



cutting through complexity

BSC Auditor's Report

For the year ended 31 March 2015

11 June 2015



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11 June 2015

Dear Sirs

BSC Auditor's Independent Reasonable Assurance Report (the 'Report') to ELEXON Limited on the Settlement calculations and allocations with respect to the Balancing and Settlement Code and Code subsidiary documents.

We are engaged by ELEXON Limited to report on the application of the Balancing and Settlement Code and Code subsidiary documents (the 'Code'), as set out in the BSC Audit Scope for the year ended 31 March 2015 (as approved by the BSC Panel), by the Trading Parties to the Balancing and Settlement Code and ELEXON for the Initial Settlement Run and all Timetabled Reconciliation Settlement Runs (as defined in Section U2.3 of the Code) processed in the year ended 31 March 2015, about whether the Settlement calculations and allocations as described in the Code have been performed, in all material respects, in accordance with the relevant provisions of the Code. We also report on whether the amounts shown on the quarterly extracts of the ledger accounts, or the daily Advice Notes for those days not yet covered by the extracts (excluding the daily charge for Transmission Services Charging payments), are in accordance with the amounts calculated in relation to Settlement.

Responsibilities of the Trading Parties to the Code, the BSC Panel (the 'Panel') and ELEXON

The management* of the Trading Parties to the Code and ELEXON are responsible for properly applying the provisions of the Code and calculating Settlement accordingly.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of calculations and allocations associated with Settlement in accordance with the Code, that are free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to examine the Settlement calculations and allocations governed by the Code as enacted by the Trading Parties to the Code and ELEXON and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board.

* In this letter, any reference to "management" of an entity means the officers, being directors or other executive officers, and those employees to whom the entity's officers have properly delegated day-to-day conduct over matters for which the entity's officers retain ultimate responsibility.



That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether the Settlement calculations and allocations as described in the Code have been performed, in all material respects, in accordance with the relevant provisions of the Code.

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Settlement calculations and allocations as described in the Code whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the calculations and allocations associated with Settlement in accordance with the Code in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal controls of the Trading Parties to the Code and ELEXON over the calculations and allocations associated with Settlement in accordance with the Code.

Our engagement also included: assessing the appropriateness of the Settlement calculations and allocations as described in the Code, evaluating the appropriateness of the methods, policies and procedures, and models used in calculations and allocations associated with Settlement in accordance with the Code and the reasonableness of estimates made by the Trading Parties to the Code and ELEXON in undertaking calculations and allocations associated with Settlement in accordance with the Code. Reasonable assurance is less than absolute assurance.

We were not required to, nor have we, tested or verified the accuracy of metering or standards of metering installation, from which the Settlement calculations and allocations have been prepared.

Regardless of whether the Settlement calculations and allocations have been performed in accordance with the relevant provisions of the Code, if the underlying metering data were to differ, the actual value of Settlement calculations and allocations could differ from the amounts calculated by a material amount, with a consequential material effect on Settlement.

Criteria

Our opinion is provided with respect to the extent to which, in all material respects, Settlement calculations and allocations as described in the Code have been performed in accordance with the relevant provisions of the Code. Materiality for the purposes of our opinion has been set at 1.5 TWh.

Our reasonable assurance opinion for the year ended 31 March 2015 is in respect of the Initial Settlement Run and all Timetabled Reconciliation Settlement Runs processed in that year regardless of the BSC Audit period in which the relevant Settlement Day sits. Hence all Settlement Days from 11 February 2013 to 31 March 2015 will be considered, as at least one Settlement Run for each of these Settlement Days (SF, R1, R2, R3 or RF) will have occurred in the assurance period. This means that any errors identified may have arisen from Settlement Days spanning a 26 month period (approximately).

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Report.



We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, in all material respects;

- (a) the calculations and allocations performed in relation to Settlement activities associated with the Code have been performed in accordance with the relevant provisions of the BSC and the Code Subsidiary Documents, taking into account the effective date of any revision or amendment made to the BSC and Code Subsidiary Documents; and**
- (b) the amounts shown on the quarterly extracts of the ledger accounts, or the daily Advice Notes for those days not yet covered by the extracts (excluding the daily charge for Transmission Services Charging payments), are in accordance with the amounts calculated in relation to Settlement.**

Our assurance work also includes a Statement of Significant Matters (the ‘Statement’), which should be read in conjunction with this Report as it contains details of those issues that we judge as not being sufficiently material to warrant inclusion in this Report but which, nevertheless, we believe it appropriate to bring to the attention of the recipients of this Report. The Statement is appended to this letter.

Restriction on the use of our report

In accordance with the terms of our engagement, this independent reasonable assurance report on Settlement calculations and allocations being performed in accordance with the Code has been prepared for Trading Parties to the Code, the BSC Panel and ELEXON solely in connection with the provision of reasonable assurance with respect to the extent to which Settlement calculations and allocations associated with the Code have, in all material respects, been performed in accordance with the Code and for no other purpose or in any other context.

The Settlement calculations and allocations associated with the Code have been evaluated against the criteria as discussed above. These criteria have been developed only for the purposes of our opinion and should not be considered suitable for any other party or in any other context.

Our Report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Trading Parties to the Balancing and Settlement Code, the BSC Panel or ELEXON for any purpose or in any context. Any party other than the Trading Parties to the Balancing and Settlement Code, the BSC Panel or ELEXON who obtains access to our Report or a copy thereof and chooses to rely on our Report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Trading Parties to the Balancing and Settlement Code, the BSC Panel and ELEXON for our work, for this independent reasonable assurance Report, or for the conclusions we have reached.

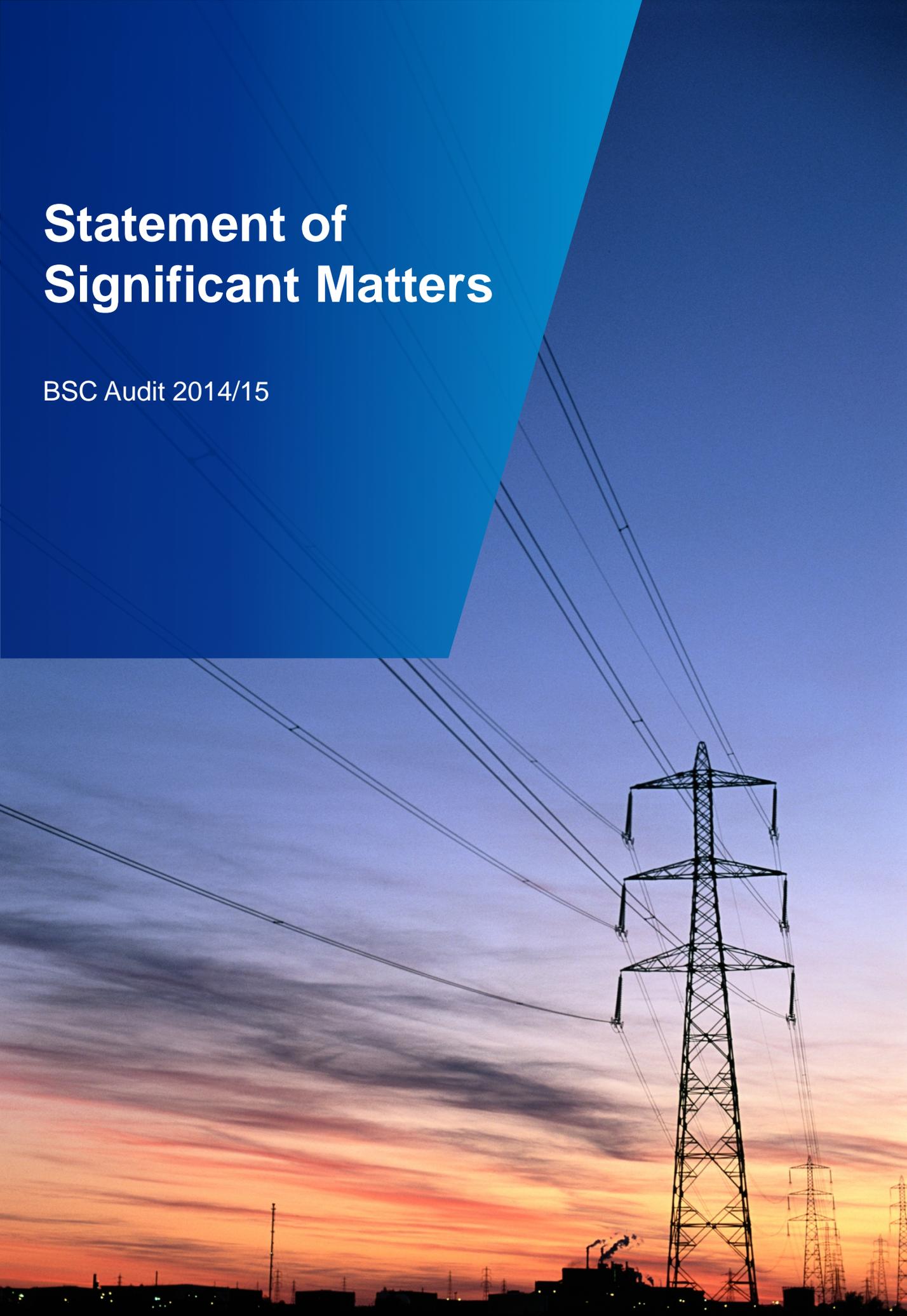
Yours faithfully

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Statement of Significant Matters

BSC Audit 2014/15

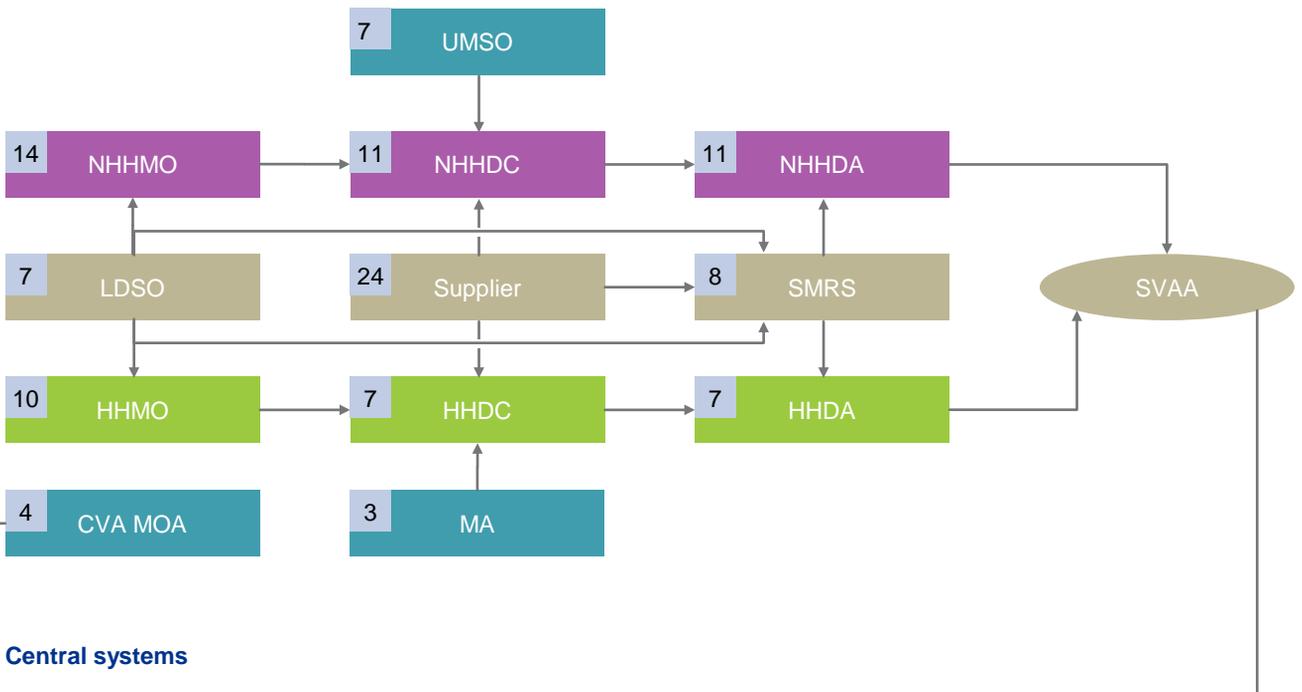


A. Scope of the BSC Audit

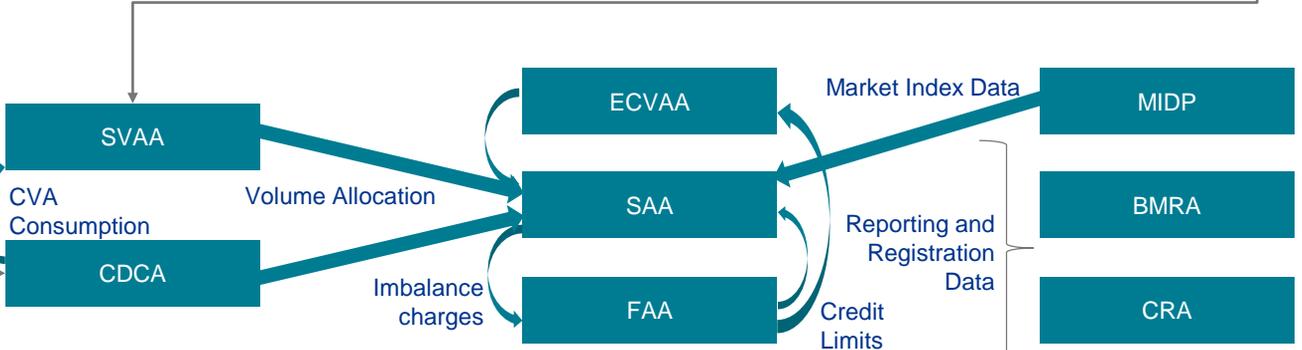
The Statement of significant matters (the 'Statement') should be read in conjunction with the BSC Auditor's Independent Reasonable Assurance Report as it contains details of issues that we judge as not being sufficiently material to warrant modification to the BSC Auditor's Independent Reasonable Assurance Report but, nevertheless, we believe it appropriate to bring to the attention of the recipients of the BSC Auditor's Report.

The following diagram illustrates the scope of the BSC Audit across both the Supplier Volume Allocation Systems and Central Settlement Systems. In the diagram we have noted the number of entities subject to assurance procedures in the BSC Audit ("Audited Entities") for the Initial Settlement Runs and Timetabled Reconciliation Settlement Runs processed in the year ended 31 March 2015.

Supplier volume allocation



Central systems



- Key:
- NHHMO – Non Half Hourly Meter Operator
 - LDSO – Local Distribution System Operator
 - HHMO – Half Hourly Meter Operator
 - UMSO – Unmetered Supplies Operator
 - ECVAA – Energy Contract Volume Aggregation Agent
 - SAA – Settlement Administration Agent
 - MIDP – Market Index Data Provider
 - NHHDC – Non Half Hourly Data Collector
 - SMRS – Supplier Meter Registration Service
 - HHDC – Half Hourly Data Collector
 - MA – Meter Administrator
 - CDCA – Central Data Collection Agent
 - CRA – Central Registration Agent
 - NHHDA – Non Half Hourly Data Aggregator
 - SVAA – Supplier Volume Allocation Agent
 - HHDA – Non Half Hourly Data Aggregator
 - CVAMOA – Central Volume Allocation Meter Operator
 - BMRA – Balancing Mechanism
 - FAA – Funds Administration Agent

B. Overview of findings

Executive Summary

This was KPMG's second year end as the BSC Auditor. Overall, certain legacy audit issues have been closed as a result of efforts by ELEXON (through the EFR process) and the PAB. In particular, the impact of D0095 backlogs has reduced. Despite this, a number of other key legacy issues remain open (i.e. unaddressed). There is a high risk that with significant industry change over the next 12-24 months the potential settlement impact of existing audit issues increases. For example, as a result of weaknesses we have observed in the change of measurement class process, the impact of P272 on industry wide settlement performance is likely to be significant.

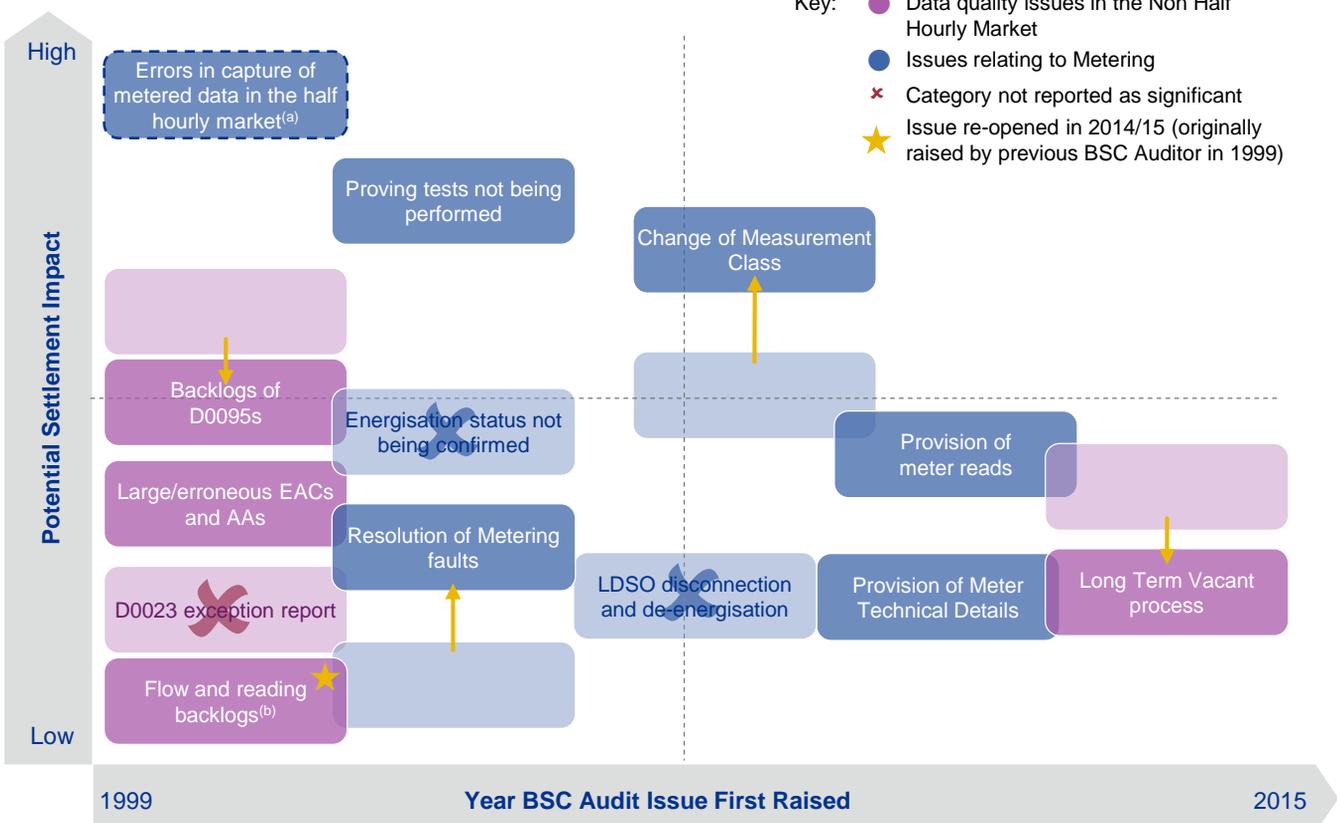
Similar to last year, our assurance work has indicated that there are two broad areas of concern:

1. Issues relating to Metering; and
2. Data quality issues in the Non Half Hourly Market.

Within each of these areas of concern are a number of detailed issues which have arisen from our work. These are highlighted in the 'heat map' (Figure 1), which also indicates the ageing of the issue and how the potential settlement impact has changed compared to the previous year. Due to lower number of issues being identified, D0023 exception report, energisation status not being confirmed and LDSO disconnection and de-energisation were not included in statement of significant matters as separate categories. Additionally, due to an increased number of issues associated with the resolution of faults, and backlogs of standing data flows and meter readings, reporting on these issue categories has changed since our previous year's report. For the former, the potential settlement impact increased and the latter is now reported as a separate category.

Other longer term industry changes, such the rollout of Smart Metering, will place additional pressure on the performance of settlement processes and controls. We continue to stress the importance of using robust governance and an effective controls framework to reduce the risk of the potential settlement impact of such changes.

Figure 1 - Heat map showing potentially settlement impacting audit issues identified in our draft BSC Audit Report (arrows indicate the movement since the 2013/14 BSC Audit).



(a) As reported by the Technical Assurance Agent (TAA). While the TAA's work is outside the scope of the BSC Audit, a summary of their findings is on page 9.
 (b) Flow and reading backlogs issue was initially raised in 1999, however with no audit issues identified, it was not reported in 2013/14. As audit issues were identified in 2014/15, the category is marked as added in 2014/15, but the date it was originally raised by the previous BSC Auditor has been retained.

B. Overview of findings (cont.)

Issues relating to Metering

Our work continues to identify issues relating to Metering. These include:

- Proving tests not being performed;
- Incomplete or delayed provision of meter reads and Meter Technical Details;
- Change of Measurement Class issues; and
- Metering System faults not resolved.

Not only do these issues potentially impact Settlement but they will also lead to additional time and effort being placed on Meter Operators, LDSOs, Suppliers and their Agents to investigate, identify and resolve the underlying root cause of the issues.

We also highlight to the reader of this report the Technical Assurance Agent (TAA) who has continued to identify issues relating to the installation and commissioning of Half Hourly Metering Systems. The accuracy of metering and standards of metering installation are outside the agreed scope of the BSC Audit, therefore errors identified in this area are not considered when forming our overall opinion.

With fundamental market changes such as Smart Metering and P272, we stress the importance for MOAs, Suppliers and their Agents to place increased focus on the Metering issues raised in this Statement. The Panel, the PAB and ELEXON should continue to monitor this part of the market and continue to actively support and provide guidance to the industry, particularly through its Settlement risks process and related performance assurance techniques.

Data quality issues in the Non Half Hourly Market

Overall there has been significant effort by Suppliers and NHHDC Agents (with the assistance of the PAB and ELEXON) to rectify a number of the longstanding issues which have been raised in previous BSC Audits, with a noticeable industry-wide improvement in the management of D0095s. However, there are a number of recurring issues which we have observed, being:

- Numbers of and process to address backlogs of D0095 exceptions;
- Volumes and monitoring of large/erroneous EACs and AAs;
- Long Term Vacant (LTV) process; and
- NHH standing data flow and meter reading backlogs.

We support the ongoing efforts of both the PAB and ELEXON in continuing to review and enhance the performance assurance techniques and monitoring thresholds, and in providing individual support to organisations through the OSM network.

C. Issues relating to Metering

Our BSC Audit has identified a number of issues relating both to underlying processes at MOAs and communications with other BSC Parties and BSC Party agents. In light of upcoming market changes relating to P272 and Smart Metering, we stress the importance for Suppliers and their Agents, together with support from ELEXON and the PAB, to focus on identifying the root causes and resolving these issues.

Errors in the capture of metered data in the half hourly market reported by the TAA

While work performed by the TAA is outside the scope of the BSC Audit, we have summarised their findings for the year ended 31 March 2015 below.

The TAA selects a sample of half hourly Metering Systems registered in the SVA and CVA markets, and performs procedures on these to determine if BSC Parties and BSC Party agents are compliant with the requirements of the BSC, BSCPs and Metering Codes of Practice. The TAA's work is aimed at providing assurance over whether Metering Systems, installed and commissioned for Settlement purposes, correctly record the consumption of electricity.

During the year ended 31 March 2015 the TAA visited a total of 116 CVA and 1,271 SVA HH meters where the Measurement Class is 'C', being approximately 15% of the CVA and 1% of the SVA metering populations.

The TAA's review of findings for the year ended 31 March 2015 suggests that the health of the SVA HH Metering Systems population appears to be declining as a result of an increase in 'Category 1' Settlement affecting non-compliances (from 16 last year to 25 this year). A Category 1 non-compliance is one that is deemed to be currently affecting the quality of data for Settlement purposes.

Of those SVA meters the TAA audited this year, 2% of the sample recorded Category 1 non-compliances. The TAA have extrapolated this across the current SVA HH population and this indicates that up to 2,520 Metering Systems may be affecting Settlement. This figure represents an increase compared to that recorded in the previous BSC Audit year. The TAA have also reported that the impact to Settlement of those Category 1 non-compliances recorded has increased from 6,973 MWh last year to 17,390 MWh this year.

The TAA have highlighted that non-compliances relating to the lack of or incomplete commissioning records has also increased, and now accounts for over two thirds of all SVA 'Category 2' non-compliances identified, an increase over the one third reported in the prior year. A Category 2 non-compliance is one that is deemed to have the potential to affect the quality of data for Settlement purposes.

In the CVA market, despite an increase in the number of site visits, the TAA recorded only one Category 1 non-compliance. The TAA has calculated that the impact to Settlement for this non-compliance was 1,174 MWh. The TAA have noted a decrease in the average number of Category 2 non-compliances recorded per completed CVA audit this year. The average per audited meter has decreased from 3.7 last year to 3.0 this year.

The accuracy of metering and standards of metering installation are outside the scope of the BSC Audit. However, given the small proportion of the market tested by the TAA sampling, when extrapolated the issues identified this year could give rise to a material settlement error.

The work of the TAA highlights the fact that there continues to be ongoing issues in the half hourly SVA market with the installation and commissioning of Metering Systems, which has the potential to impact the accuracy of the data flowing through to Settlement.

C. Issues relating to Metering (cont.)

1. Proving tests not being performed and/or communicated

Proving tests are performed over half hourly and CVA meters to confirm that meter readings are both accurate and correctly entering into Settlement. The proving process is a key step in ensuring that the correct Meter Technical Details are held by the HHDCs and CDCAs. If proving tests are not performed there is a risk that erroneous consumption enters Settlement.

As in prior BSC Audits there were several instances of proving tests either not being performed or the proving results not being communicated on the commissioning of half hourly and CVA meters.

Impacted Audited Entities	Date first reported (by previous BSC Auditor)
3 (4)* out of 10 (10) HHMOs and 1 (0) out of 4 (4) CVAMOs	31 March 2002

* The figures in brackets refer to the prior BSC Audit period ended 31 March 2014.

2. Change of Measurement Class

In line with the findings of the prior year ended 31 March 2014, our assurance work has continued to highlight that the Meter Operators have difficulty in successfully managing the Change of Measurement Class process in line with the BSCP requirements. The issues identified were found to have affected both HHMOs and NHHMOs.

Our principal findings were that these BSC Party agents are not always able to identify a Change of Measurement Class scenario due to insufficient information being received from other BSC Party agents.

Other issues we have observed in the current year include:

- Final meter readings not being sent;
- Proving tests not being performed; and
- Meter technical details not being provided.

A working group set up by ELEXON continues to review the BSCP requirements and documentation around the Change of Measurement Class processes. Given the relatively low number of Changes of Measurement Class events during the period we do not consider this to represent a significant risk to Settlement in the current year. However, with mandatory half hourly Settlement within P272 for Profile Classes 5-8 required (at the moment) to be implemented by 1 April 2016, we highlight the importance of having robust underlying business processes and controls in this area at BSC Parties and BSC Party agents.

Impacted Audited Entities	Date first reported (by previous BSC Auditor)
4 (4) out of 10 (10) HHMOs and 2 (1) out of 14 (13) NHHMOs	31 March 2012

3. Incomplete or delayed provision of meter reads and Meter Technical Details

Our BSC Audit work identified several instances of Meter Operators not providing meter reads and/or Meter Technical Details to Data Collectors in line with BSCP requirements. In the current year we have seen an increase in material audit issues being raised across both HH and NHH meter operators.

In some instances delays were the result of manual paperwork not being submitted for processing by engineers. Many Meter Operators do, however, have processes in place to monitor and action the return of completed paperwork.

Impacted Audited Entities	Date first reported (by previous BSC Auditor)
5 (2) out of 10 (10) HHMOs and 5 (1) out of 14 (13) NHHMOs	31 March 2010

C. Issues relating to Metering (cont.)

4. Metering System faults not resolved

We identified settlement impacting audit issues at 8 audited entities across the market in the current year ended 31 March 2015, which compares to 2 in the previous year. This year issues with metering system faults were not isolated to Meter Operators, and we have also noted instances where HHDCs and Suppliers are not resolving metering system faults or sending the correct data flows to other BSC Parties and BSC Party agents. In many cases this has resulted in an increased backlog of outstanding metering faults that have not been resolved.

Faults that remain unresolved can potentially lead to an increased level of estimation and ultimately result in inaccurate consumption data entering Settlement

Impacted Audited Entities	Date first reported (by previous BSC Auditor)
1 (2) out of 14 (13) NHHMOs, 1 (0) out of 10 (10) HHMOs, 1 (0) out of 7 (7) HHDCs, 5 (0) out of 24 (20) Suppliers	31 March 2002

D. Data quality issues in the non half hourly market

Based on the issues identified from our procedures performed in the 2014/15 BSC Audit period, we have outlined the key findings in relation to data quality issues in the non half hourly market below.

1. NHHDA D0095 exception report

The NHHDA D0095 exception report provides Suppliers with details of anomalies in data provided to NHHDA Agents by NHHDC and SMRS Agents. The report will identify irregularities in consumption data provided by NHHDC Agents and any inconsistencies in Metering System attributes. The D0095 exception report is designed to be a key control over the accuracy of data in Settlement.

We have performed both a qualitative review over Supplier agent processes through which the NHHDA D0095 report is managed and a quantitative evaluation of the number and indicative Settlement impact of backlogs of individual D0095 exceptions that each Supplier has outstanding. Overall we have seen an improvement across the industry with respect to the resolution of D0095s, both in terms of the number of material audit issues raised, and the level of estimated error in MWh across the market.

Our analysis of D0095 backlogs has, in line with ELEXON's work in this area, focused on those exception codes considered by ELEXON to be material*. The distinction between material/immaterial error codes is shown in the table below, along with the number of exceptions for each error code for the total population of Audited Entities.

Exception Code	Material / Immaterial*	# of exceptions ('000s)	
		2014/15	2013/14
E01	Material	23	15
E02	Material	2	2
E03	Immaterial	35	56
E04	Immaterial	1,795	1,738
E05	Immaterial	19	34
E06	Material	303	24
E07	Immaterial	17	87
E08	Immaterial	14	15
E09	Material	-	-
E10	Material	2	1
E11	Material	170	155
E12	Both**	76	75
E13	Material	237	213
E14	Immaterial	178	244

* The reference to 'material' or 'immaterial' in the context of D0095 exceptions above (and other BSC Audit issues in the rest of this Statement of Significant Matters) is to whether the exceptions reported are potentially settlement impacting or not, and not that there has been an impact on settlement calculations and allocations greater than the materiality threshold of 1.5 TWh that our overall BSC Assurance opinion is with reference to.

** Includes a combination of both Material and Immaterial exceptions

The total number of material exceptions was 813,000 for the 2014/15 BSC audit year. This has increased by 86% from 485,000 in the previous audit year. This rise is predominantly attributable to an increase in E06 errors (Incomplete consumption), rising from 24,000 in the prior Audit Year to 303,000 as at March 2015. However, the vast majority of this figure (277,000) was attributable to one supplier, across two MPIDs, and is not reflective of an overall degradation across the market. Furthermore, due to the nature of this particular error code, the impact on settlement is not significant, which is corroborated by the reduction in indicative D0095 error to 70,000 MWh.

D. Data quality issues in the non half hourly market (cont.)

Qualitative analysis

Our work during the 2014/15 BSC Audit year has identified that supplier processes in the management of D0095 exceptions continue to improve, with the number of impacted suppliers decreasing from 7 to 5. In the majority of cases, defined controls for the management of D0095 exceptions have or are in the process of being implemented, however, backlogs still exist for a number of suppliers.

Impacted Audited Entities	Date first reported (by previous BSC Auditor)
5 (7) out of 24 (20) Suppliers	30 September 1999

Quantitative analysis

In calculating the indicative potential Settlement impact (in MWh) of the existing D0095 backlogs, we have reviewed the analysis undertaken by ELEXON which estimates the level of error entering Settlement for material D0095 exceptions which will result in an MPAN settling on a Default EAC. This analysis calculates the 'error' as being the difference between an MPAN settling on a Default EAC as opposed to an Initial EAC, and includes all exception codes apart from E12 (Incorrect Energisation Status). For figures based on the RF Run for 11 March 2014, which was run in April 2015, the total absolute error was estimated by ELEXON to be 70,000 MWh (2014: 96,000 MWh).

A proportion of the above error, approximately 10%, is attributable to 250 individual exceptions for unmetered supplies. This is due to the broad range of consumption across the portfolio of UMS MPANs, resulting in a higher error entering Settlement when the Default EAC is used. This compares to metered supplies, where there were 39,000 exceptions covering 90% of the absolute gross error.

The absolute error for D0095s above does not include an estimate for E12 exceptions (Incorrect Energisation Status). Further analysis undertaken by ELEXON indicates a further potential negative error of 69,000 MWh (2014: 54,000) (i.e. underpayment by the supplier) on Settlement in relation to incorrect energisation status.

2. Large/erroneous EACs and AAs

A number of Metering Systems have again been identified with values of EACs and AAs that are in excess of reasonable or expected levels for their Profile Class (being the threshold set by ELEXON). Based on analysis of crystallised error performed by ELEXON over the BSC Audit period we estimate that 29,000 MWh (2014: 21,000 MWh) is unlikely to be uncorrected (i.e. has passed RF), with the increase since the previous year being attributable to two Suppliers.

Impacted Audited Entities	Date first reported (by previous BSC Auditor)
4 (3) out of 24 (20) Suppliers, 1 (0) out of 11 (11) NHHDCs	30 September 1999

As we had noted in the previous year, the PAB and ELEXON, as part of the PAB Strategy, continue to focus on this issue working towards the aim of gaining a better understanding of root causes, assessing where the Code requirements can be improved and continuing to support Agents and Suppliers.

3. Issues with the Long Term Vacant ('LTV') process

The LTV process allows suppliers to enter a zero EAC for energised MPANs that are not consuming electricity for an extended period of time. We note that this process is optional under the Code. We raised this as a separate matter in the previous BSC Audit year, and again for a number of Suppliers who have elected to use the LTV process our testing performed in the 2014/15 BSC Audit Year found instances where:

- Zero EACs were not being entered into Settlement despite the MPAN being in LTV;
- The effective date upon exiting or entering LTV status was incorrect; and
- Regular proactive attempts to contact customers were not being made as required by the BSCPs, potentially resulting in occupied premises incorrectly remaining classified as LTV with no consumption entering Settlement.

Impacted Audited Entities	Date first reported
3 (2) out of 24 (20) Suppliers	31 March 2014

D. Data quality issues in the non half hourly market (cont.)

4. NHH standing data flow and meter reading backlogs

In the prior year, due to a lower number of material issues being reported we had determined that NHH standing data flow and meter reading backlogs did not warrant recognition as a separate category in the Statement of Significant Matters. However, several issues identified in the current year has prompted us to include this as a separate category for the year ended 31 March 2015.

Our work this year has indicated that backlogs across several agents and Suppliers have increased since the previous BSC Audit, in particular with respect to the level of D0004s at suppliers.

Impacted Audited Entities	Date first reported (by previous BSC Auditor)
2 (0) out of 11 (11) NHHDCs and 4 (0) out of 24 (20) Suppliers	30 September 1999

E. Management Representation Letters

In the prior year ended 31 March 2014 our BSC Assurance Opinion was qualified (due to a limitation in scope in relation to written management representations) to the extent of any matters that might have come to our attention had we been able to obtain written management representations from all Suppliers.

In relation to our BSC Assurance Opinion for 31 March 2015, and in accordance with the requirements of ISAE 3000 as opposed to a requirement of the Code, we requested management representation letters from 24 Suppliers.

We received 23 out of a total of 24 management representation letters requested. We assessed the impact on our opinion of the failure to receive one management representation letter out of the 24 requested and concluded that given the size of this supplier and the risk to settlement, this has not impacted our assurance opinion. Therefore, our opinion for the current year ended 31 March 2015 is unqualified in respect of management representation letters.

Appendix I: Summary of BSC Auditor's Issue Documents for the year ended 31 March 2015

In addition to this Statement we will be reporting to ELEXON, individual BSC Auditor's Issue Documents (BSCAIDs) which include the implications of issues and any relevant recommendations. BSCAIDs will be distributed by ELEXON to the organisations to which they relate.

The table below summarises the number of BSC Audit issues arising from our work performed for the year ended 31 March 2015.

	31 March 2015	31 March 2014
Central Settlement Systems (including MIDPs)	1	1
Suppliers	24	19
NHHDC Supplier Agents	14	10
NHHDA Supplier Agents	1	-
SMRS	1	2
HHDC Supplier Agents	6	1
HHDA Supplier Agents	1	-
CVA Meter Operator Agents	1	-
SVA Meter Operator Agents	22	21
LDSO	-	1
Market issues	14	14
UMSO	3	3
MA	1	-
Total	89	72

NB: Only issues potentially impacting Settlement have been included in the above table. In addition 144 (2014: 146) non-Settlement impacting (i.e. technical non-compliances with the Code) BSC Audit findings were identified across 26 different Audited Entities.

Appendix II: Glossary of terms

Acronyms used in this document have the following meanings (as defined in the Balancing and Settlement Code), unless otherwise stated.

Acronym	Definition	Acronym	Definition
AA	Annualised Advance	MIDP	Market Index Data Provider
Approach	BSC Auditor's Audit Approach for the year ended 31 March 2015	MPAN	Metering Point Registration Number
Audit Year	Year ended 31 March 2015	MPID	Market Participant Identifier
BM	Balancing Mechanism	MSID	Meter System Identifier
BMRA	Balancing Mechanism Reporting Agent	MTD	Meter Technical Details
BMU	Balancing Mechanism Unit	MOA	Meter Operator Agent
BSC	Balancing & Settlement Code	NHH	Non half hourly
BSCCo	Balancing & Settlement Code Company	NHHDA	Non Half Hourly Data Aggregation
BSCP	Balancing & Settlement Code Procedure	NHHDC	Non Half Hourly Data Collection
CDCA	Central Data Collection Agent	NHHMO	Non Half Hourly Meter Operator
Code	Balancing & Settlement Code	OSM	Operational Support Manager
CoP	Code of Practice	PAB	Performance Assurance Board
CRA	Central Registration Agent	Panel	BSC Panel
CVA	Central Volume Allocation	PSL	Party Service Line
CVAMOA	Central Volume Allocation Meter Operator	RF	Final Reconciliation Settlement Run
EAC	Estimated Annual Consumption	SAA	Settlement Administration Agent
ECVAA	Energy Contract Volume Aggregation Agent	SSM	Statement of significant matters
EFR	Error and Failure Resolution	SEAE	Suppliers Energy Allocation Error
ELEXON	ELEXON Limited	Statement	Statement of significant matters
FAA	Funds Administration Agent	SMRS	Supplier Meter Registration Service
GSP	Grid Supply Point	SVA	Supplier Volume Allocation
HHDA	Half Hourly Data Aggregation	SVAA	Supplier Volume Allocation Agent
HHDC	Half Hourly Data Collection	SVG	Supplier Volume Allocation Group
HHMO	Half Hourly Meter Operator	TAA	Technical Assurance Agent
LDSO	Local Distribution System Operator	TDC	Trading Disputes Committee
MA	Meter Administrator	UMS	Unmetered Supplies
MDD	Market Domain Data	UMSO	Unmetered Supplies Operator
Meter Operation	Activities related to the operation of Metering Systems		



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