ELEXON

TECHNICAL ASSURANCE REPORT

Supplier Agent
Management Check
2021/22

Public

Contents

Contact details

Beth Procter Technique Manager	Chris Stock Risk and Technique Analyst, BSC Audit Lead
beth.procter@elexon.co.uk	chris.stock@elexon.co.uk
TAPAP Audit Team	BSC Audit Mailbox
technical.assurance@elexon.co.uk	BSCAudit@elexon.co.uk
Elexon Risk Team	
risk@elexon.co.uk	

Executive summary

Elexon undertook a TAPAP check to provide assurance of Suppliers' management of their individual Supplier Hub and to assess the appropriateness and efficacy of actions taken by Suppliers in order to address BSC Audit Issues raised against their appointed Supplier Agents. We checked six Half Hourly (HH) Supplier MPIDs and seven Non-Half Hourly (NHH) Supplier MPIDs across six BSC Parties The selection of candidates was determined primarily based on BSC Audit Issue data and associated Settlement Risks. In August 2021 Elexon provided Suppliers with the Audit Issues of the associated Supplier Agents and performed the check between December 2021 and March 2022.

The TAPAP covered questioning around:

- Prioritisation of Supplier Agents;
- Prioritisation of Risk areas;
- Follow up actions to ensure continued resolution of BSC Audit Issues;
- Frequency of follow ups;
- Actions taken where progress had not been made;
- Actions taken following updates from Operational Support Managers (OSMs) regarding Supplier Agent performance; and
- How effective relationships were maintained with Supplier Agents.

In addition there were supplementary questions that were Risk or Risk area specific to look at the impact of Supplier Agent management on specific risk areas highlighted in the Risk Operating Plan (ROP).

For more details on the Supplier Agent Management Check, the Settlement Risks covered, and definition of the TAPAP check, please see Appendices A-C.

Successes
All Parties had comprehensive Agent management processes that were effective at managing general performance of their Agents. Most Parties had sight of their Agents performance and either used the BSC Audit Issues as a discussion point with their Agents or as confirmation of their own internal Performance Tracking.
All Suppliers to varying degrees demonstrated frequent and relevant communication with its Agents and most had BSC Audit Issues built into these communications in some form. Most Suppliers placed actions and performance expectations on their Agents both for general performance and in relation to BSC Audit Issues.
All Parties had reviewed and used Elexon's Risk Evaluation Register and Risk Operating Plan in their Risk prioritization and demonstrated good internal controls around Agent and Performance Management.
All Suppliers had certain Service Level Agreements (SLAs) built into its contracts with its Agents requiring certain levels of performance and responsiveness.
Several Suppliers developed specific plans to deal with the de-energised sites issues highlighted by the BSC Audit Agent Issues.
All Suppliers had reviewed the Retail Energy Code (REC) migration changes and performed an internal impact assessment of the potential side effects.

Concerns
Some Suppliers applied less resource to resolving Supplier Agent BSC Audit Issues than others, potentially leading to Agent Issues remaining open for longer.
Some Suppliers were not receiving the BSC Audit Agent Issues, whether through an incorrect contact or lack of escalation to the correct team. Therefore were unaware of certain Issues until prompted by this check. The Supplier should not be dependent on the BSC Audit Compliance check to be aware of their Agents' performance.
The SLAs varied significantly between Parties, and demonstrated the importance of defined timescales and expectations with regards to performance monitoring.
Some Suppliers did not devote specific resource to ongoing reviews of the REC changes, which could lead to it not being sufficiently aware should a significant change occur.
Some Suppliers noted the number of MSIDs incorrectly assigned on the SMRS database, potentially leading to inaccurate Settlement.

Audit findings

Monitoring and Management of Agent Performance

Each Party had different methods of management of their Agents, all variations on regular communication and meetings, with actions and with Service Level Agreements (SLAs) or Key Performance Indicator (KPIs). In general, it was noted that BSC Audit Agent Issues and performance related actions saw more progress with the audited Suppliers that demonstrated greater levels and frequency of communication between the Supplier and its Agents.

One Party noted their process for managing Agent performance was driven by operational concerns based on KPIs and contractual obligations. Agent reporting and data is received by the Party every two days and discussed in scheduled fortnightly meetings with each Agent. Ad-hoc meetings to discuss major issues are arranged to supplement these if necessary. The Party also recognised the importance of setting clear and achievable contractual targets for its Agents in order to incentivise managing own performance. For example, it has set its Data Collector (DC) a KPI of 100% for completion of visits to de-energised sites for regular monitoring through this process. The Party noted an escalation process existed for use with appropriate support from operational and contractual management where necessary.

One Party's approach to key processes allowed the Supplier and Agent to manage requests for data and appointment/job booking via an online portal to easily track work flows. For the purposes of adequate team coverage, the Party had internal software which details notes and actions off the back of communications with its Agents. In addition, the Party has documentation and training to ensure all users understand the systems and responsibilities.

Two Parties noted monthly structured business reviews with its Agents, and the flexibility to increase the frequency of calls when the Risk or area became more material. Both Parties noted it had strong and specific contractual obligations, including specific BSC Obligations within the contract, to ensure contract compliance through the use of designated contract manager roles. For one Party, it noted these roles within the business were able to implement rectification plans and invoke a formal disputes process laid out in Agent contracts when an Agent's operational issue breached the terms of the contract. The other Party noted a clause within the contract that if there is a material breach of contract this is grounds to exit the contract. All of this Parties' contracts included a clause that contractually binds external Agents it uses to issue service credits equal to 10% of the invoice value if SLA / KPI breaches are material. Example of a high material issue would be not meeting Annual & Biannual Read Performance targets.

One Party noted its own internal performance reporting which looks at read performance, faults and overall performance of each Agent. This report provides a view of multiple months so that performance can be compared over a range of dates. Actions are created from the report for monitoring and discussions within the regular Agent meetings. There are regular communications and internal meetings between operations teams and the contract team to address each Agent's performance. These are scheduled as weekly and daily catch ups with Operations Analysts and Contract Managers for both internal support and progression updates. Ad hoc meetings are also raised where required and the frequency increases for events such as migrations or projects with certain Parties. Progress updates feed into the leadership team so they have awareness of the teams priorities and any ongoing issues. Meeting schedule is regularity tailored per Agent and is based on the contract terms of each service provider. When issues are raised with the Agent, the Contract Manager will initially contact the Agent by email. Strict deadlines are given to ensure action is taken and if Agents are not resolving issues, a specific agenda item will be raised for the regular meetings or a catch up call with someone specifically with knowledge of the issue at the respective Agent. Each service provider has an escalation route and the operations teams will speak to the Contract Manager on the Agent side or a Director of the area if required. The Party states that it has close relationships with its service providers so can track issue resolution through this process. Operations teams will also apply pressure where needed to ensure resolution.

One Party works with a predominantly integrated Agent approach. For this Party it was proven to be effective as the Agent and Supplier staff worked side by side on a daily basis towards performance goals. The Party notes regular internal performance meetings that discussed all business concerns, devoting a portion of time to BSC Audit Issues, linking them to other internal reporting to allow a more comprehensive view of the issues.

Monitoring of BSC Audit Agent Issues

There was a range of findings in respects of receiving, actioning and tracking the BSC Audit Agent Issues. Each Party demonstrated management of its Agents to varying degrees with some fully integrating Issue resolution into its performance monitoring processes while others had not utilised the BSC Audit Issues in any form.

One Party noted it did not receive and one Party received but did not utilise Elexon's list of Agents BSC Audit Issues, but noted as standard it already monitored all necessary Key Performance Indicator (KPIs) that its Agent is BSC compliant.

Two other Parties had fully integrated management of the BSC Audit Agent Issues and issues identified through Business As Usual (BAU). Resolution for all types of issues falls into the same process. Therefore, BSC Audit Issues are not specifically prioritised by Settlement Risk for resolution, but managed through the Parties' own internal performance reporting. One Party noted it was able to cross reference a relevant BSC Audit Issue with its own systems to confirm whether Issues recorded against its Agents affected supplies within its portfolio, so predominantly focused on the relevant Issues and escalated where necessary. The other Party noted it mainly actioned and escalated to its Agents for issues associated with contractual obligations, and considered resolution of BSC Audit Issues was not part of this formal obligation.

One Party had a staff change within the last year, and therefore the check was the first the current team had seen the BSC Audit Agent Issues, therefore no process for Issue management existed. The Party noted that moving forwards, it would perform thorough review and comparison of its Agents Issues to day-to-day operational reports to determine operational effects of the Agent Issue and create an action plan accordingly.

One Party utilised multiple internal and external reports to identify Agent Issues ahead of time, tracking the progress of flows that may have a material impact on the Parties' performance, with the potential to highlight Agent Issues early on. Frequent reporting of data flows ensure Agents are improving on issues. The Party also utilised Elexon's reports (including the BSC Audit Agent Issues) to contribute to its performance management.

One Party had visibility of its Agent Issues ahead of Elexon reporting due to open and regular communication with its Agent and had actively worked to resolve the Issues as part of its BAU.

Internal controls and actions

All Parties demonstrated appropriate internal controls and utilised Elexon's Risk Operating Plan in their Risk evaluation, with two Parties elaborating further on strong internal controls and actions that aided in the resolution of both its own and the Agent's BSC Audit Issues.

One Party demonstrated a clear delegation of responsibilities and an escalation route within its team, having developed an internal website/wiki page to ease companywide communication and work flow management. Furthermore, the Party displayed pro-activeness by performing activities internally rather than passing the responsibility to its Agents. This has reduced inefficiencies and the number of people that need to be involved in a given area to resolve an issue. However, this is limited by visibility of Agent systems, creating a minor bottleneck when attempting to identify root causes.

Another Party provided evidence of daily flow reporting, which tracked expected flows vs actual received data flows. For example D0148[1], D0010[2] and D0152[3] flows were tracked, which were listed as Agent Issues associated with Risks R0006[4] and R0010[5]. The Party also provided evidence that it managed Agent Issues by tracking Meters which had not received Meter Reads for over 12 months. The Party was able to do this by both providing and receiving weekly Reports from Agents, which highlighted which Meters which fall into this category. The Party further used Large Estimated Annual Consumption (EAC) / Annualised Advance (AA) Reports, performance graphs and external Elexon peer comparison reports to track and monitor potential Agent issues. The Party used a risk matrix to prioritise risks. The framework is continually under review and data items can be updated as required. The Party is audited annually on the framework both internally and externally (by an external Auditing company and not inclusive of the BSC Audit).

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[1] D0148 – Notification of change to Other Parties - https://www.electralink.co.uk/dtc-catalogue/
[2] D0010 – Meter Readings - https://www.electralink.co.uk/dtc-catalogue/
[3] D0152 – Metering system AC/AA Historical data - https://www.electralink.co.uk/dtc-catalogue/
[4] Risk 006 – Transfer of Meter Technical Details
[5] Risk 010 –Meter Read Accuracy and History

Specific Issue Management

There were several findings unique to individual Parties that were brought to light by the check that would otherwise have gone undetected.

One Party noted it received weekly reporting from its Agent consisting of rejected D0300[6] data flows. The Party noted it did not utilise this report as it currently lacked the appropriate resource. While there is no direct obligation to respond to the report provided by the Agent, D0300 flows were introduced to enable Suppliers to challenge the Change of Supplier (CoS) readings it has been provided. As a result of the Party ignoring D0300 rejections from its Agent, an unknown volume of erroneous EAC / AA values could have been generated as a result of erroneous CoS readings, potentially causing Settlement inaccuracy.

Two Parties had significant numbers of Meter System Identifiers (MSIDs) incorrectly assigned to external Agents on the SMRS database. It was advised that these MSIDs had not been recently reviewed. The MSIDs that are still incorrectly assigned hold outdated information, this can cause potential issues if there is a Change of Supplier (CoS) completed.

It was stated in an Agent Issue relating to failure to visit de-energised sites every 12 months that as part of its resolution it sent a specific report to its Suppliers on which sites needed to be visited. At one Party it noted it had received no such report. This could potentially be that the Supplier had no sites that needed to be visited in the timeframe between the TAPAP and the Audit in relation to that Agent, however an investigation into this will be performed.

One Party noted lack of formal responses from Agents to queries regarding Agent BSC Audit Issues, despite evidence of strong communication between the Supplier and its Agents. This could indicate priorities not being placed on material issues identified under the BSC Audit. A possible solution to this would be to alter the original BSC Audit Compliance check to place more emphasis to the Agents on the importance of communication when discussing BSC Audit Issues with Suppliers.

Management of Agent Obligation to visit De-energised sites every 12 months

Where a Supplier Volume Allocation (SVA) Metering System (MS) is de-energised the Non Half Hourly Data Collector (NHHDC) shall make visits to the site concerned once every 12 months. The Supplier Hub principle notes the Supplier is responsible for its Agents performance for BSC Obligations. As part of the TAPAP, Elexon requested information on how Suppliers were managing Agents with BSC Audit Issues relating to the noted obligation to visit de-energised sites. The findings noted different approaches and outcomes to the Issues.

One Party noted that its Agent was reluctant to take accountability for the responsibility to carry out annual visits to de-energised sites. The Party utilised existing contractual SLAs to ensure that the Agent carry out these visits.

Another Party developed a portfolio view of relevant sites that was shared monthly with their DC. It is then the Agents' responsibility to obtain read(s) within defined read windows. The Agents performance is then managed via reporting of reads obtained / not obtained. Monthly performance sessions are held to discuss performance and a KPI of 100% of visits completed on de-energised sites is in progress.

One Party was unaware of the de-energised sites Agent Issue with its Agent prior to receiving the BSC Audit Agent Issues for this check. In the Agent Issue observation, it is stated that the process it has set up involves sending a report to Suppliers relating to visits to de-energised sites. The Party noted it had not received such a report.

One Party noted a migration of their portfolio that included its de-energised sites and therefore had not proactively had conversations with its Agent regarding performance in this area.

One Party noted proactive engagement with its Agents following receipt of the BSC Audit Agent Issues, sending emails and arranging calls. The Party further notes a mixed and in some cases lack of response from its Agents on this Issue.

One Party noted it utilises internal Agents for this activity who carry out its obligation to visit de-energised sites at least once every 12 months. The Party actively monitors performance for the relatively few sites that sit with third party Agents where this has been an issue.

One Party noted its Agent had migrated its portfolio of de-energised sites for management by a third party Data Retriever (DR). As DRs are not a prescribed role under the BSC, there was no evidence to show that the Supplier was

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[6] D0300 – Disputed Readings of Missing Readings on Change of Supplier - https://www.electralink.co.uk/dtc-catalogue/

meeting the obligation set within BSCP504[7] for NHHDCs to attend De-energised sites every 12 months. The Party has introduced Supplier monitoring of D0004's[8] and D0010's[9] to ensure that it is meeting the obligation, and there is a spreadsheet received weekly from the DR that provides the current status of the de-energised sites and the attempted visits. The D0004 process highlights sites that do not match the Energisation status that differs to the Supplier records. The process is currently being embedded internally, as the process is still new and the portfolio size for this area is relatively small it is too early to determine if there are any further issues.

Migration of BSCP514[10] and the Meter Operator Agents (MOA) role to the Retail Energy Code (REC)

The migration of BSCP514 and therefore the obligations of MOAs will mean that future Audits will not include MOAs. As this is a substantial change to the arrangements within the industry, a question was included within the Supplier Agent Management Check to determine the effect this change would have on Supplier management of their Agents within the context of the Supplier Hub. The findings were fairly conclusive in that no change had been made to day to day activities, however several Parties noted the creation of a new role / process within its teams to monitor REC activity.

Four Parties noted it regularly monitored developments from the REC through industry wide communications but otherwise has not changed its management of Agents.

Another Party noted the development of a designated REC specialist who oversees, monitors and reports on the changes made as a result of the REC.

One Party noted it felt the REC did not constitute a material change to their operational management, and prioritised other more impactful changes such as the Faster Switching program. Another Party felt the same, adding that ensuring its customers received accurate billing was more relevant than what Code the Agent was sitting under.

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[7] BSCP 504 - Non Half Hourly Data Collection for SVA Metering Systems Registered in SMRS
[8] D0004 - Notification of Failure to Obtain Reading - https://www.electralink.co.uk/dtc-catalogue/
[9] D0010 – Meter readings - https://www.electralink.co.uk/dtc-catalogue/
[10] BSCP 514 - SVA Operations for Metering Systems Registered in SMRS (obsolete)

Follow up actions and recommendations

A number of potential outcomes of the Supplier Agent Management Check were detailed within the scope paper for this check but the key point of performing this TAPAP was to learn how Suppliers manage their Agents and Agent's BSC Audit Agent Issues. The intended outcomes were:

- Review individual TAPAP findings against BSC Audit Issues to check alignment and review the ratings provided by the BSC Auditor;
- Provide Risk Owners with the findings of this check so that it can feed into Elexon's view of each Risk that has been covered in the audit testing;
- Provide OSMs with feedback from the check so that they are able to discuss the findings with Parties during performance management discussions; and
- Determine whether further analysis and TAPAP audits should take place
- 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.

TAPAP results vs BSC Audit Issues

Several Parties noted that the BSC Audit Issues were different to that of its own experience. For example, one Supplier noted that in the Agent Issue the Agent noted it was sending reports to its Suppliers, however the Supplier had not received this report. This and other minor instances will be reviewed by the OSM and BSC Auditor to determine the correct course of action.

There was no indication other than the ratings for the BSC Audit Issues was incorrect.

Risk Owner and OSM Feedback

All Parties noted they took steer from Elexon on risk prioritisation and use the Risk Operating Plan for which Risk to focus on for a given period, however all noted they weighed this against their own internal Risk log comprised of other metrics.

The outcome of the specific Risk findings will be shared with the relevant Risk Owners to supplement their view of their individual Risk. As no direct non-compliances were found as a result of the TAPAP, no Risk Management Determination (RMD) such as Error and Failure Resolution (EFR) will be necessary as a potential outcome. Instead guidance for the OSM to their Parties will be the suggested action for any area the Risk Owner deems appropriate.

Evidence of good practice with regards to performance management was identified at several Parties. These will be extracted from the individual reports, summarised into a document and shared with Risk Owners and OSMs to pass to Parties as guidance.

Future of Supplier Agent Management Check

The TAPAP results were predominantly useful in the questionnaire phase. The Check itself would fit well as a Request for Information (RFI) rather than a full TAPAP. This would reduce the burden of a full audit on Parties while retaining the useful information on Party activities in relation to their Agents BSC Audit Issue resolution.

Should this check take the direction of a RFI rather than a TAPAP check, then it would need to be something that holds an obligation on Parties to respond. The rationale for this being a TAPAP initially rather than an RFI was because of the lack of response from Parties to a request to previous RFIs. Elexon is looking into how this can be achieved and will update PAB and industry on its progression at a later date.

For the frequency of the check, it would be beneficial to be able to continue with either annual or bi annual checks to encourage Party engagement with their Agents over BSC Audit issues. The format of the check will be determined when the scope for the next check it presented to the PAB for approval.

Recommendations

The below recommendations were presented to the April 2022 Performance Assurance Board (PAB) meeting:

1.   Elexon to create a Supplier Agent good practices document for use by OSMs.

2.   Elexon to update the Compliance check to place more emphasis to Agents on communication with their Suppliers

Appendix A: Scope of the check

Technical Assurance of Performance Assurance Parties Scope

Each year, the Performance Assurance Board (PAB) deploys the Performance Assurance Framework (PAF) to manage Settlement Risks. To do this, the PAB identifies, evaluates and prioritises the risks that may occur within Settlement and the extent to which they apply to each Performance Assurance Party (PAP). The PAB applies Performance Assurance Techniques (PATs) to PAPs based on the risk they pose to Settlement; this is published in the Risk Operating Plan (ROP).

At the June 2020 PAB Meeting, the PAF Review provided recommendations to the TAPAP technique (PAB233/11 - 'PAF Technique review recommendations -TAPAP'), 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.

Details of the check

Candidate selection

Because of the nature of the check, the candidates have been selected primarily based on BSC Audit Issue data. A list of Suppliers was created using Half Hourly (HH) and Non Half Hourly (NHH) Meter Operator Agents (MOA) and Data Collectors (DC) with the highest number of material BSC Audit non-compliances, and determining through Supplier Meter Registration Service (SMRS) data the appropriate Supplier / Supplier Agent relationships.

Suppliers have also been selected where their associated Supplier Agents have issues related to a focus risk area that has been highlighted in the ROP. At the request of the PAB, additional consideration was also given to Supplier Agents that had BSC Audit non-compliances relating to the BSCP504 obligation to visit de-energised sites once every 12 months[11].

What will the audit cover?

The objective of the check is to draw out information regarding the actions taken by Suppliers in order to address BSC Audit Issues raised against their appointed Supplier Agents. This will cover questioning around:

- Prioritisation of Supplier Agents;
- Prioritisation of risk areas;
- Follow up actions to ensure continued resolution of BSC Audit Issues;
- Frequency of follow ups;
- Actions taken where progress has not been made;
- Actions taken following updates from Operational Support Managers (OSMs) regarding Supplier Agent performance; and
- How effective relationships are maintained with Supplier Agents.

In addition there will be supplementary questions that will be risk specific to look at the impact of Supplier Agent management on specific risk areas highlighted in the ROP.

How will the audit be conducted?

Elexon will conduct the TAPAP audit in accordance with BSCP535, Technical Assurance.

Elexon will inform each candidate of the planned audit at least 10 Working Days (WDs) prior to the audit as per BSCP535.

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[11] BSCP504 Footnote 102 - Where a Supplier Volume Allocation (SVA) Metering System (MS) de-energised the NHHDC shall make visits to the site concerned every 12 months

Technical Assurance of Performance Assurance Parties (TAPAP) Report

Elexon will conduct the audits as remote audits via teleconference to accommodate for the ongoing impacts of the COVID-19 pandemic (unless an in-person visit is specifically requested by a Supplier), with any follow up conducted by teleconference as required.

When will the audits take place?

Elexon proposes that these audits are undertaken in Q1 of 2022, taking into account Elexon resourcing, impacts of the BSC Audit and other TAPAP checks that have been planned for this Performance Assurance Operating Period (PAOP).

Potential outcomes of the audit

Following the TAPAP audit, Elexon will:

● Review individual TAPAP findings against their BSC Audit Issues to check alignment and review the ratings provided by the BSC Auditor;
● Provide Risk Owners with the findings of this check so that it can feed into Elexon's view of each Risk that has been covered in the audit testing;
● Provide OSMs with feedback from the check so that they are able to discuss the findings with Parties during performance management discussions; and
● Determine whether further analysis and TAPAP audits should take place.

Risks Covered in the check

The following Risk(s) and/or Risk Event are in the current ROP as a focus of work under the PAB.

Risk(s)/Risk Event No:	Detail
R005	The Risk that a fault with SVA Metering Equipment is not resolved, such that metered data is recorded incorrectly or cannot be retrieved
R006	The Risk that on a change of agent, Meter Technical Details are not transferred or processed correctly or at all, such that parties do not use the latest Meter Technical Details
R008	The Risk that SVA metered data is not processed or transferred correctly, or at all
R010	The Risk that on change of Data Collector, meter read history is incorrect or not transferred such that sufficient history is not available for validating and estimating energy volumes

Appendix B: BSC Settlement Risks and Evaluation of Risks

Balancing and Settlement Code (BSC), Section Z 5.4, requires that the Performance Assurance Board (PAB) establish and maintain an annual Risk Evaluation Methodology (REM) that it will use to identify, evaluate and assess materiality of Settlement Risks.

BSC Section Z 5.1 sets out several key points with regards to Settlement Risk evaluation:

- A **Settlement Risk** is:
- "a risk of any failure or error in a step or process required under the Code (including in each case a risk which has materialised as an actual failure or an error) for the purpose of effecting Settlement or otherwise required in connection with Settlement in accordance with the provisions of the Code"
- The **significance of a risk** is set out both in terms of "the **probability** of the failure or error…. and its impact on settlement"
- The level at which a Settlement Risk is considered **'material'** is at the discretion of the PAB i.e.
- "of a level which the Performance Assurance Board determines (in its opinion) to be material"
- The Performance Assurance Framework (PAF) should have regard to two objectives:
- "(i) the **efficient, equitable and accurate allocation of energy** between Suppliers resulting from the aggregated consumption of Metering Systems for which each Supplier is responsible; and
- (ii) the **efficient, accurate and co-ordinated transfer of Metering Systems data** by Performance Assurance Parties between Suppliers and Supplier Agents. "BSC Section Z, 5.1 also sets out several key points with regards to Settlement Risk evaluation and how we will capture this information in the.

The Risk Evaluation Register (RER) is reviewed at least annually by the Performance Assurance Board (PAB) following the process described in Section Z and currently contains 34 Risks that relate to either Central Volume Allocation (CVA) or Supplier Volume Allocation (SVA) risks.

Each year, PAB deploys the Performance Assurance Framework (PAF) to manage Settlement Risks. To do this, the PAB identify, evaluate and prioritise the risks that may occur within Settlement and the extent to which they apply to each Performance Assurance Party (PAP). The PAB applies Performance Assurance Techniques (PATs) to PAPs based on the risk they pose to Settlement, this is published in the Risk Operating Plan (ROP).

For the 2021/22 BSC year, eight Risks were identified by the PAB as being a focus of work under the PAF. Of these eight, five have been recognised as having TAPAP as a recommended technique to investigate the root cause of and manage the impact of these Risks.

Performance Assurance Documents				
Risk Evaluation Methodology (REM)	Risk Evaluation Register (RER)	Risk Operating Plan (ROP)	Quarterly Performance Assurance Report (QPAR)	Annual Performance Assurance Report (APAR)

Appendix C: What is a Technical Assurance of Performance Assurance Parties (TAPAP) Check?

TAPAP is one of the detective (audit) techniques in the Performance Assurance Framework (PAF). The aim of TAPAP is to detect where Suppliers and Supplier Agents are meeting their Balancing and Settlement Code (BSC) obligations. To identify if any instances of failure pose a risk to Settlement and if there are weakness in any of the BSC processes (and other processes as appropriate).

TAPAP checks are targeted at key market performance and risk areas on an annual basis. We conduct checks either via site visits or as off-site/remote reviews of information and data.

The following Performance Assurance Parties (PAPs) may be subject to checks at the discretion of the Performance Assurance Board (PAB):

Suppliers	
Supplier Agents	*Half Hourly Data Collectors (HHDCs)*
	Non Half Hourly Data Collectors (NHHDCs)
	Half Hourly Data Aggregators (HHDAs)
	Non Half Hourly Data Aggregators (NHHDAs)
	CVA Half Hourly Meter Operators (HHMOAs)
Licensed Distribution System Operators (LDSOs)	
Unmetered Supplier Operators (UMSOs)	
Supplier Meter Registration Agents (SMRAs)	
Meter Administrators (MAs)	
Virtual lead Party (VLP)	
Asset Metering Virtual Lead Party (AMVLP)	

BSC Section Z

Performance Assurance

Contains the rules for the implementation of Performance Assurance Techniques (PATs). It covers the procedures relating to Settlement Risks and Risk Management Determinations – including the Risk Evaluation Methodology (REM) and the Risk Evaluation Register (RER) and the Risk Operating Plan (ROP)

BSCP 535

Technical Assurance

This Balancing and Settlement Code Procedure Document (BSCP) defines the process for providing assurance that PAPs are meeting their obligations as stated within the BSC or Code Subsidiary Documents as appropriate.