

PAB200/12 – PAF REVIEW UPDATE

MEETING NAME Performance Assurance Board

Date of meeting Thursday 28 September 2017

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Purpose of paper Decision

Classification Public

Summary Update on PAF Review Progress

1. Timeline

- 1.1 The scope and approach of the Review was agreed by PAB in February 2017 ([PAF Review Delivery Approach – PAB193/17](#)) and by the Panel at its meeting in March 2017 ([Performance Assurance Framework Review: Scope and Approach Approval – 264/07](#)).
- 1.2 Following some ELEXON staffing changes in April 2017, the Project team highlighted issues with resource constraints to the ELEXON Project Board (an internal governance body that directs and oversees the delivery of the project) that would necessitate re-planning the project once a new project team had been established. This core project team was in place by mid-June 2017.
- 1.3 ELEXON has now completed this detailed re-planning to assess the activities required to deliver the objectives of the PAF Review and identified the timescales and resources required to deliver the work. This was presented to and approved by the ELEXON Project Board in early September along with an update on the risks, constraints and dependencies.
- 1.4 Work has continued on the delivery aspect of key work streams in parallel with this re-planning activity as set out in section 3.
- 1.5 This paper provides an update on the overall plan timescales and progress against each of the work streams.

2. PAF Review Scope

- 2.1 Since the PAF Review was initiated, Panel and BSC Committee (PAB, SVG and TDC) papers and meetings, and in other forums and documents (P332 Interim Report and TAMEG) have identified items that they believe should be covered by the PAF Review. To ensure that the project continues to deliver against the scope and approach as approved by Panel, the project has identified and documented these requests.
- 2.2 The Project Board commented and agreed on the approach that should be taken in relation to these scope requests at their September meeting and this will be fed back to the raising parties in due course.
- 2.3 Items raised by PAB or relating to PAB activity directly is included in confidential Attachment A (Addressing Scope and Approach Suggestions).

3. PAF Review Work Streams

- 3.1 The stakeholder engagement exercise validated the scope of the review which has been divided into four work streams as follows:

Smart metering

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- 3.1.1 This work stream is focussing on the immediate risks to Settlement presented by the mass roll-out of smart meters. It will also be investigated whether routine reporting should be developed to monitor the potential impacts on Settlement.
- 3.1.2 The Issue 69 group considered the risk to Settlement associated with the mass roll-out of Data Communications Company (DCC) serviced smart meters. The Issue group came to a consensus that a key risk area was associated with the production and submission of Meter Technical Details (MTDs), as Suppliers will be playing a new and key role in the process.
- 3.1.3 Since presenting the Issue 69 findings to the PAB in June 2017, an exercise has been undertaken to assess the potential impact to Settlement accuracy associated with the new MTD processes during the smart Meter roll-out. Acting on feedback from the PAF Review engagement exercise, a more data driven evidence based approach to risk assessment is being sought. Risk assessment methodologies have been developed which are being reviewed with internal subject matter experts, the Issue 69 workgroup and a few PAB Members. The output from these assessments will identify and support the need for additional assurance activities, if any.
- 3.1.4 The findings on the risk assessment exercise will be presented to PAB at its November 2017 meeting. This will include assessment of the risk mitigation options and any recommended next steps. Following PAB approval of any smart risk mitigations, these will be developed and implement by early 2018, in time for the ramp up in smart Meter installations.

PAF Procedures (including Risk Evaluation Methodology)

- 3.1.5 How the mitigation of Settlement Risk is assessed and coordinated is the basis on which the PAF operates. This work stream is looking at how Settlement Risk is catalogued and quantified, the strategic way by which mitigating actions are undertaken and how the effectiveness of such actions is assessed.
- 3.1.6 The workstream will be delivered in four steps. The first step is reviewing the BSC provisions and working practices that set out how the PAF is delivered, against the objectives of the PAF Review. This is underway and includes doing case studies of areas where the PAF has been applied to help evaluate its effectiveness.
- 3.1.7 The second step will look at what other risk management approaches may in whole or in part better suit the current BSC assurance arrangements in place now. The third step will develop a revised PAF using the best elements of what we do now and any alternative approaches. An external risk management expert will be engaged with to support these two activities and to ensure that the most relevant and the latest thinking and tools in risk management is considered.
- 3.1.8 The fourth step will apply the revised risk evaluation methodology to produce a new set of risks.
- 3.1.9 Alongside the PAF Procedures work stream, ideas for improving existing working procedures that could be implemented outside the review and sooner will be captured and handed over to operational teams. This will be managed within ELEXON through the governance arrangements of the PAF Review Project Board. This process will also be used to feed suggestions into the review of the Performance Assurance Techniques.
- 3.1.10 Engagement with the Issue 69 group on PAF Procedure activity will take place at various stages starting in late 2017/early 2018 with a review of a high-level design for a revised PAF.

Data Provision

- 3.1.11 This work stream will explore if there are any feasible alternative ways of provisioning data that provide better capacity for accurate risk appraisal, better support the use of mitigation techniques, place less burden on participants to provide data and are easier to change as required in future.
- 3.1.12 Work has continued to investigate how alternative data sources can be used to support PAF activities. As a part of this work, access was gained to NHH and HH Settlement consumption data flows sent over the Data

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Transfer Network (DTN). The PAF Review team has already demonstrated the practical application of this data on the following PAF activities:

- Quantification of issues identified through the BSC Audit;
- Estimation of the impact of missing MTDs on Settlement in support of a targeted TAPAP check; and
- Assessing the potential impact of smart roll-out key risk areas on the accuracy of Settlement.

3.1.13 Upcoming activities on the data provision work stream include an assessment of existing PAF data sources and the identification and assessment of alternative data sources. This will include the technical practicalities of how the data would be sourced, loaded and exposed to end users, the feasibility in terms of cost and reporting burden on participants, and the appropriateness of using the data to support PAF activities regarding completeness and integrity. The outputs from this work will support the wider risk appraisal exercise on the PAF Procedures work stream and feed into the review of individual PATs.

Performance Assurance Techniques

3.1.14 This work stream will assess if there are any gaps in the current set of techniques (based on any amendments to the REM & other procedures or data provision), which techniques are cost effective for the level of risk they mitigate, and which techniques are not.

3.1.15 This workstream is not due to commence until later in 2018 and an update will be provided nearer the time on how it will be delivered. In the meantime, any suggestions for improvements to techniques that are not appropriate to be delivered immediately will be captured for the PAT work stream.

4. Stakeholder Engagement

4.1 A range of stakeholder engagement activities will be undertaken by the PAF Review team to keep BSC Parties and other interested persons up to date on the progress of the project and to invite comment on relevant proposals at the appropriate time. In particular through to the end of this year:

- Website – a new webpage will be launched for the PAF Review after the September PAB meeting to provide background information and latest news;
- Newscast – articles will be published to notify interested persons of events;
- SVA Assurance Forum – considering feedback received on the PAF, a forum has been proposed to engage parties on ELEXON's broader assurance activities. The event is being planned and the agenda will include an update on the PAF Review;
- Issue 69 working group – this group has so far only been utilised for the smart work stream but they will be asked to review and comment on various aspects of all the PAF Review work streams as necessary. The Issue 69 webpage will continue to be maintained with upcoming activities and information about past meetings and consultations;
- Other working groups – members of the PAF Review team have attended meetings of the P332 Modification Group and the recent NHH Supplier Performance workgroup;
- Cross Codes Forum – an update will be provided to the next meeting of the Forum on the scope of the review for information;
- BSC Committees and Groups – the chairs of TAMEG, STAG, ISG and SVG will be asked to consider what information their members would like to receive on the PAF Review, including where group members have made specific suggestions about issues the review could cover; and

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- OSM updates – OSMs will continue to be briefed and have access to the latest key messages from the project in case of customer queries, and will use the OSM function to gather further feedback if appropriate from Performance Assurance Parties.

5. Role of PAB

- 5.1 During its meeting on 09 March 2017 ([Performance Assurance Framework Review: Scope and Approach Approval – 264/07](#)), the Panel AGREED that the PAB should continue to manage the review on the Panel's behalf. Consequently, PAB has the role of Senior User from a Project Governance perspective.
- 5.2 In representing the Industry's interests PAB must ensure that:
- The desired outcome of the review is specified; moreover ensure that the objectives of the PAF Review are clear; and
 - The Review meets the customer's quality expectations.
- 5.3 ELEXON's Senior Users will represent the PAB in the Project Board.
- 5.4 To better facilitate more frequent and direct engagement of the PAB with the PAF Review it is proposed that:
- PAB establishes a working sub-group of 3 or 4 core members to work with the PAF Review team and to receive updates and provide input to the PAF Review;
 - A member(s) of the PAB sub-group attends Issue 69 working groups to ensure the interests of the PAB are directly represented; and
 - The PAF Review team meets regularly with the Panel Sponsor to the PAB.

6. Recommendations

- 6.1 The PAB is invited to:
- a) **COMMENT** on and **NOTE** the PAF Review update
 - b) **DISCUSS AND AGREE** how PAB will continue to engage with ELEXON on the PAF Review

Appendices

Appendix 1 – PAF Review Timescales Overview

Attachments

Attachment A – Addressing Scope and Approach Suggestions (Confidential)

For more information, please contact:

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Appendix 1 – PAF Review Timescales Overview

Description	Baseline
PAF Replanning agreed with the Project Board	Q3 2017
Project Closure	Q2 2019
Data Provision	
Document and assess existing PAF data sources	Q4 2017
Identify and document alternative PAF data sources	Q1 2018
Test environment documentation and maintenance	Q1 2018
Demonstrate benefits of alternative data sources	Q2 2018
Detailed assessment of alternative PAF data provision options	Q3 2018
PAF Procedures	
Current BSC provisions findings report presented to PAB	Q4 2017
Risk management Options report presented to PAB	Q4 2017
PAB approves risk management recommendations	Q1 2018
PAB approves (ROP & APAR) Product Description	Q1 2018
PAB approves Proof of Concept findings report & updated draft (REM)	Q2 2018
PAB approves revised recommendation report and revised REM, ROP, APAR	Q3 2018
PAB approves proposed appraisal approach for SVA and CVA risks	Q3 2018
PAF delivery and co-ordination	Q4 2018
PAB approves the list of risks	Q4 2018
PAB approves list of risks with net significance	Q1 2019
PAB approves updated REM	Q1 2019
Smart Metering Rollout	
Quantify risk presented by Supplier and MOA smart MTD processes	Q4 2017
Identify and assess smart MTD mitigations options and make recommendations	Q4 2017
Develop and implement smart MTD mitigations	Q1 2018
Other smart roll-out related mitigations	Q2 2018
Performance Assurance Techniques	
Review of PAT scope, approach and plan	Q3 2018
End of PAT review	Q1 2019