Risk and their potential mitigations. The CVA Workshop held in August 2021 focused on Risk 021 covering the following CVA processes:

- CDCA Completeness (Day +1) Process
- CDCA Validation for Day+2 Process

As with all of our CVA workshops discussion was focused around risk, controls and existing assurance arrangements.

A number of manual processes were noted and discussed however it was agreed that robust controls already existed in respect of these process.

## Quarterly Performance Assurance Report

Workshop attendees also discussed the purpose of these workshops which is to review existing controls and assurance arrangements in order to ensure that sufficient assurance is gained in respect of highly material CVA processes.

We agreed that the highest priority areas to review at future workshops included:

1. The top five CVA errors in the past five years
2. CVA Meter fault resolution process
3. De-energised circuits, de-energised metering systems with removed metering
4. CVA estimation processes
  - a. Selection of estimation methods and their accuracy
  - b. Confirmation of estimates by Registrants (CDCA-I037)

With items 1 and 2 above to be covered at the October CVA Workshop

### October 2021 CVA Workshop

The 3<sup>rd</sup> CVA Workshop will be held on 25 October 2021.

The Workshop will focus on:

- A summary of the top five CVA errors over the past five years; and
- CVA fault resolution processes.

---

## Transition of Assurance to the Retail Energy Code (REC)

Elexon will focus on understanding and, where possible, mitigating, the impact of any potential REC transition arrangements.

We have identified that this event will have the potential to impact all SVA Risks, and have discussed these with the REC Performance Administrator (RPA), however the below risks are identified as having the most significant impacts:

- Risk 1 – Registration;
- Risk 2 – Attributes;
- Risk 3 - Metering Equipment installation, programming, maintenance and Commissioning;
- Risk 4 – Notification of Change to Metering Equipment;
- Risk 5 – Fault resolution;
- Risk 6 – Meter Technical Details transfer and processing;
- Risk 7 – Retrieval of Metered Data;
- Risk 12 – Metering Equipment Technical Detail Quality;
- Risk 14 – Agent appointments;
- Risk 15 – Reference data; and
- Risk 16 – Energisation status.

With the Retail Energy Code going live on 01 September 2021 we have established contacts in the three REC service areas:

- REC Performance Assurance Service – Deloitte
- REC Professional Services - Gemserv
- REC Technical Services – CapGemini

We are building working relationships which will benefit both Elexon and RECCo during the transition period and as Business as Usual processes mature.

Elexon encourages all eligible BSC Parties to sign up and gain access to the [REC Portal](#) which contains relevant information that will support the Transition to the REC, including Operational and User Guides.

---

### Addressing actions arising from Market Issues identified within the BSC Audit

Elxon is focusing on addressing the actions to be taken against Market Issues identified within the BSC Audit in order to resolve long standing and historic Market Issues.

The Risks identified for focused support within this area:

- Risk 3 – Metering Equipment installation, programming, maintenance and Commissioning.
- Risk 4 – Notification of change to Metering Equipment.
- Risk 6 – Meter Technical Details transfer and processing.
- Risk 8 – Processing of Metered Data.
- Risk 11 – Unmetered Supplies.
- Risk 13 – Manual adjustments.
- Risk 18 – Revenue protection.
- Risk 20 – CVA Metering Equipment installation, programming, maintenance and Commissioning

The Risk Team has now taken ownership of the delivery of actions raised relating to market issues as part of the wider Risk Operating Plan delivery ensuring that issues are progressed, resolved or re-assessed during the PAOP.

There are 13 Open Market Issues assigned to Risk Owners. Two Issues are recommended to be closed this Quarter:

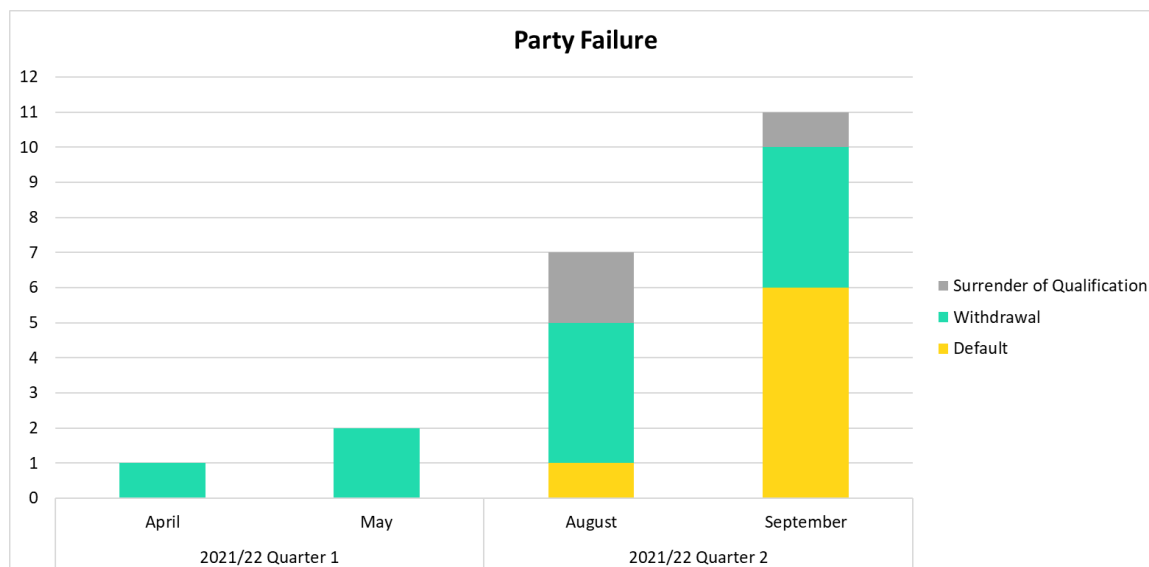
- Lack of Notifications of the rejection of standing data flows – Recommended to be closed due to low numbers of material findings, of which all can be resolved through EFR, as noted in the Market Issues Action Log
- Completion of Proving Tests and relevant documentation in CVA market – Recommended to be closed due to three material findings, two of which have been resolved through EFR as noted in the Market Issues Action Log:
  - The High Rated Audit Issue - The Party has delivered against the milestones of its EFR Plan and the Auditor will confirm that the issue is resolved in the 2021/22 BSC Audit.
  - The Medium Rated Audit Issue - The Party is on schedule to complete all milestones of its EFR Plan by the end of October 2021.
  - The Low Rated Audit Issue - The feedback has been received by the CVA MOA and they will make the improvements to their processes as recommended by the BSC Auditor. Progress on this issue will be confirmed in the BSC Audit 2021/22

Two of the 10 Issues to remain open have factors that relate specifically to Meter Operator Agent issues. The Risk Owner will conclude analysis and corrective work on these areas and migrate them to the Retail Energy Code (REC) Performance Assurance Board (PAB), a follow up .update will be provided in the subsequent QPAR.

## Other Notable Risk Updates

### Party Failure

Elexon processed three Party Withdrawals in the first quarter of the 2021/22 PAOP. Elexon has processed eight Party Withdrawals, Seven Party Defaults, and three Surrender of Qualification in the second quarter of the 2021/22 PAOP.



### Annual Demand Ratio Monitoring and Investigation

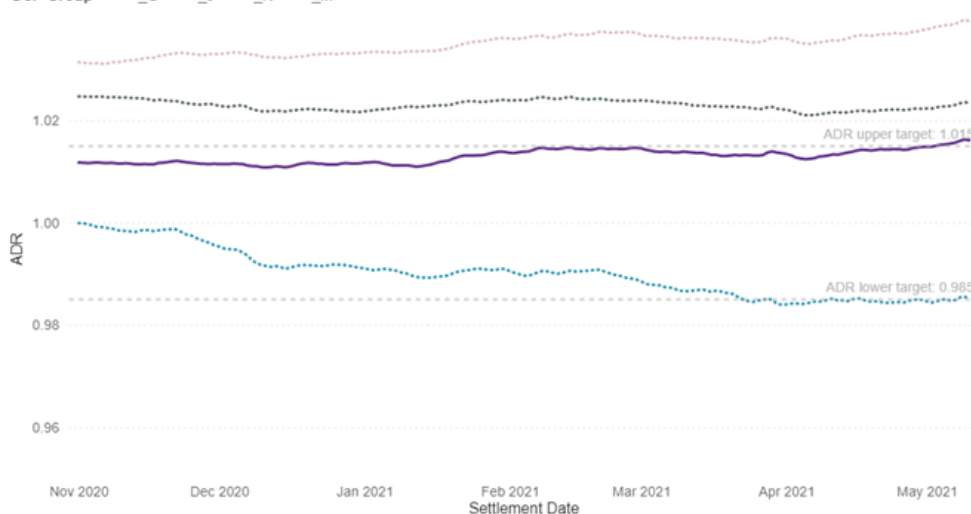
During this quarter Elexon continued to pursue all available avenues to investigate the potential issues highlighted by the Annual Demand Ratio (ADR) KPI.

There are currently four GSP Groups which indicate concern through their ADR. Namely \_G, \_J, \_K and \_M. Elexon's ADR Response Group continues to meet on a weekly basis to discuss these issues and progress internal analysis as well as industry engagement to help resolve these potential issues. Regular updates on this work are presented to the industry committees including the PAB, the TDC and the SVG.

ELEXON

Annual Demand Ratio based on Settlement Run type R2 or later

GSP Group — \_G — \_J — \_K — \_M



GSP Group filter

- ☐ \_A Eastern
- ☐ \_B East Midlands
- ☐ \_C London
- ☐ \_D Merseyside & North ...
- ☐ \_E Midlands
- ☐ \_F Northern
- ☒ \_G North Western
- ☐ \_H Southern
- ☒ \_J South Eastern
- ☒ \_K South Wales
- ☐ \_L South Western
- ☒ \_M Yorkshire
- ☐ \_N South Scotland
- ☐ \_P North Scotland

## Quarterly Performance Assurance Report

Elxon is also working to estimate the potential impact of these issues and will be contacting the Suppliers with the greatest market share within these GSP Groups directly to make them aware of the potential impacts.

Elxon continues to undertake TAA site visits for GSPs within GSP Groups \_J, \_K and \_M. Certain audits have been delayed due to support required from the National Electricity Transition System Operator (NETSO), however we are still on track to complete the majority of site visits by November 2021.

Elxon has also developed an automated tool which is able to review large volumes of data and reliably identify change points which require further investigation by analysts. We are also working to automate other elements of the manual analysis which must be undertaken when potential issues are highlighted by ADR.

Further detail on the ADR issue and the Lessons Learned exercise can be found [here](#) and [here](#).

---

### Issue 97 – Meter shortage risk driven by global materials availability and supply chain challenges

The first meeting of the [Issue 97 workgroup](#) took place on Tuesday 28 September 2021. A summary of discussion and actions were circulated to Workgroup Members and the slides from the first meeting are available on Elxon's Issue webpage.

Following the first Issue 97 Workgroup meeting Elxon has revised its data requests regarding this issue and has issued the revised data request to Workgroup Members, to Suppliers, Meter Manufacturers and MOAs.

Elxon has also engaged with the REC regarding Issue 97 and will going forward be working with the REC to help assess the Issue and manage the associated risk.

Elxon continues to work to establish an estimate of the impact of the Meter shortage on relevant Settlement Risks. These estimates will be presented at the second Issue 97 workgroup which is due to take place in November 2021. Since the first Issue 97 Workgroup Elxon has received responses from a number of MOAs which indicate that while some agents are experiencing issues, others are thankfully not. It therefore appears that Supply Chains are being maintained and there is reason to be optimistic that this issue may not grow as significant as initially feared. However there is clear evidence that there are Supply Chain issues impacting on Meter availability and we will therefore continue to engage with industry to monitor and assess this risk.

---

### PAF Review Recommendations

The Performance Assurance Framework Final Report was presented to the BSC Panel in March 2021. The report detailed the issues, learnings, conclusions and recommendations identified by the review and proposed that a regular update be provided to the Performance Assurance Board.

Rating	PAF Recommendations	No longer Relevant	Not started	WIP	Completed
High	20			3	17
Medium	44	2	6	15	21
Low	29		11	13	5
Not Rated	1	1			
<b>Total</b>	<b>94</b>	<b>3</b>	<b>17</b>	<b>31</b>	<b>43</b>
(%)		3%	18%	33%	46%

We are continuing to progress implementing the PAF Review recommendations and will provide a further update in the Quarterly Performance Assurance Report due in January 2022.



---

### Reference Data Risk

As part of our continuing work to progress large scale change to Market Domain Data (MDD) sets for OFGEM's Targeted Charging Review (TCR), we have been carrying out industry and BSC Central Systems testing over recent months. Due to the growth in the size of the MDD and Line Loss Factor (LLF) datasets needed for the TCR, we undertook this testing to identify and mitigate any potential risk to industry processes relating to balancing and settlement. After the first round of testing, we identified a number of enhancements to be made the BSC Systems. After implementing those, we conducted a further round of testing between June and July. Overall, the results gave us confidence that the Central Systems will be able to process the additional data volumes, and that our Parties' systems will be able to cope with the increase. We deployed the enhancements in August. We provided this information to the Supplier Volume Allocation Group (SVG) at their meeting on 3 August 2021.

The SVG then;

- Approved the next batch of TCR related changes for the MDD Version 315, which added 4,657 TCR LLFCs and 32,350 combinations, and which was published in September.
- Approved the TCR related changes for MDD Version 316, which was published on 13 October 2021 and will go live on 20 October 2021, and MDD Version 317, which will be published on 10 November and will go live on 17 November. Some TCR Changes will also be included in MDD Version 318, which will be published in December.
- MDD v317 will add 1,420 LLFCs and 18,887 combinations. It will also end-date 15,721 combinations. MDD v318 is due to add 13,029 combinations and end-date 502 LLFCs and 11,687 combinations, subject to SVG approval.
- All IDNOs will have submitted their initial TCR submissions

From risk point of view, we are confident that the volumes won't cause any system issues therefore we can confirm that the risk has been mitigated.

## Technique Updates

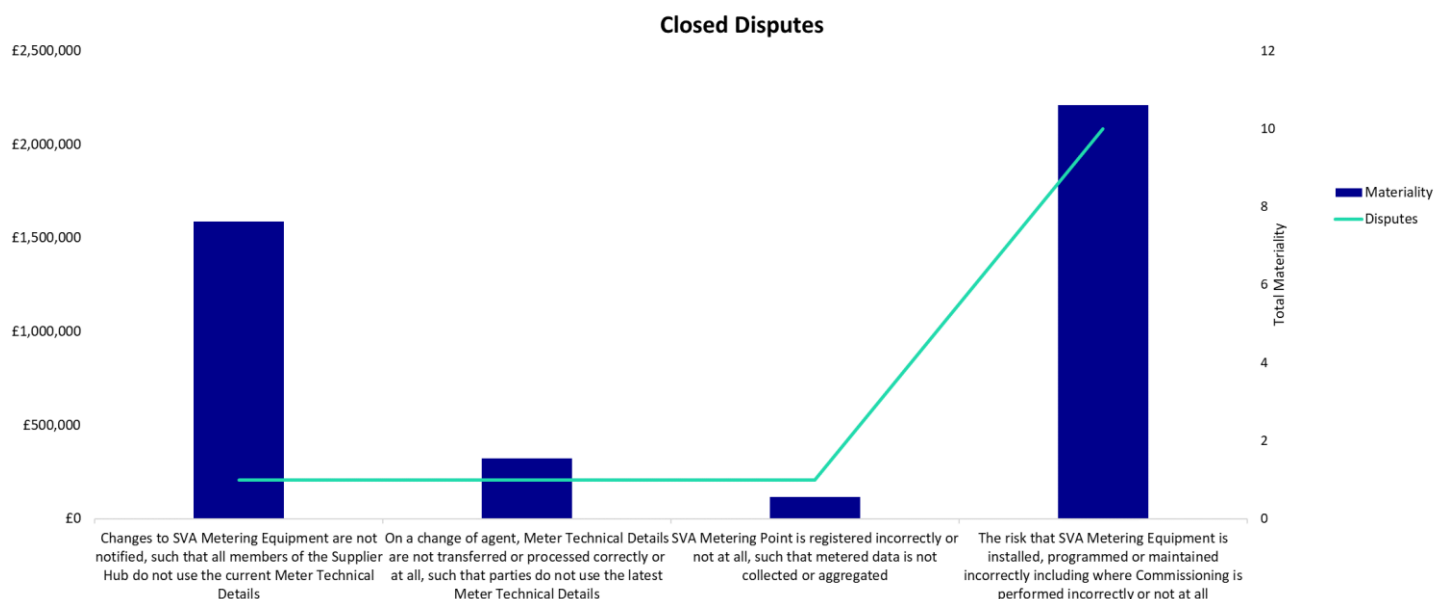
### Disputes

#### Q2 Summary

Elexon resolved 25 Trading Disputes between July and September 2021. The Trading Disputes Committee (TDC) upheld 13 of the Trading Disputes noting the material impact to Settlement. 12 Trading Disputes were found to be invalid and were closed by Elexon.

Ten of the Trading Disputes upheld by the TDC were related to Risk 3, with a combined materiality of £2,211,217.

The Trading Dispute Team's focus over the next three months will be on progressing an additional 25 Trading Disputes that remain outstanding. The team will also be continuing work on the Trading Disputes Review project, with focus on the Internal Review and Market Wide Half Hourly Settlement.



### Error and Failure Resolution

Elexon and the PAB are reviewing their approach to managing the Settlement Performance standards on a quarterly basis. The last review took place at the August 2021 PAB meeting with the next review taking place in August. The recommendations were provided in the Performance Thresholds Review and is available to read in the documents section of the [August PAB meeting page](#).

The latest performance review resulted in Suppliers with a non-compliant volume of estimation of 2,000MWh at RF in the NHH market and R1 for HH MC C or HH sub-100kW market being in focus and likely to have EFR applied.

Suppliers will remain in EFR until it is beneath the EFR exit criteria which is currently set at 1,000MWh of non-compliant estimated energy.

The following table highlights the current view of the numbers of Suppliers in EFR for issues with their performance against the standards.

## Quarterly Performance Assurance Report

Market Area	Number of focus Suppliers	Number of focus Suppliers within EFR technique	Number of Suppliers previously in focus that have not yet met exit criteria	Suppliers are in EFR but have met exit criteria this month	Total number of Suppliers in EFR
HH MC C	8	5	1	1	6
HH sub 100kW	6	4	0	0	4
NHH	13	11	1	2	11

Elxon has turned on EFR for the 42 High- and Medium-rated Audit Issues. Elxon will work with these BSC Parties to provide them with assistance to improve their performance and compliance in their processes.

---

### Technical Assurance Audit

#### Mandatory Desktop Audits, Central Volume Allocation (CVA) onsite Inspection Visits, Supplier Volume Allocation (SVA) onsite Inspection Visits

Following the recommendations agreed by the PAB at the May, 2021 TAM Desktop Audits and CVA onsite Inspection Visits became mandatory from Monday 5 July 2021 and SVA onsite Inspection Visits became mandatory from Monday 16 August 2021.

SVA onsite Inspections resumed with a limited number of Visits to gauge any ongoing impacts on site access from COVID-19. Elxon and the TAA reminded Suppliers for the selected MSIDs of the importance of confirming access prior to Inspections taking place, and there has only been one confirmed case of an auditor being unable to gain access to a site. Further SVA Inspections are now being scheduled.

#### Technical Assurance Agent Management Tool (TAAMT)

Following the successful launch of the upgraded TAAMT system on 5 July 2021, Elxon and the Technical Assurance Agent (TAA) continue to progress process and system improvements as part of our switch to an agile change approach.

Phase 2 will focus on continuing to improve the system's usability and accessibility, and on developing the reporting tool to allow more flexibility when exporting data.

---

### Supplier Charges

The Supplier Charges Technique remains suspended.

---

### Technical Assurance of Performance Assurance Parties

The TAPAP technique is continuing to operate, but only where Parties are able to facilitate the checks and with the consideration of prioritising BAU.

#### Risk 11 Unmetered Supplies

Elxon implemented the Risk 11 set of checks as remote audits during the Covid-19 disruption. Elxon has now completed all checks that were scheduled and individual Party reports are now finalised. The collated findings report was presented to the PAB (Performance Assurance Board) at its August 2021 meeting ([PAB247/04](#)). The findings were also presented to the [Unmetered Supplies User Group \(UMSUG\)](#) at its September 2021 meeting and the Supplier Volume Allocation Group (SVG) at its October 2021 meeting ([SVG248/07](#)).

#### Supplier Agent Management Check

Elxon presented to the PAB at its August 2021 meeting ([PAB247/05](#)) a TAPAP scope for approval of a check on Supplier Agent Management.

## Quarterly Performance Assurance Report

At the June 2020 PAB Meeting, the Performance Assurance Framework (PAF) Review provided recommendations to the TAPAP technique ([PAB233/11](#)), including a TAPAP Audit of the actions taken by Suppliers regarding appointed Supplier Agents' BSC Audit Issues.

This TAPAP will:

- Provide Assurance of Suppliers' management of their individual Supplier Hub; and
- Assess the appropriateness and efficacy of actions taken by Suppliers in order to address BSC Audit Issues raised against their appointed Supplier Agents.

This check is not being undertaken with a view to raising specific non-compliances against Suppliers for failing to take action, but will instead feed into Elexon's view of Risk, by improving visibility of which Risk areas Suppliers are putting pressure on Supplier Agents to address and which are being de-prioritised.

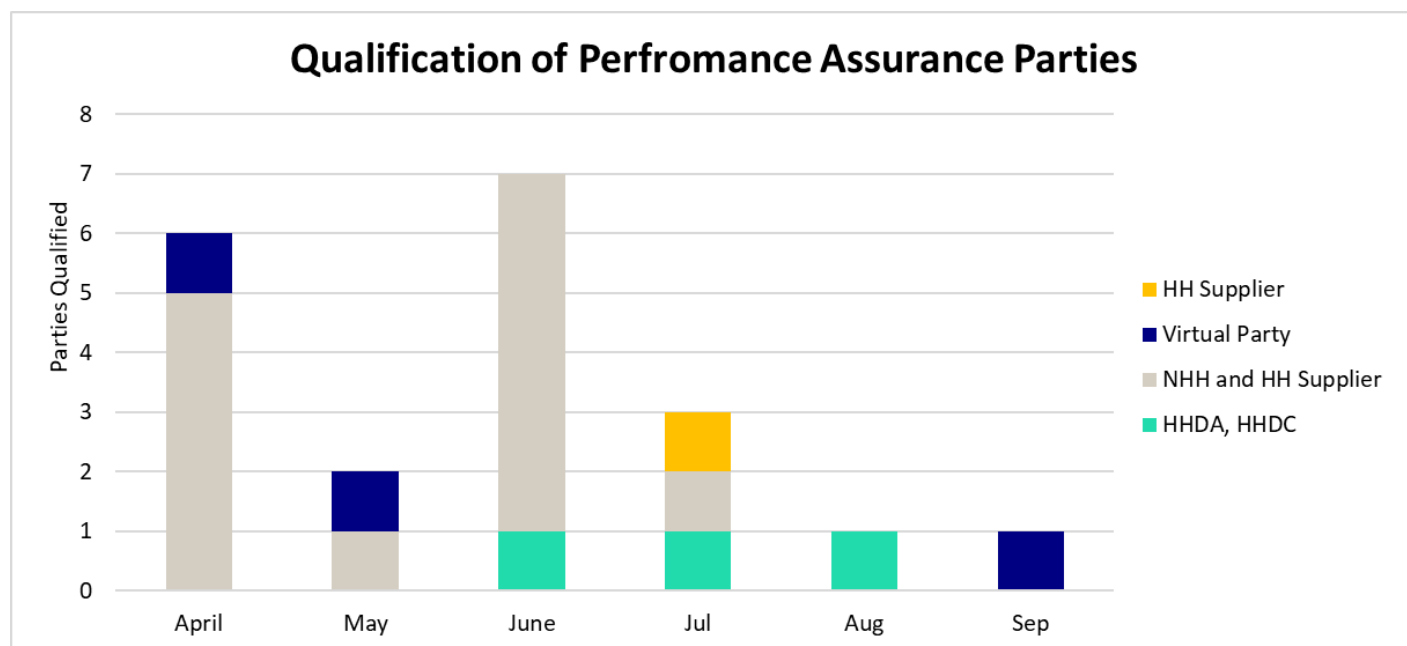
The check will be performed as a remote audit and will not contain an MPAN sample, but process questions for Suppliers around the management of its appointed Agents. The checks will take place during Q3 and Q4 of the 2021/22 PAOP and the findings will be reported to the PAB in March 2022.

---

## Qualification

The Qualification process aims to provide assurance that an organisation's systems and processes have been developed in line with BSC requirements and good practice. Qualification also helps check that systems won't pose a risk to Settlement.

Elexon has processed and the PAB approved the Qualifications of one HH and NHH Supplier, one HH Supplier, one Virtual Lead Party, and two HHDC and HHDA in the second quarter of the 2021/22 Performance Assurance Operating Period.



## 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 on the horizon. 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 2022/23

### Risk Evaluation Register 2022/23

In the third quarter of the 2021/22 Performance Assurance Operating Period Elexon will conduct its Risk reassessments in order to produce its Risk Evaluation Register 2022/23. Risk Owners will confirm the Risk impacts and re-scored Risks will be presented to the PAB for review and approval.

### Meter Shortage Issue Groups

Elexon continues to work to establish reasonable estimates for the impact of the Meter shortage risk on relevant Settlement Risks. These estimates will be presented at the second Issue 97 workgroup which is due to take place in November 2021.