

Confidential

# Trading Disputes Technique Review Workshop

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TDC

5 December 2019  
Kat Higby

**ELEXON**

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# Agenda

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Agenda item	Lead
Background	Kat Higby
Trading Disputes Process	Kat Higby & Hanna Pain
MHHS impact on the SVA Settlement timetable and Trading Disputes Process	Matthew McKeon
Trading Dispute Examples	Si Tze Wong
Stakeholder Feedback	Kat Higby



# Background

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- ELEXON is currently undertaking a review of the PAF
- The Trading Disputes PAT is considered outside of the scope of the PAF review
- The Trading Disputes technique requires an independent review, in order to;
  - Identify areas requiring improvement and refinement
  - Ensure the processes are as effective as possible

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# Project Plan

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- The project will review five input work streams:
  - Stakeholder feedback
  - Mandatory HH Settlement
  - Lessons Learned (DA846)
  - Internal review
  - ELEXON Foundation Programme
  
- The Lessons Learned (DA846) work stream will be initiated in stage two
- Each work stream will have associated activities to be completed within the project
- The activities will highlight possible changes and improvements that can be made to the Trading Disputes technique (outputs)
- The project will recommend any identified changes and improvements that can be made to the Trading Disputes technique as short-term and long-term changes.

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## Possible Outputs

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- A standardised approach to lessons learned and exceptional circumstances
- A method of feeding Trading Disputes data into Risks
- Relationship with the PAB
- An amended materiality threshold and calculation
- Mandated timescales for correcting faults and escalation
- A standardised Trading Dispute investigation process
- A centralised space for storing information on Trading Disputes



# Trading Disputes Process

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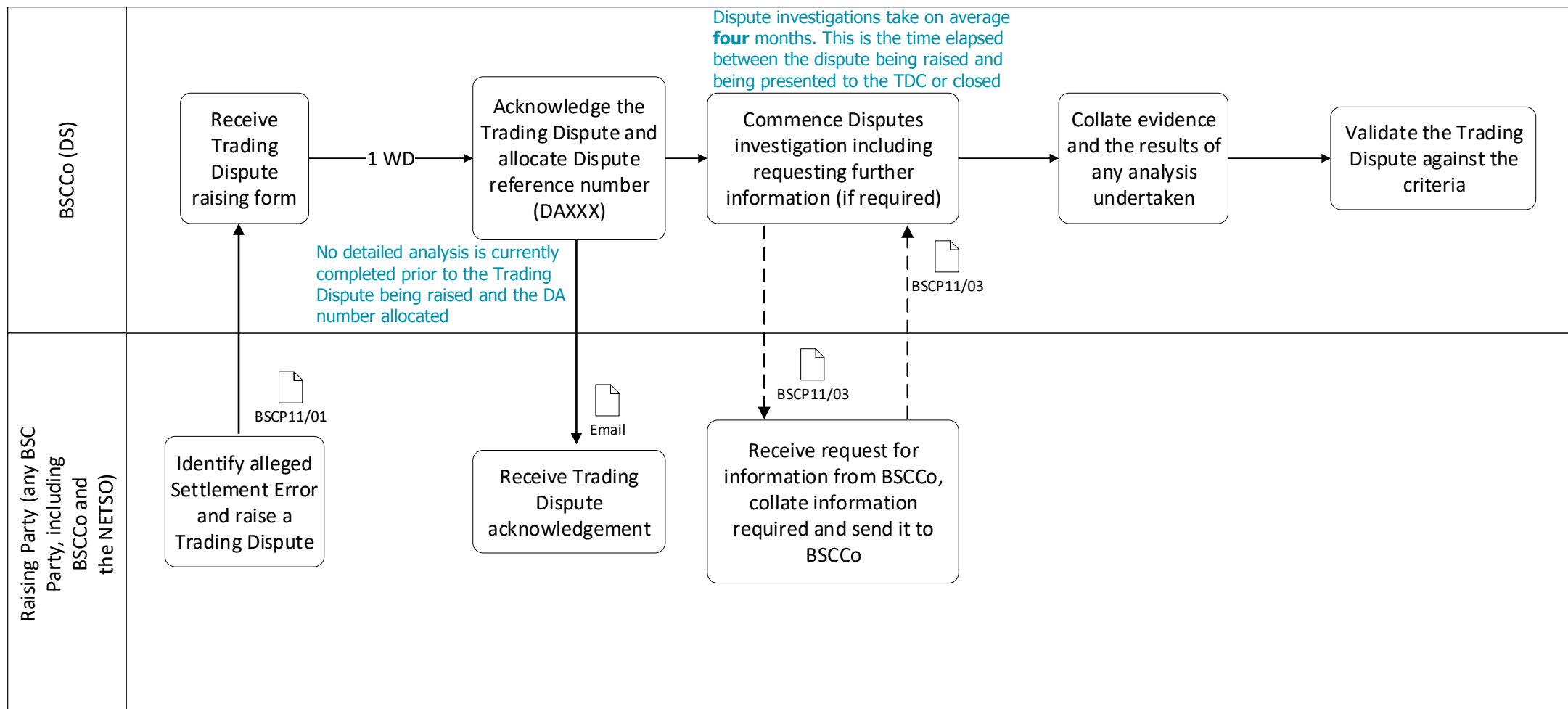
# Introduction of Salesforce

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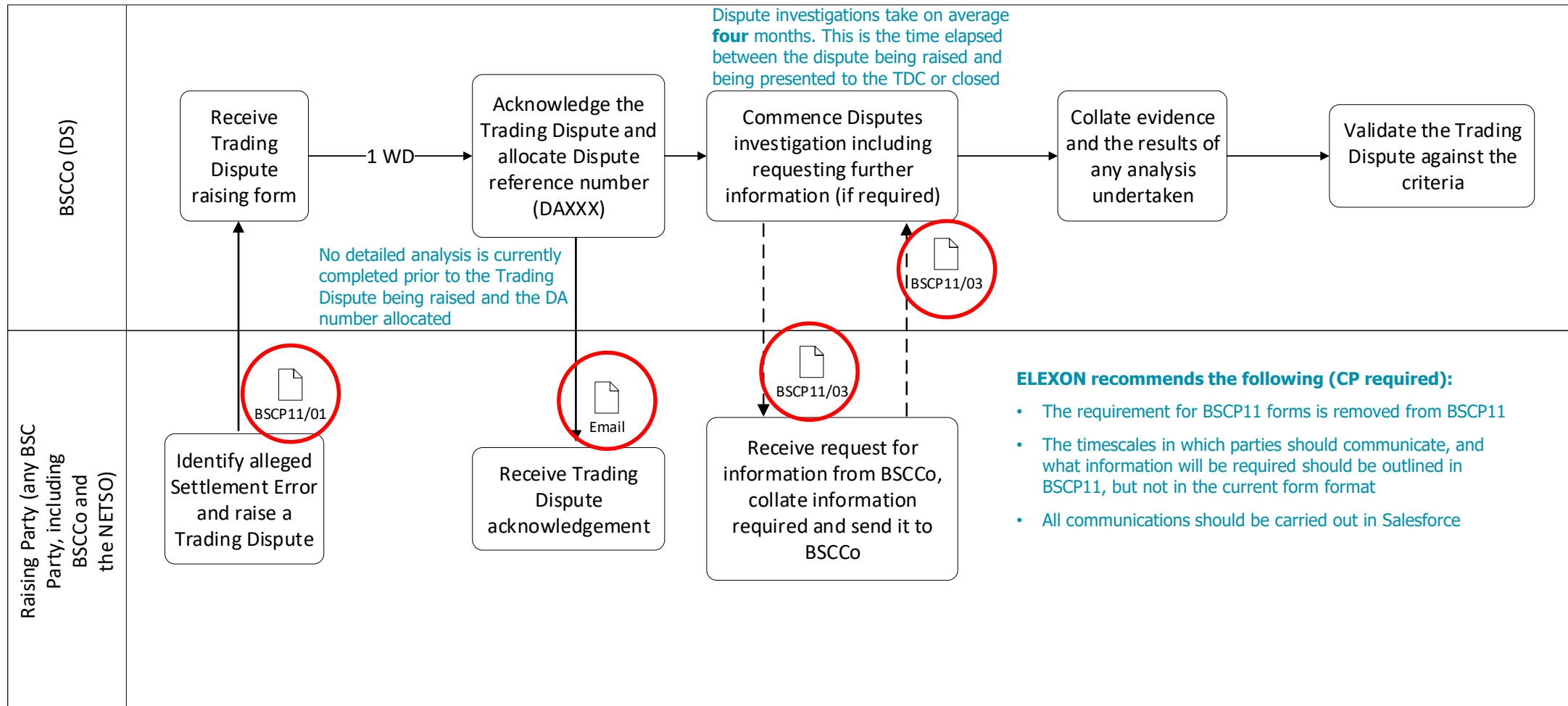
- Salesforce is an innovative Customer Relationship Management tool
- ELEXON plans to utilise the Salesforce system for some aspects of the Trading Disputes process. The main processes that would be integrated in to Salesforce are as follows:
  - Holding industry contact information
  - Replacement of BSCP11 forms
  - Opening and closing Trading Disputes
  - Communications
  - Raising Party self-assessment
  - Reporting



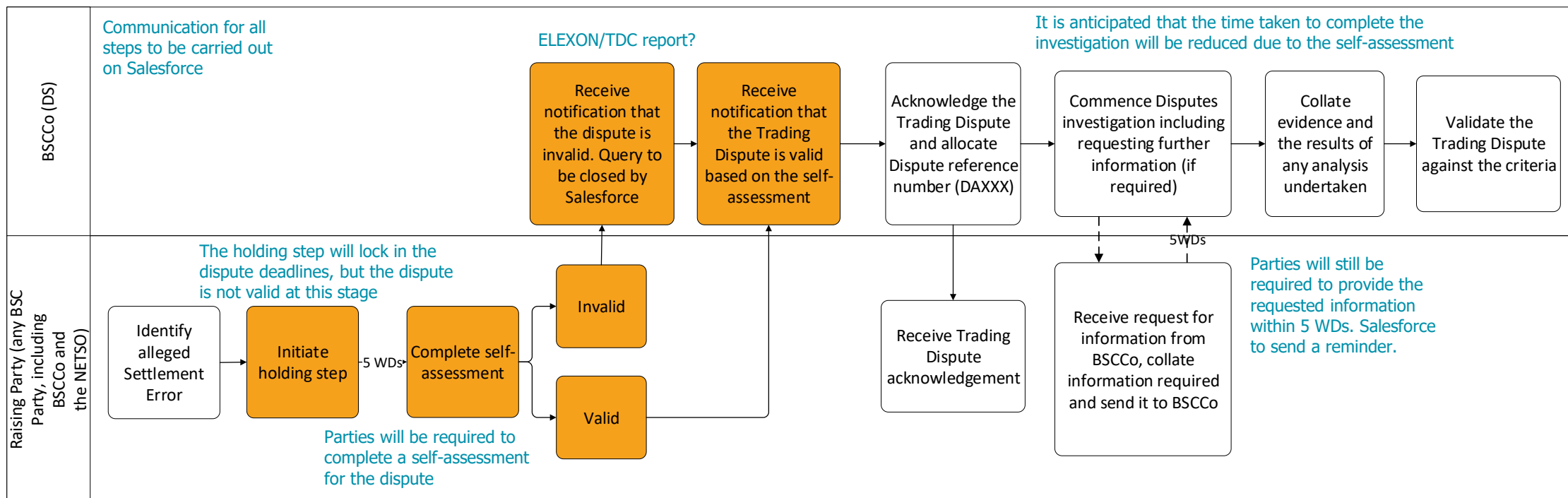
# As-Is Process - Raising a Dispute and BSCCo Investigation



# Communication - Raising a Dispute and BSCCo Investigation



# To-Be Process - Raising a Dispute and BSCCo Investigation



When raising a Trading Dispute, the Raising Party will be required to complete a **self-assessment** within 5 WDs. This should include:

- The cause of the Trading Dispute (Settlement Error)
- The date that the RF correction has been made from
- The Trading Dispute start and end date. A Trading Dispute **must** have an end date prior to being raised.
- HH data (pre and post correction)
- For NHH – provide the correct AA value and the disputed AA value
- Salesforce should contain the information necessary for Parties to **calculate their own materiality** for both HH and NHH

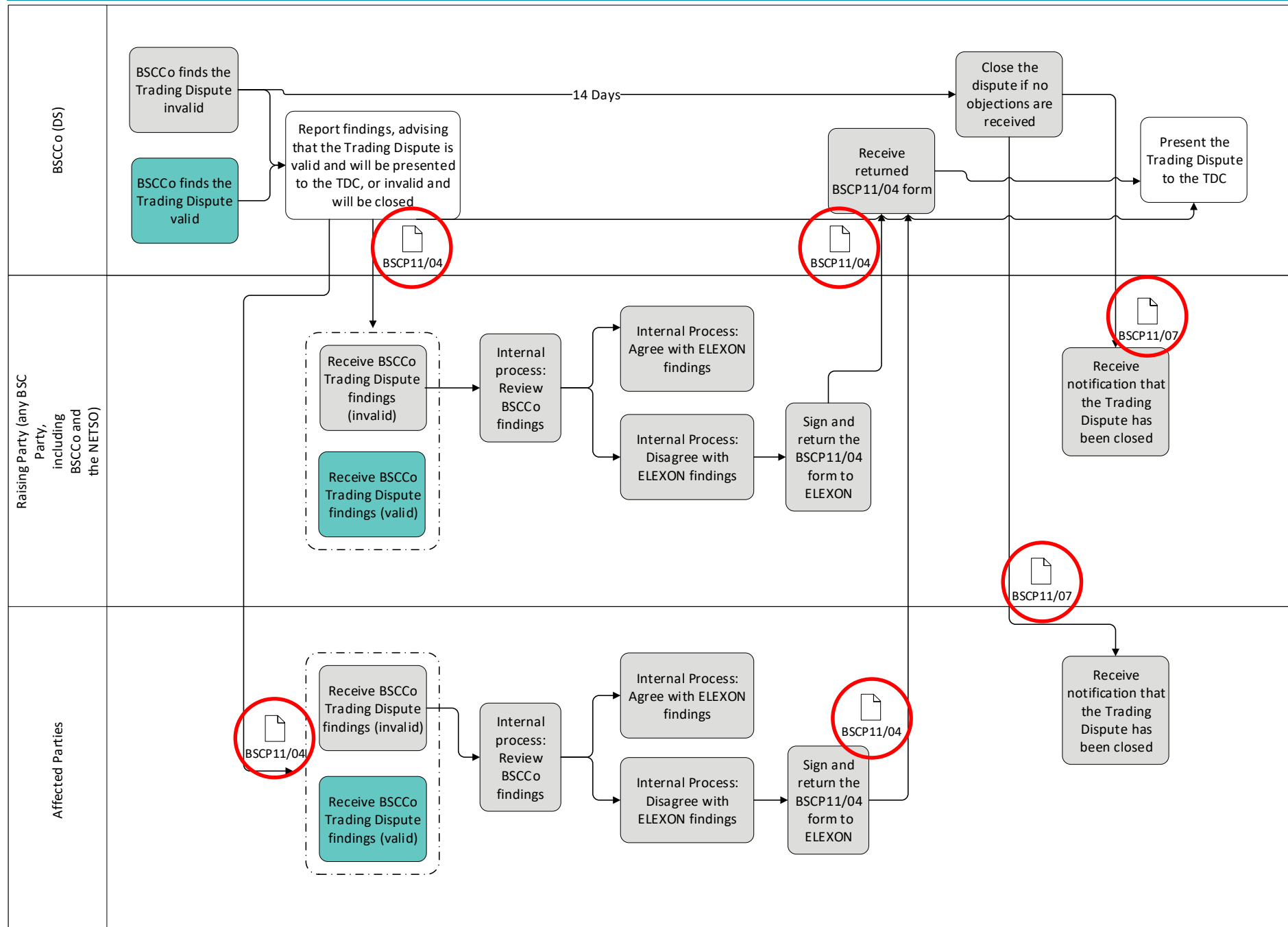
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## Question for the TDC

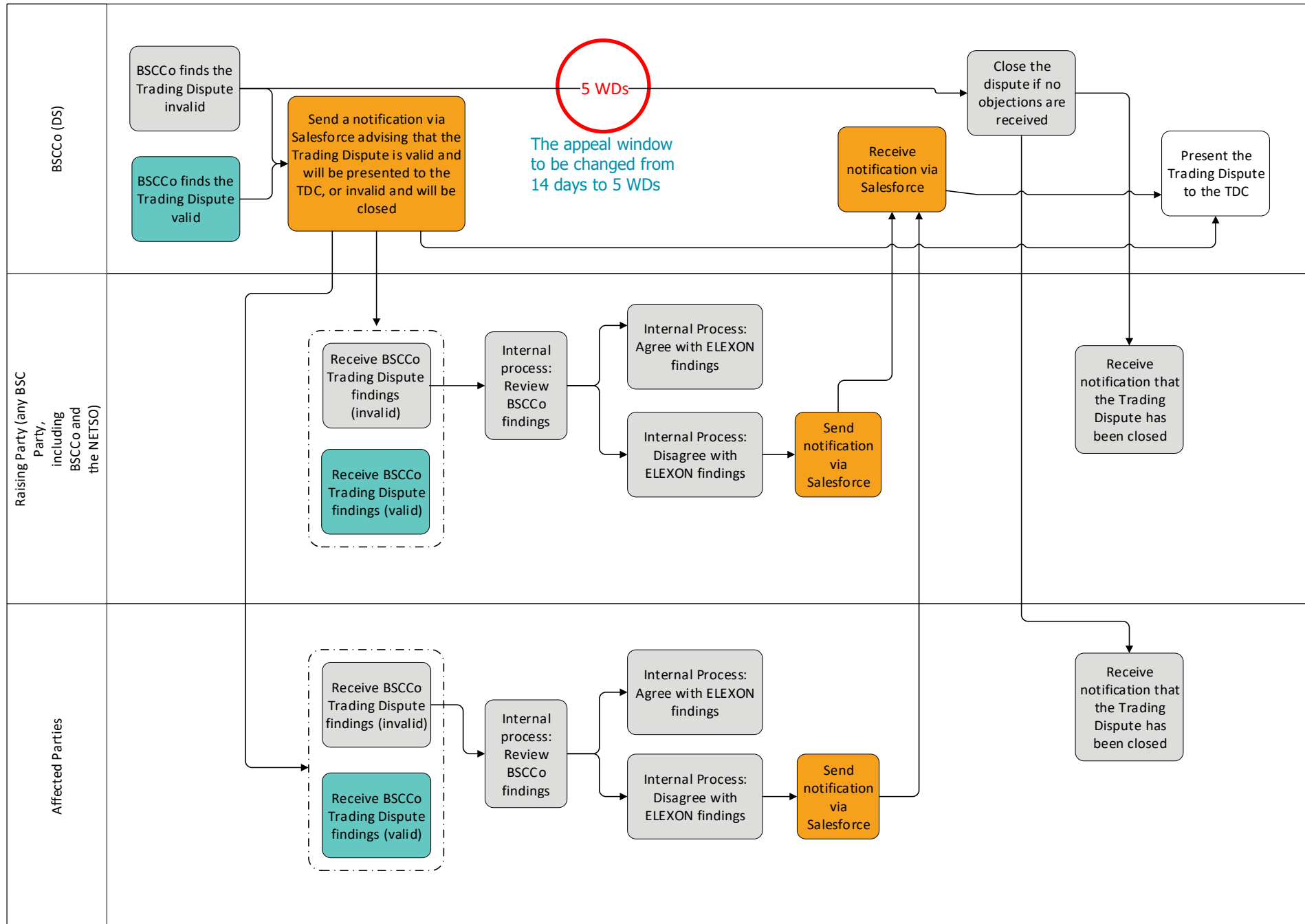
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- Should the Raising Party be penalised for raising a dispute that is later found to be invalid?
  - In the last year (01 November 2018 – 31 October 2019) **46%** of a total of 67 disputes raised have been closed by ELEXON
  - Trading Disputes are outstanding for **2.5 months** on average before being closed
  
- Will the new self-assessment process deter Parties from raising speculative disputes?

# As-Is Process - ELEXON Findings



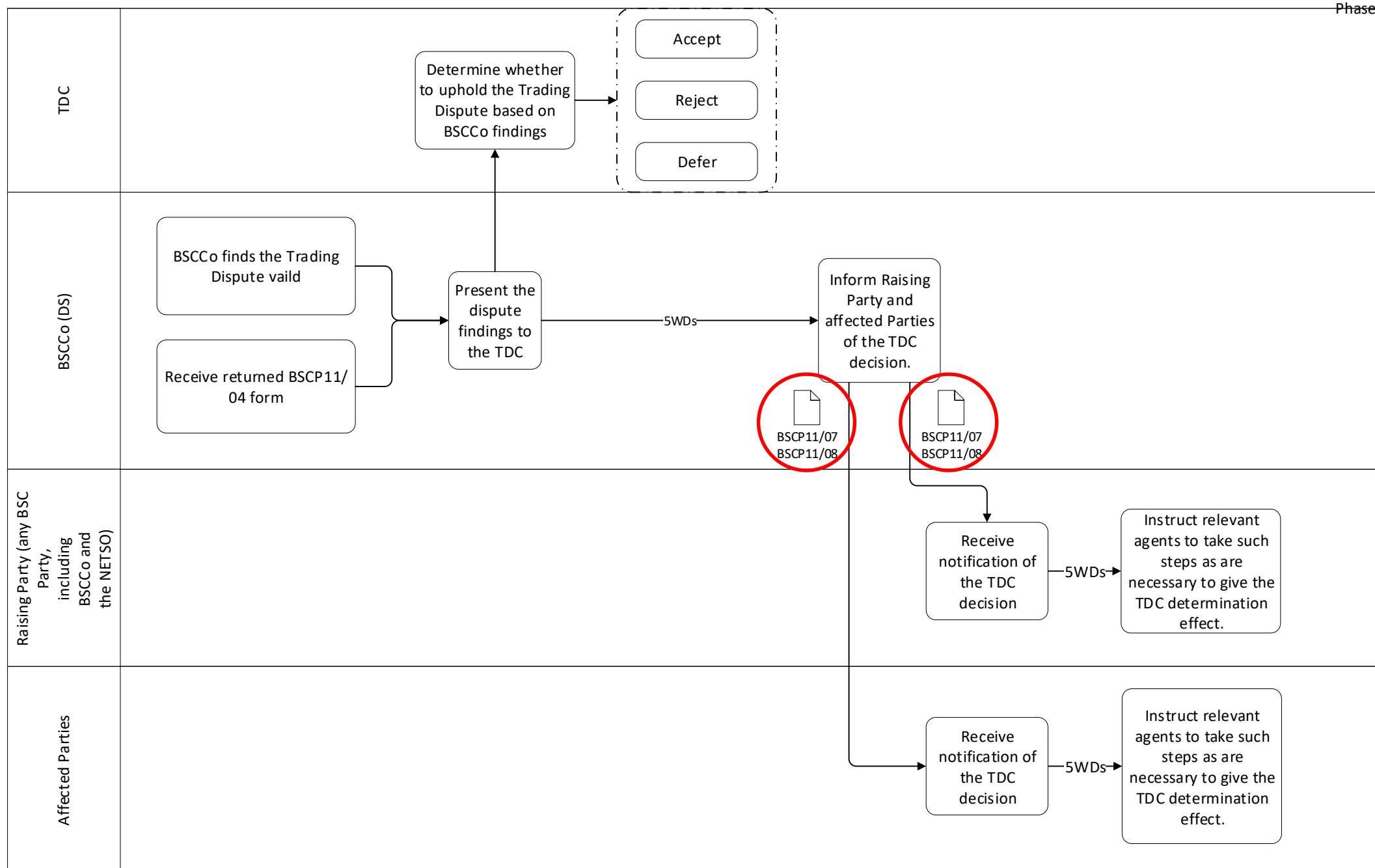
# To-Be Process - ELEXON Findings



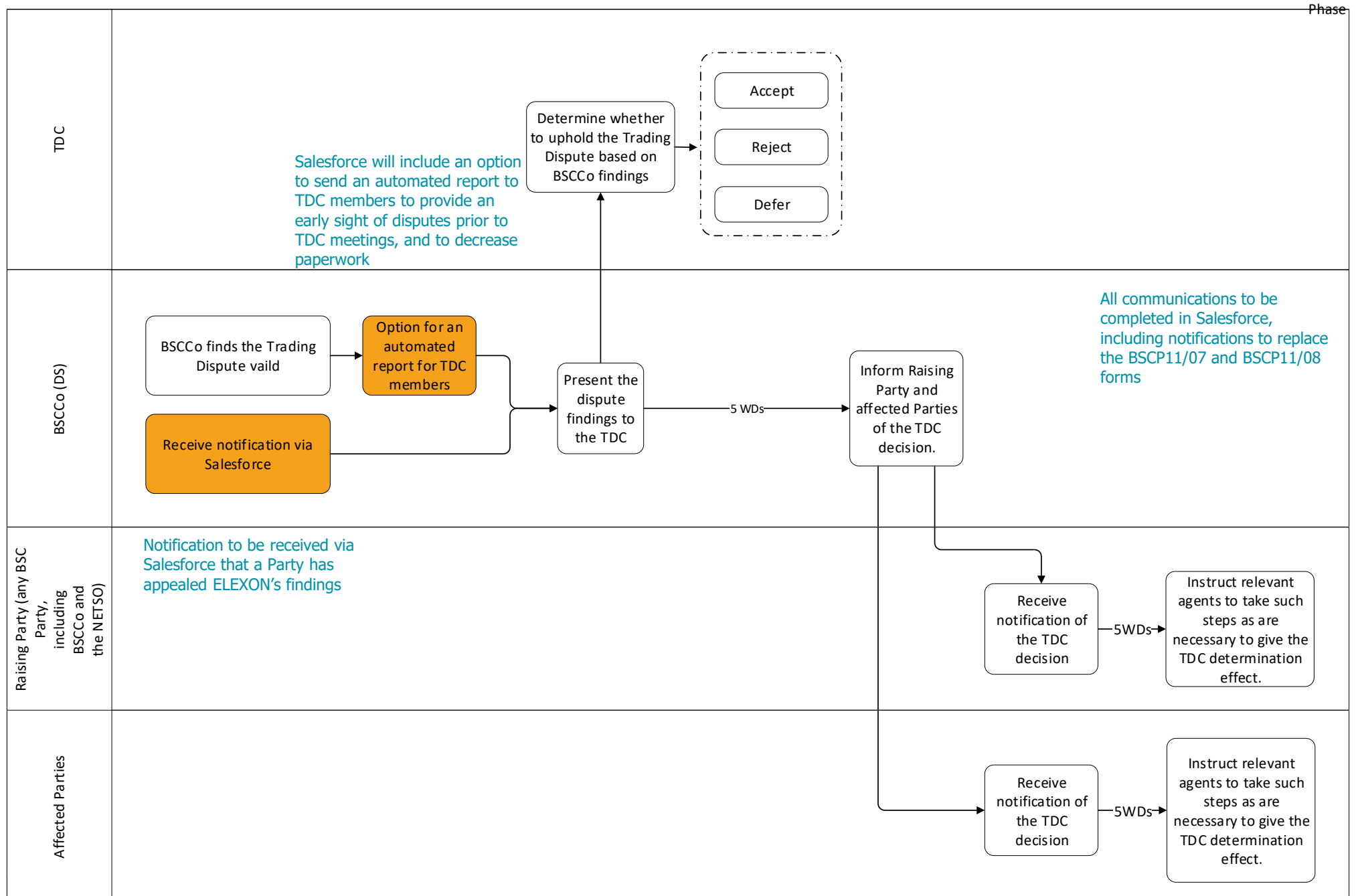
All communications to be completed in Salesforce, including notifications to replace the BSCP11/04 and BSCP11/07 forms

The new 5 WD appeal window will apply and will be mandatory in BSCP11, but not in form format

# As-Is Process - TDC Findings



# To-Be Process - TDC Findings





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# Closing Trading Disputes - Standardisation

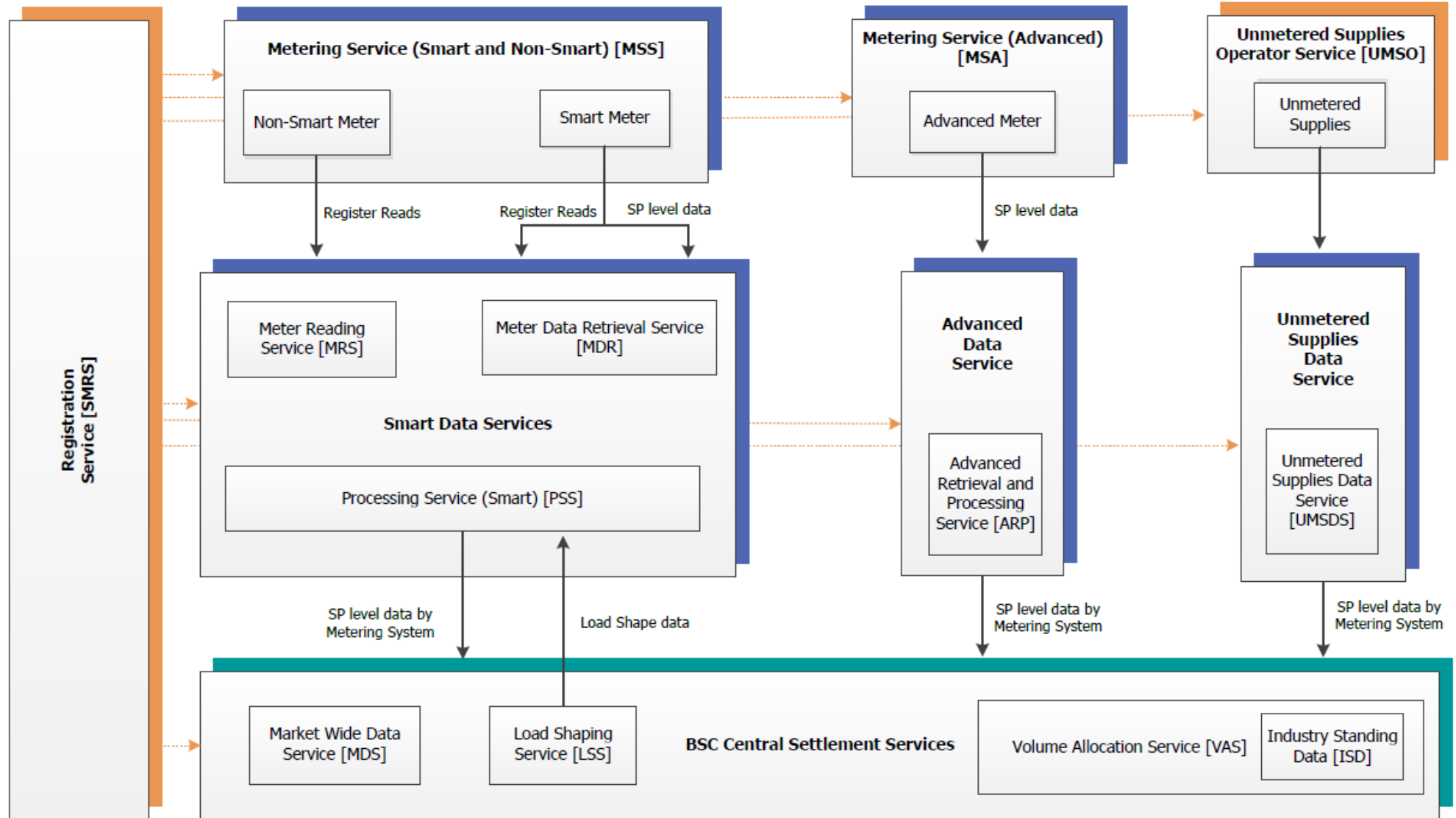
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- The current process stipulates that Trading Disputes raised by ELEXON and later found to be invalid must be presented to the TDC for decision
- In the last year, three disputes were raised by ELEXON and closed by the TDC. In each case, the TDC agreed with ELEXON's findings
- ELEXON recommends standardising this approach to allow disputes to be closed by ELEXON
- In order to implement the change, a CP for BSCP11 and a Modification for Section W of the Code would be required



# **MHHS impact on the SVA Settlement timetable and Trading Disputes Process**

# DWG's preferred TOM



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## Key differences from current arrangements

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- SVA market split into 3 segments, all settled Half-Hourly (HH):
  - Smart + Legacy Meters
  - Advanced Meters
  - Unmetered Supplies
- NHH arrangements to be retired, potentially with faster run-off
  - Discontinuation of Standard Settlement Configurations, Time Pattern Regimes, Profile Classes, Annualised Advances and Estimated Annual Consumptions
- Metering Systems where only register reads available will have HH data produced as part of Data Processing, using actual HH data ('load shapes') from smart Meters
- BSC Central Settlement Services will receive disaggregated MPAN-level HH data and add this up (no separate Data Aggregators for Settlement purposes)

# DWG's reduced Settlement timetable for the TOM

Run	Timing
Interim Information (II) Run	4 WD
Initial Settlement (SF) Run	5-7 WD (depending on DCC read capability)
Interim Reconciliation Run	33 WD
Final Reconciliation (RF) Run	4 months
Disputes Final (DF) Run	12 months or longer

- Likely to require changes to Performance Assurance Framework (e.g. performance targets and measures)
  - May not be as simple as just replacing one number with another
  - For example, existing distinction between 'actuals' and 'estimates' no longer meaningful under the TOM

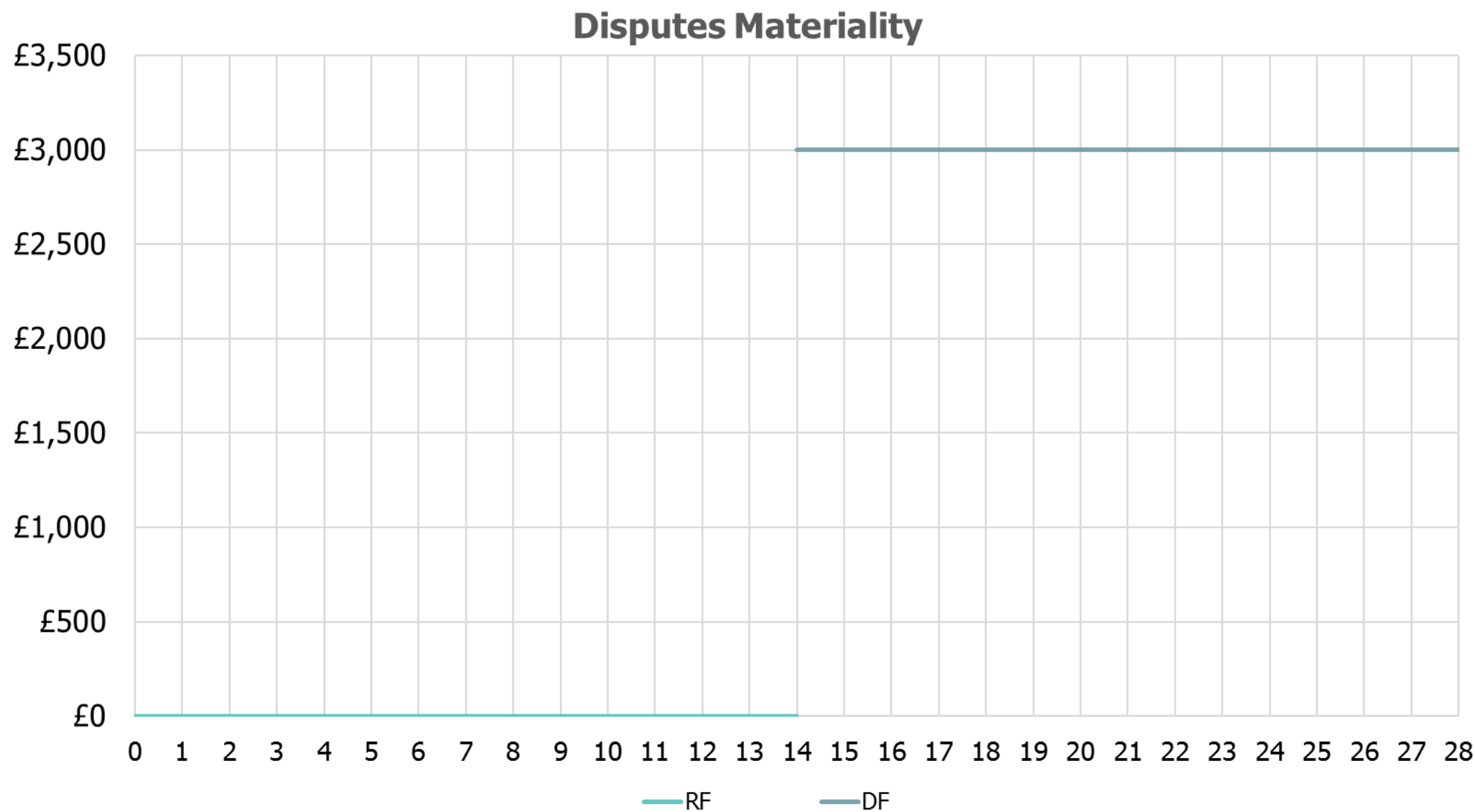
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# Dispute Run timing and Disputes materiality threshold

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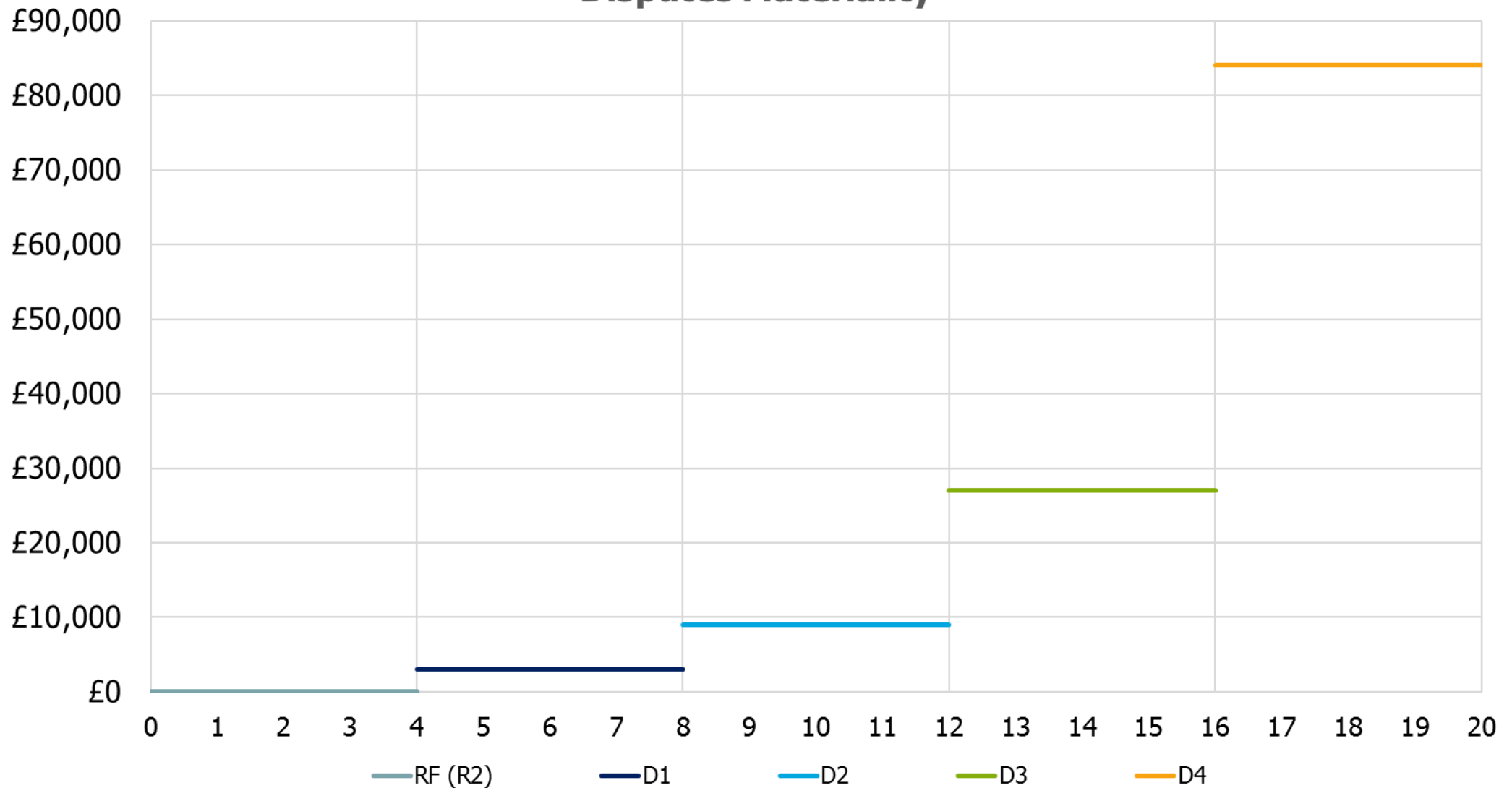
- DWG could not agree on exact DF Run timing
  - Subgroup recommended 12 months (aligns with Supplier back-billing cut-off)
  - DWG nervous that too short / impact on CVA errors
  - Difficulties in analysing / predicting future performance under shortened timetable (has analysed current performance)
  - Steer from Design Advisory Board and Ofgem that:
    - Assume quality of Meter data better than now
    - Settlement timetable should incentivise timely detection/correction of errors
    - Settlement timetable should not be based on current performance
    - Trading Disputes should not be the norm and only where significant materiality

# Settlement Timetable: Today



# Settlement Timetable: Future – Option 1

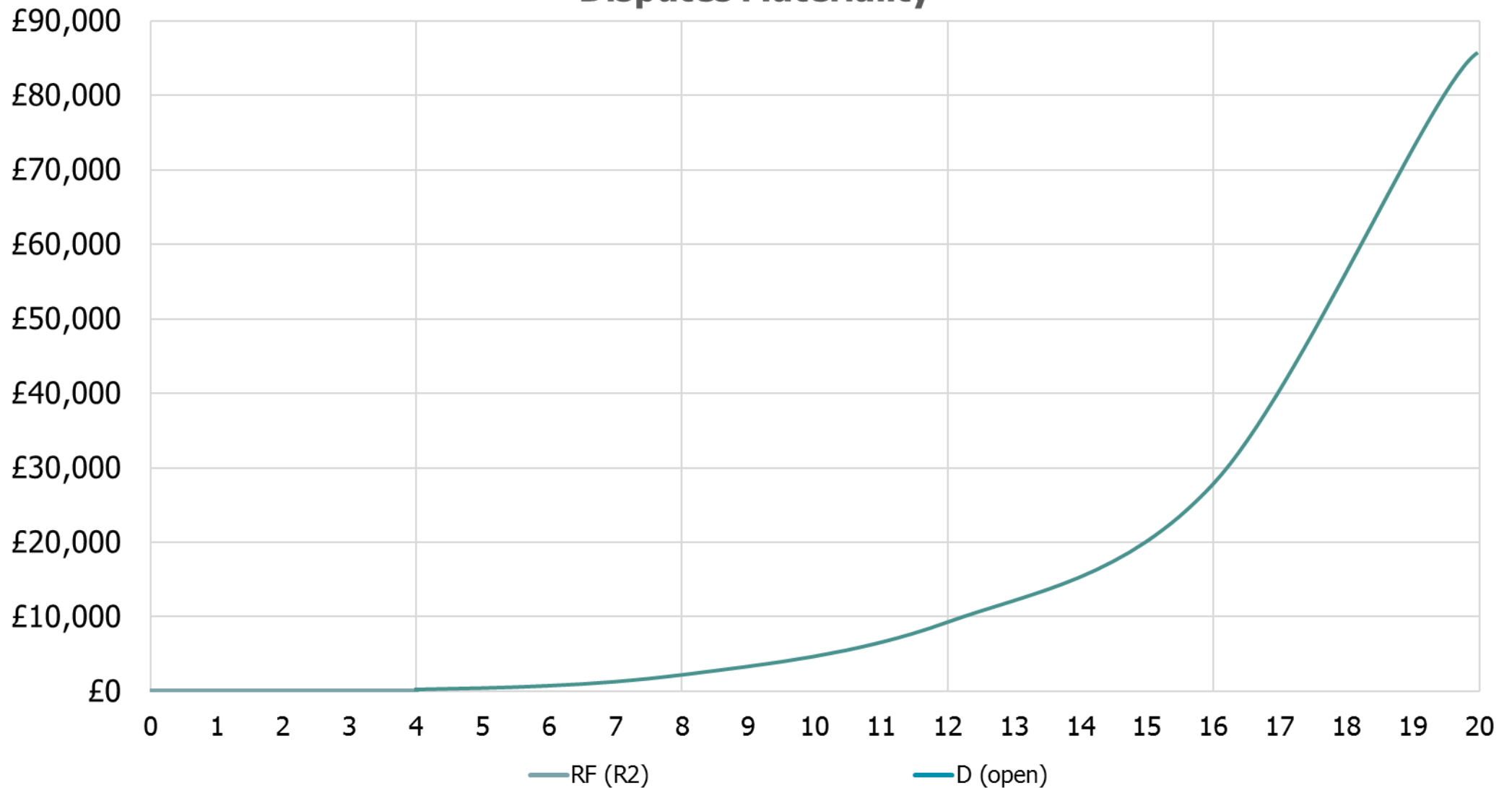
Disputes Materiality





# Settlement Timetable: Future – Option 2

Disputes Materiality

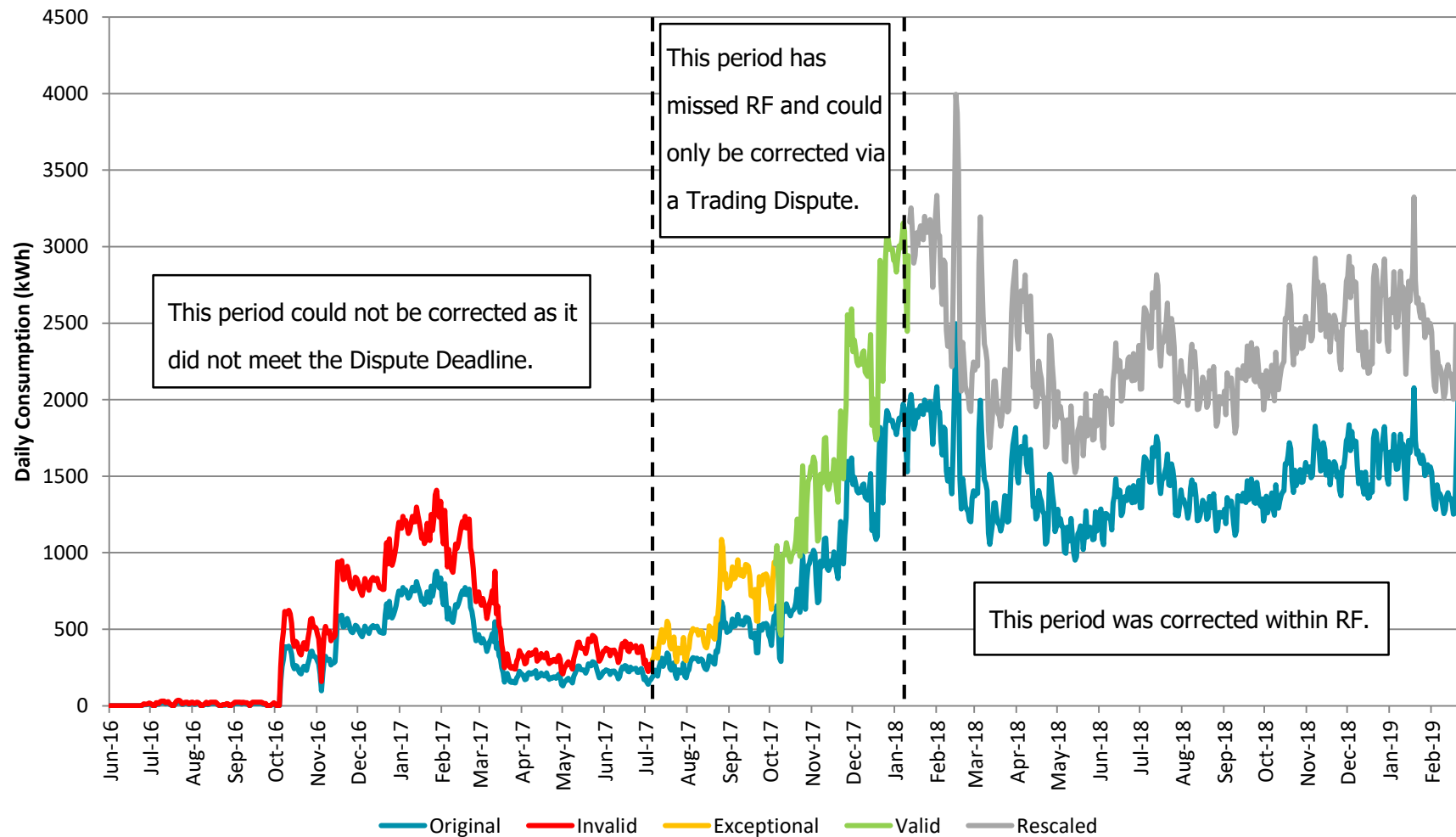




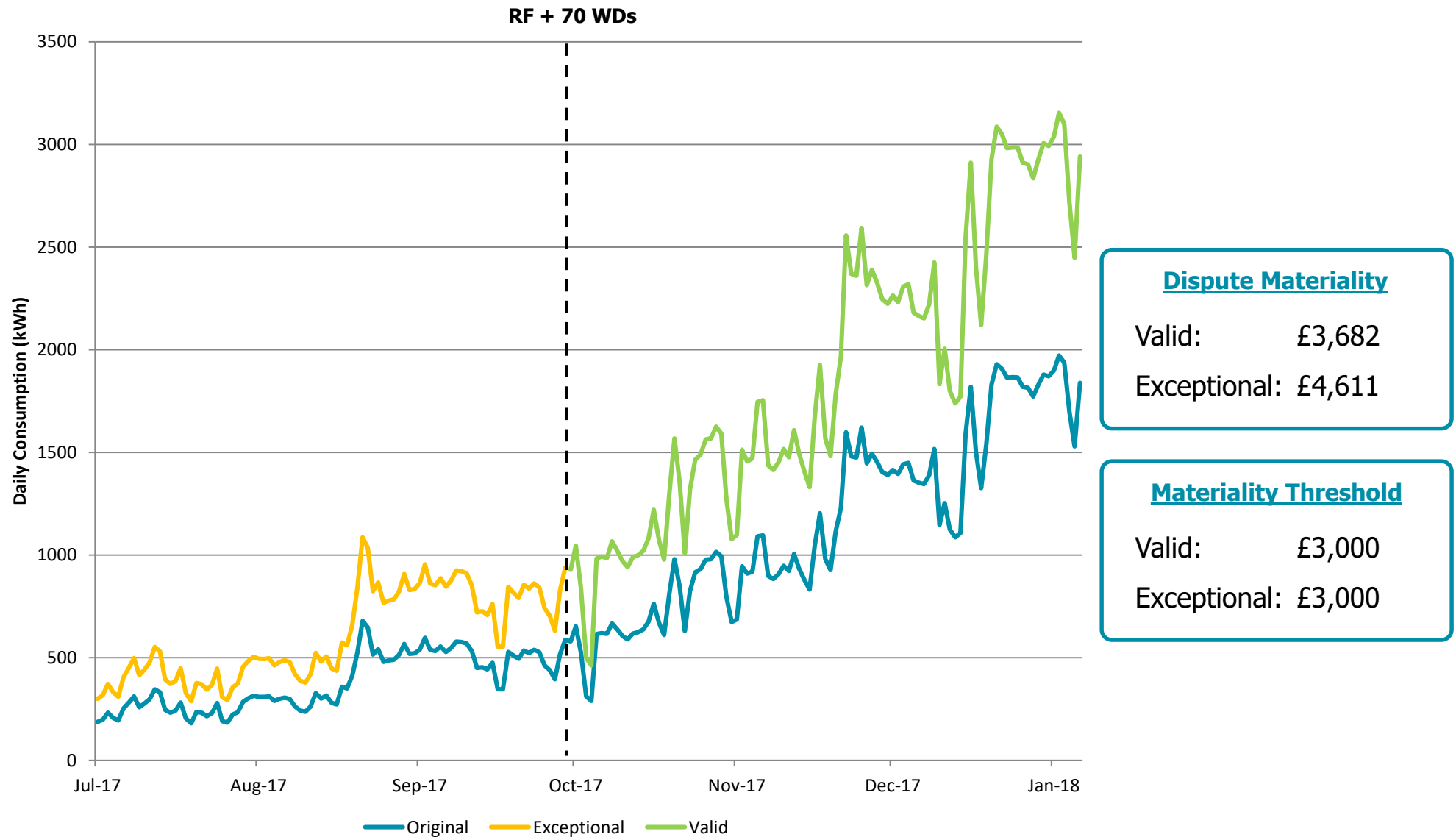
# **Trading Dispute Example (DA977)**

# Trading Dispute As-Is

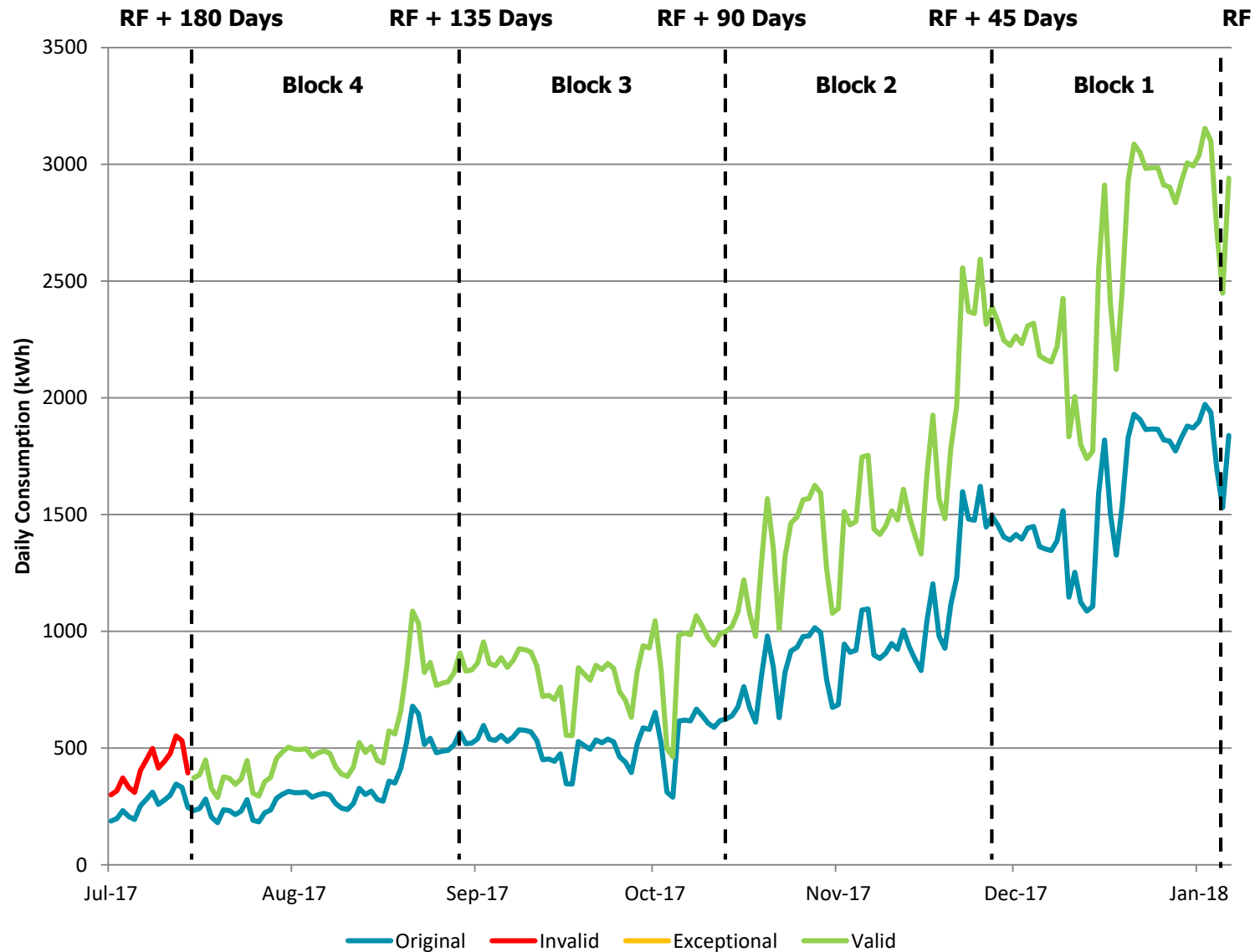
- Trading Dispute DA977: The electricity consumption for an office building (SVA HH site) was under-recorded by 37.5% due to incorrect CT ratio in the Meter.



# Trading Dispute – Materiality As-Is



# Disputed HH Data in Four Blocks (To-Be)



## Dispute Materiality

Block 1: £2,083

Block 2: £1,407

Block 3: £657

Block 4: £379

## Materiality Threshold

Block 1: ?

Block 2: ?

Block 3: ?

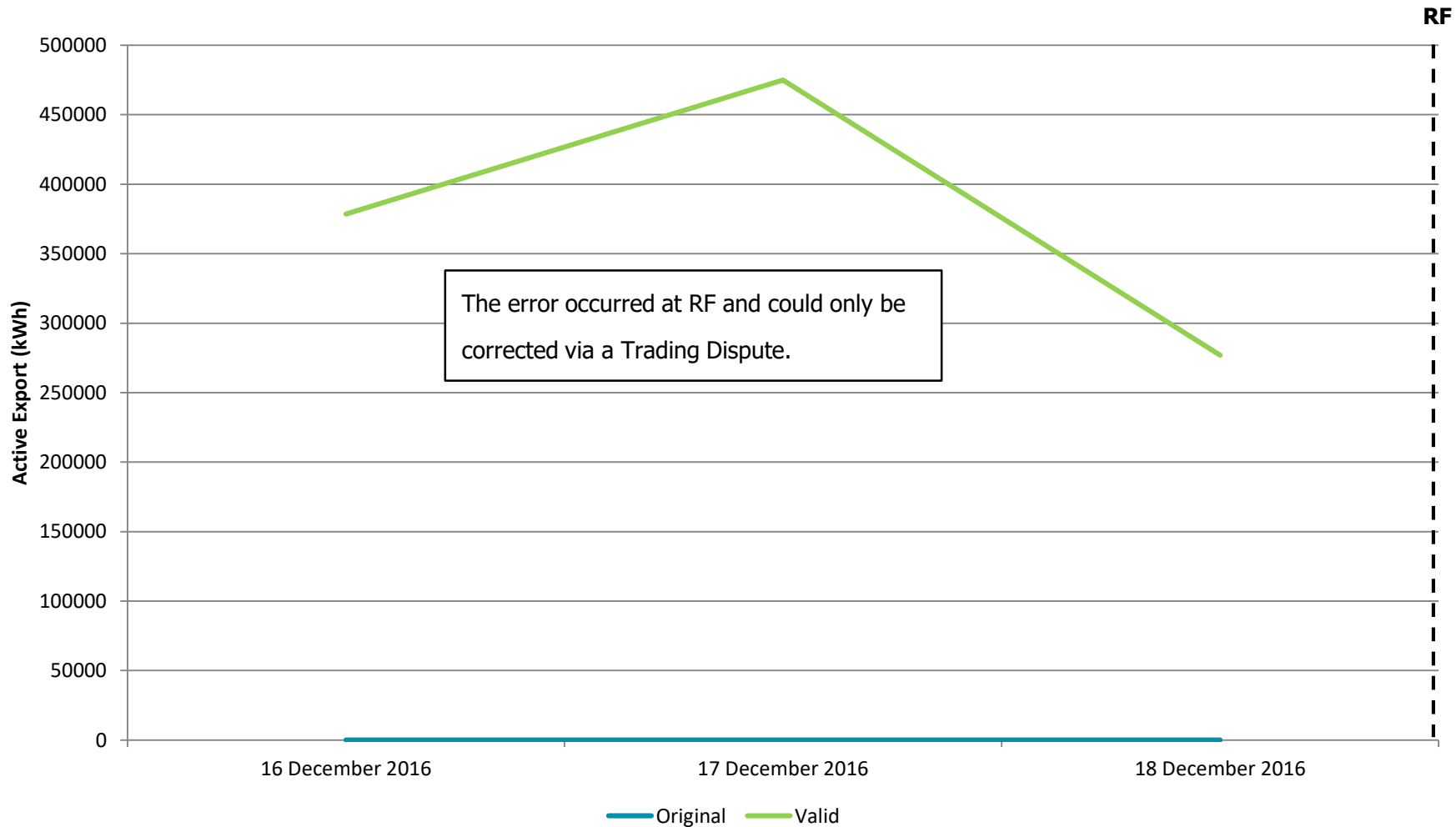
Block 4: ?



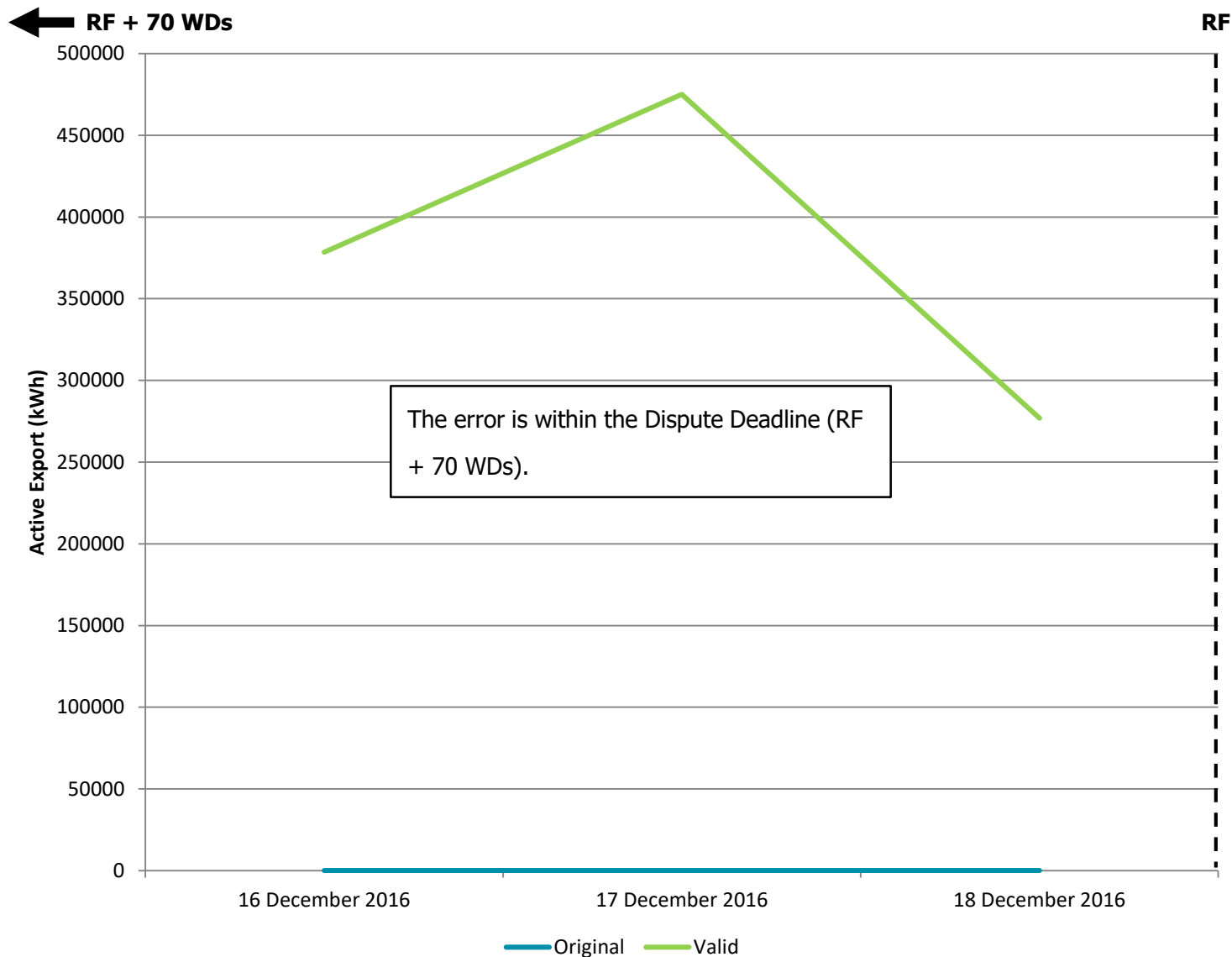
# **Trading Dispute Example (DA902)**

# Trading Dispute As-Is

- Trading Dispute DA902: The Export data of six power stations (totalling 1,130 MWh) was excluded from the Settlement due to an error in their Meter Technical Details.



# Trading Dispute – Materiality As-Is



## Dispute Materiality

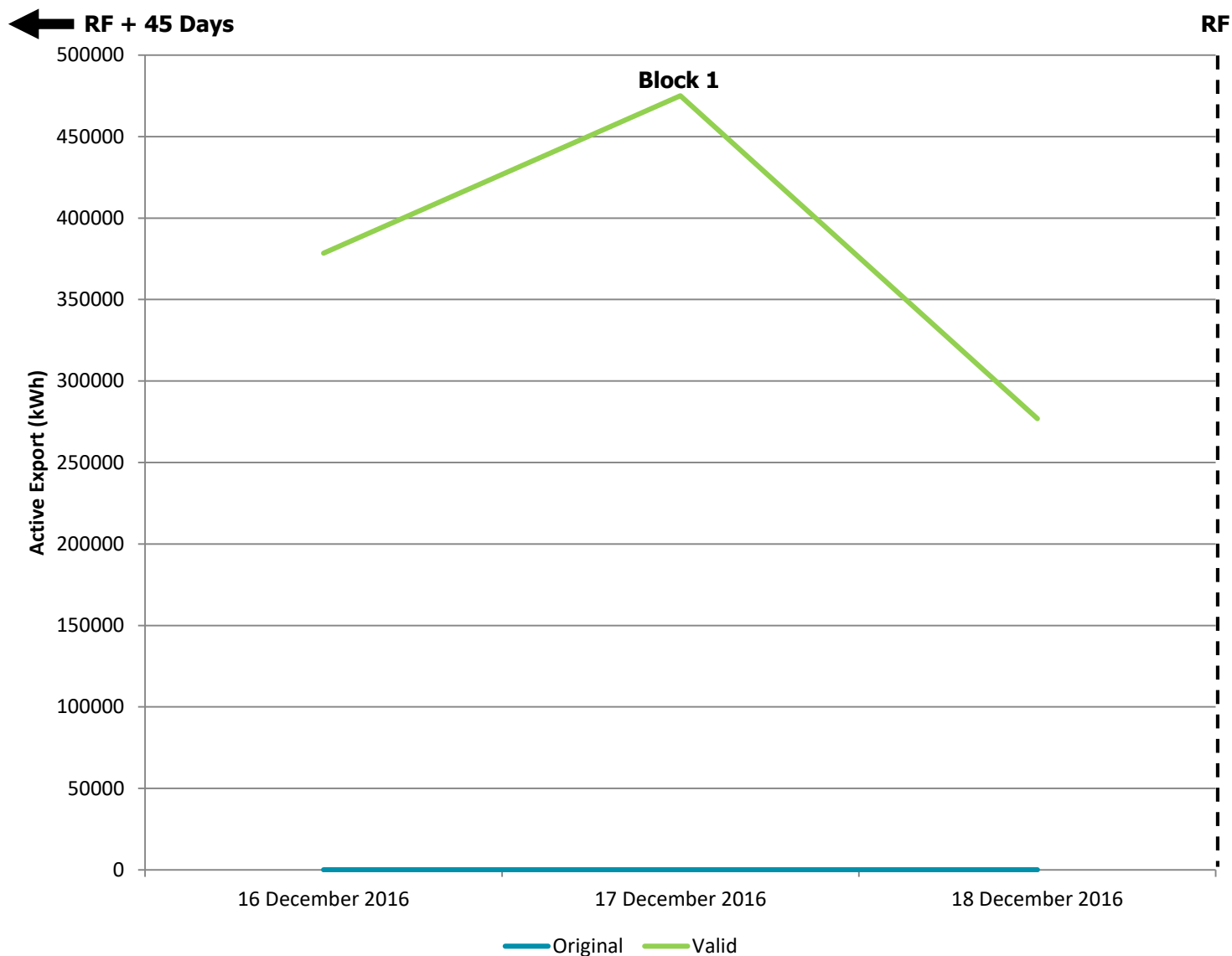
Valid: £40,869

## Materiality Threshold

Valid: £3,000



# Disputed HH Data in Four Blocks (To-Be)



## Dispute Materiality

Block 1: £40,869

Block 2: N/A

Block 3: N/A

Block 4: N/A

## Materiality Threshold

Block 1: ?

Block 2: N/A

Block 3: N/A

Block 4: N/A

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# Extra Settlement Determination (ESD) Option

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## Question for the TDC:

- Should corrections to Settlement post RF be made via ESD instead of the DF Settlement Run?

## Consideration:

- ESDs are usually used in the following scenarios:
  - The correction of a dispute has missed the DF run due to delays in dispute analysis
  - Replacement data is incorrect at DF following a dispute
  - There is significant error in between Settlement Runs
- Consider that ESDs are manually intensive for the FAA

## Option:

- TDC to be tasked with deciding whether to use an ESD to correct an error or to correct it via the DF Settlement Run
- Disputes to be determined on a case-by-case basis with a set of criteria to be used to assist with the decision



# Stakeholder Feedback

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# Existing Stakeholder Feedback

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- Prior to the commencement of the PAF review, stakeholder feedback was requested from Trading Dispute stakeholders.
- The key points taken from the feedback are as follows:
  - Consistency around the use of exceptional circumstances
  - Communicating lessons learned exercises and best practices
  - Using analytical techniques more widely around the Performance Assurance Framework
  - TDC relationship with the PAB
  - Lack of obligation on Suppliers to raise Trading Disputes
- ELEXON will incorporate the stakeholder feedback into the technique review
- **Any additions?**

