Risk Operating Plan 2012/13 – Industry Consultation

The Risk Operating Plan (ROP) sets out the Settlement Risks and the Performance Assurance Technique(s) that the Performance Assurance Board (PAB) will apply to manage Settlement Risks relating to Supplier Volume Allocation, Central Volume Allocation and Central Systems processes.

The estimated overall costs to BSCCo of implementing such Performance Assurance Technique(s) in the Performance Assurance Operating Period are also recorded.

The ROP should be read in conjunction with the Risk Evaluation Methodology, the Risk Evaluation Register and Section Z of the BSC.

This document relates to the Performance Assurance Operating Period (PAOP) 5, commencing 1 April 2012 and will be reviewed by the PAB in accordance with the Annual Performance Assurance Timetable.

Performance Assurance Board (PAB)

The Performance Assurance Board (PAB) conducts and administers activities to provide assurance that all participants in the BSC arrangements are suitably qualified and the relevant standards maintained.

Annual Performance Assurance Timetable

The APAT gives the dates for the key milestones in the development and approval of the Risk Management Plans for all Performance Assurance Parties for 2012/13.

Risk Operating Plan Consultation

The ROP is being issued for you to provide comments on how we are proposing to deploy the Performance Assurance Techniques in 2012/13. In particular we seek comments on:

- The proposed deployment of techniques against two new risks;
- If you agree that there are no appropriate areas at this time, against which we should do a Technical Assurance check;
- If you think Material Error Monitoring should continue to cover the two risks that fall outside the set of 'top' risks;
- Your views on the Technical Assurance of Metering sample sizes and focus for the SVA Specific Sample; and
- If you think any specific Performance Assurance Techniques or areas of the PAF could be reviewed to improve efficiency and effectiveness.

Target Audience - All BSC Parties, BSC Agents and Performance Assurance Parties.

This document has been reviewed and endorsed by PAB on the 29 September 2011

The closing date of the consultation is 21 October 2011

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1 Introduction

Description of the ROP

The ROP is part of the risk based PAF as defined in Section Z of the BSC. It outlines the focus of the PAB's attention for the forthcoming Performance Assurance Operating Period (PAOP5) – 2012/2013. The ROP sets out how the PAB will provide assurance in respect of Settlement Risks and the estimated cost of delivering this assurance. It describes how Performance Assurance Techniques (PAT) could be deployed against each Settlement Risk / class of Performance Assurance Party[1] (PAP) combination in the RER. The PAB uses the ROP to select which PATs to switch on against individual PAPs.

The ROP for 2012/2013 is summarised in section 2, which will be the basis for this consultation.

Risk Evaluation Methodology (REM)

The REM describes how the Performance Assurance Board (PAB) will :-

- Identify Settlement Risks;
- Evaluate Settlement Risks; and
- Assess the materiality of Settlement Risks.

Management of Settlement Risks

As prescribed in the REM, Settlement Risks with a net significance of four[2] and above are managed through the use of applicable PATs and performance against them overseen by the PAB on an exception basis. The PAB will likely deploy more PATs against those with the highest net significance (net significance 12 and above). There is also more frequent and detailed reporting for these top risks and a greater focus on performance improvement. The top Settlement Risks for 2012/13 are in Appendix 2.

The REM sets out the 16 available PATs, summarised below. Further details are in the PAF Techniques Guiding Principles document.

Risk Evaluation Register (RER)

The RER sets out the Settlement Risks identified and evaluated by the Performance Assurance Board (PAB) in accordance with the Risk Evaluation Methodology (REM)

Performance Assurance Technique	Technique Category	Technique Type
Qualification	P	NS
Re-Qualification	P	NS
Bulk Change of Agent (BCoA)	P	NS
Education	P	NS
Performance Monitoring & Reporting	D	M
Material Error Monitoring (MEM)	D	S
Technical Assurance of Metering Systems (TAM)	D	S

[1] This document focuses on Settlement Risks and classes of Performance Assurance Party. It contains no reference to any individual Performance Assurance Party.
[2] With the exception of the BSC Audit and mandatory Performance Assurance obligations outlined in the BSC, no PATs will be deployed for Settlement Risks that have a net significance lower than four without specific PAB approval.

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BSC Audit	D	S
Technical Assurance of PAPs (TAPAP)	D	NS
Peer Comparison (PC)	I	S
Removal of Qualification	I	NS
Default	I	NS
Supplier Charges	R	M
Error and Failure Resolution (EFR)	R	NS
Trading Disputes	R	NS
Change Mechanisms	R	NS

Categories: P= Preventative; D= Detective; R= Remedial; I= Incentive

Types: S= Standard; NS= Non-Standard; M= Mandatory

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2 ROP 2012/2013 Review

This section summarises the focus of the PAB for the 2012/2013 ROP and highlights changes from the current 2011/2012 ROP. The full ROP matrix (Attachment A) is provided as a spreadsheet attachment to this document, with the proposed changes highlighted.

SVA Settlement Risks

This section describes notable changes to deployment of PATs against risks.

Within-period revision (WPR)

A revision by the PAB of the Risk Evaluation Register, Risk Operating Plan or a Risk Management Plan within a PAOP or after the deliverable has already been approved for use.

New Settlement Risks (WPR PAOP4)

Two new risks were approved as a within period revision (WPR) to the RER, effective 26 August 2011 (PAB127/05):

- SR2839 (net significance: 6) - The risk that Suppliers do not notify change of HHDA to other associated agents resulting in the HHDCs not sending consumption data to the correct HHDAs resulting in default data being entered into Settlement.
- SR2840 (net significance: 3) - The risk that Suppliers do not notify change of NHHDA to other associated agents resulting in the NHHDCs not sending consumption data to the correct NHHDAs and resulting in default data being entered into Settlement.

We propose the following techniques be available for deployment within the ROP against these risks effective from the 24 November 2011.

Risk Ref	Risk Valid From	Net significance	ROP Effective From	Technique Name	Role Name
SR2839	26 Aug 2011	6	26 Aug 2011	Qual	HH Data Collector, HH Data Aggregator, HH Supplier
				R-Qual	HH Data Collector, HH Data Aggregator
				PM	HH Data Aggregator, HH Supplier
				BSCA	HH Data Collector, HH Supplier, HH Data Aggregator
				TAPAP	HH Data Collector, HH Data Aggregator, HH Supplier
				PC	HH Supplier
				EFR	HH Data Collector, HH Data Aggregator, HH Supplier
SR2840	26 Aug 2011	3	26 Aug	Qual	NHH Data Collector, NHH

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Risk Ref	Risk Valid From	Net significance	ROP Effective From	Technique Name	Role Name
			2011		Supplier, NHH Data Aggregator
				R-Qual	NHH Data Collector, NHH Data Aggregator
				BCoA	NHH Data Collector, NHH Supplier, NHH Data Aggregator
				PM	NHH Data Collector, NHH Supplier, NHH Data Aggregator
				BSCA	NHH Data Collector, NHH Supplier, NHH Data Aggregator
				TAPAP	NHH Data Collector, NHH Supplier, NHH Data Aggregator
				PC	NHH Supplier
				EFR	NHH Data Collector, NHH Supplier, NHH Data Aggregator

Top Settlement Risks (no changes for PAOP5)

It is also worth noting that from 1 April 2012, the net significances for SR0086[3] and SR0093[4] were dropped from 12 to 8 (PAB127/05), meaning they are no longer top risks. We are not currently proposing any reduction in the PATs deployed against them, though we are seeking views on this in the consultation, in particular whether Material Error Monitoring should continue to be deployed.

From the start of PAOP5, we have a new top risk, SR0116 (The risk that Import/Export Metering Systems are incorrectly installed/configured resulting in inaccurate data entering Settlement). We are currently evaluating how performance against this risk can be monitored and reported in the Settlement Risk Report (SRR). It is most likely that we will not need to deploy any new PATs because we will use performance reported by Technical Assurance of Metering as the measure, and initiate EFR for significant and/or sustained underperformance.

[3] The risk that for UMS NHHDCs do not process new or updated EACs and associated Settlement details (D0052) resulting in inaccurate energy volume allocation (UMS).
[4] The risk that on concurrent change of NHHDC/NHHDA for UMS, new NHHDCs do not receive the latest UMS EAC from the old NHHDCs resulting in Metering Systems being settled on default EAC values which are likely to be inappropriate for Unmetered Supplies.

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Performance Assurance Techniques

This section gives an overview of how we intend to deploy the PATs in 2012/13.

BSC Audit (no changes for PAOP5)

The BSC Audit scope for 2012/2013 will continue to encompass most identified Settlement Risks for all SVA Suppliers, LDSOs and agents. In summer 2012, ELEXON will review the proposed scope and may recommend adjustments on a risk basis.

Audit issues have been mapped to Settlement Risks. Where issues are linked to top Settlement Risks and have a direct impact on performance against the Settlement Risk, Suppliers and Supplier Agents' performance rating (the BUSRR) may be adjusted to reflect how the risk is being managed through an Error and Failure Resolution (EFR) action plan.

Technical Assurance of PAPs (no changes for PAOP5)

The scope of work for TA checks is detailed in the ROP PAB cover paper (PAB128/09). We are only proposing that the standard checks are available for deployment in 2012/13. I.e. Post Qualification, Confirmation of Agent Compliance, Dispute Exit and PARMS Drill Down.

At the time of writing, the PAB Strategy work stream on Meter Technical Details is ongoing. The fault resolution process is being reviewed and it is possible that changes to risks and deployment of techniques, including TA checks, may be recommended before 1 April 2012 or as a WPR during PAOP5.

Performance Reporting & Monitoring (no changes for PAOP5)

Performance Reporting and Monitoring will continue to be applied to Settlement Risks that can be measured by PARMS Serials.

We made adjustments to the three PATs that use serials in PAOP4, following implementation of CP1334 (New PARMS Serials). We are not proposing further changes for Performance Reporting and Monitoring, Peer Comparison or Supplier Charges in PAOP5 other than deployment against the two new risks SR2839 and SR2840 (see page 5).

Peer Comparison (no changes for PAOP5)

No changes are proposed to the (monthly) Public Peer Comparison; the focus will continue to be on the percentage of Half Hourly and Non Half Hourly energy settled on actual readings at a Supplier Id level.

Quarterly (non-public) Peer Comparison will continue to contain graphs for: SP08a at R3, and SP08b at SF, R1 and RF.

The timing and approval process of the reports remain as-is.

Business Unit Settlement Risk Rating (BUSRR)

The BUSRR is a broad indication of relative risk. It indicates whether a business unit is considered as higher risk (RED), lower risk (GREEN), or about average risk (AMBER) within the context of each Settlement Risk Guidance on BUSRRs can be found on the website.

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One outcome of the ongoing PAB Strategy work stream on agent performance may be a recommendation to extend the scope of Quarterly Peer Comparison technique further to encompass new serials and agents. This would be agreed for PAOP6 or as a WPR for PAOP5, as appropriate.

SP01: Delivery of Routine Performance Reports
SP02: Delivery of Routine Performance Logs
SP04: Installation of HH Metering
SP08: Energy and MSIDs on Actuals

Supplier Charges (no changes for PAOP5)

There are no changes proposed to Supplier Charges; the focus will remain on SP01, SP02, SP04 and SP08.

Material Error Monitoring (no changes for PAOP5)

We are provisionally proposing to continue to deploy Material Error Monitoring (MEM) against erroneous Estimates of Annual Consumption and Annualised Advances (EAC/AA), incorrect Energisation Statuses of Non Half Hourly Metering Systems and errors in Unmetered Supplies consumption volumes.

However, for the latest year's worth of data (June 2010 to June 2011), both UMS and Energisation error volumes have been far below the threshold. In June 2011 the market error was approximately 40% and 30% respectively of the 165,000MWh error thresholds.

Neither of these areas are in the top risks for 2012/13. We would appreciate your views on whether we should continue to deploy MEM. The resource required from ELEXON is approximately 4WD per quarter; we do not have information about the resource required by Suppliers and agents to support the MEM process. Some respondents to the recent RER review supported retaining MEM for the UMS risks.

Error and Failure Resolution (no changes for PAOP5)

EFR will continue to be deployed where relevant non-compliance is identified with no changes planned for PAOP 5.

Technical Assurance of Metering Systems (changes for PAOP5)

We are proposing the following sample sizes (approximate numbers):

Category	Number
SVA Main Sample	1180
CVA Sample	50
Re-inspections (where a Category 1 non-compliance has been rectified)	4
Targeted inspections (deployed if required)	n/a
SVA Specific Sample	100

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For the Specific Sample, we are proposing inspections of around 100 "new" installations. We expect the definition of new will be installations since 1 January 2008, and will include some High Voltage sites. The aim of sampling this part of the population is to evaluate if more recent installation processes are resulting in fewer non-compliances in the Meter equipment and technical details. We can use this information to better target future assurance activities.

Qualification and Re-Qualification (no changes for PAOP5)

(Re-)Qualification will continue to cover all of the key Settlement processes and the PAB is able to request Technical Assurance 'Post Qualification' checks in relation to any issues that are highlighted.

Other Techniques (no changes for PAOP5)

Bulk Change of Agent, Breach & Default, Removal of Qualification, Change Mechanisms, Education and Trading Disputes may be deployed against any risk, if certain conditions are met. For instance a particularly material issue arises or a BSC Party or Party Agent fails in a number of areas.

Annual Performance Assurance Report

The Annual Performance Assurance Report (APAR) describing activities under the PAF in PAOP3 (2010/11) was presented to the PAB in July 2011 (PAB 126/06). It noted the areas of focus for 2011/12 under the PAB Strategy. These workstreams will conclude by the start of or in the early part of 2012/13. We anticipate changes to some techniques from these workstreams, which will be proposed for PAB approval as WPRs.

Agent Performance

This workstream aims to identify how performance of SVA Party Agents can impact on Settlement issues and Supplier performance, and what monitoring of Party Agents could better measure the associated Settlement Risks. This could result in deployment of additional techniques against agents, such as MEM or Peer Comparison. The workstream is likely to conclude in the first quarter of 2012.

Meter Technical Details

This project has reviewed all Settlement Risks associated with MTDs to confirm the Net Significance, controls etc are appropriate. Some changes were approved in the RER 2012/13 as a result. The same process is now underway for Settlement Risks related to the fault investigation process. Once that stage is complete, the workstream will review deployment of PATs. Therefore, we may recommend some WPRs to the 2012/13 ROP.

Erroneously Large EAC/AA issue

This project split the EAC/AA issue into seven aspects and reviewed them. At the time of writing this paper, three had been closed and the rest were being assessed using industry experts (e.g. at the SVA Forum 2011). The conclusions of the project may

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result in changes to SR0072[5] and/or deployment of PATs against it. These will be proposed as a WPR to the 2012/13 ROP.

Success Measures

One element of the PAB Strategy was to produce a set of Key Performance Indicators (KPI) on the activities of the PAF. We have been reporting the KPIs to the PAB, by exception, since June 2011.

Within the APAR, we are directed to report the results of the risk assurance activities, and the extent to which the PATs mitigated the Settlement Risks. In order to do this, and to demonstrate to PAPs and BSC Parties that the PAF is operating efficiently and effectively, we have selected a subset of the KPIs for this ROP that we will report on in the PAOP5 APAR (due to be published July 2013):

- Qualification – Number of issues uncovered in newly qualified entities in first year of live operations are minimised;
- EFR – Effectiveness of action plans at resolving issues;
- BSC Audit – Follow up of Audit outcome is done in a timely way and leads to improvements in entities performance;
- TAM – Settlement related non-compliances are minimised;
- TAPAP – TAPAP checks are delivered as planned;
- Supplier Charges – Supplier Charge reports are produced on time and accurately;
- Peer Comparison – Reports are produced on time and accurately;
- MEM – Performance standards achieved in forecast timescales; and
- BCoA – No Settlement impact from change.

[5] The risk that NHHDCs process incorrect Meter readings, resulting in erroneous data being entered into Settlement.

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3 Estimated Costs for Exercising Performance Assurance Techniques

The cost of delivering the Performance Assurance Framework in 2012/13 is estimated to be:

Cost Type	Forecast (£) 2012/13
Operational	960,882
Contractual	2,219,154
Total	3,180,036

4 Within Period Revisions for 2011/12

We are proposing a number of changes to the ROP come into effect from 24 November 2011 as a WPR to the PAOP4 ROP; the changes due to WPR to the 2011/12 RER: See section 2 for more information.

We have proposed in the Audit Scope paper for 2011/12 (PAB128/05) that UMSOs, MAs and CVA MOAs do not receive site visits. If the PAB approves this amendment to the Audit Scope, we will include it in the updated 2011/12 ROP, which will be published on the ELEXON website in early October. Subject to PAB approval, we propose excluding these roles for the ROP 2011/12. Note that we are proposing the roles are included in the 2012/13 Audit Scope – see page 7 above and the 2012/13 ROP ledger.

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5 Further Information

If you have any questions or require further information on the Risk Operating Plan please contact:

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6 References

Document
Risk Evaluation Methodology 2012/2013
Risk Evaluation Register 2012/2013
Performance Assurance Techniques

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Appendix 1

Glossary of Terms

Term	Definition
Annualised Advance (AA)	The rate of consumption for a Settlement Register over the period between two Meter readings. The value is nominally expressed as kWh/Year, but this is only for ease of understanding and cannot be relied upon as a true value.
Annual Performance Assurance Timetable	As defined in section Z 5.2 of the BSC.
BSC	The Balancing and Settlement Code
BSCCo	The Balancing and Settlement Code Company
BSCP	Balancing and Settlement Code Procedure
CVA	Central Volume Allocation
Estimated Annual Consumption (EAC)	An estimated rate of consumption, nominally expressed in kWh/Year, that is used in Settlement until an AA is calculated.
Gross Settlement Risk	Gross Risk is the probability, impact and significance that a Settlement Risk would have if no controls were applied. Gross Risk, therefore, represents the 'worst case' scenario for each Settlement Risk.
HHDC	Half Hourly Data Collector
HHMOA	Half Hourly Meter Operator Agent
MTD	Meter Technical Details
Net Settlement Risk	Net Risk is the significance that a Settlement Risk would have when existing controls are taken into account.
NHHDC	Non Half Hourly Data Collector
NHHMOA	Non Half Hourly Meter Operator Agent
PARMS	Performance Assurance Reporting & Monitoring System (PARMS) is a database that contains information about how Suppliers and their Supplier Hubs are performing. PARMS data (serials) is used primarily to support the Performance Monitoring and Reporting technique.

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Performance Assurance Operating Period (PAOP)	As defined in section Z 5.1.1 of the BSC. PAOP 1&2 – November 2008 to 31 March 2010 PAOP3 – 1 April 2010 to 31 March 2011 PAOP4 – 1 April 2011 to 31 March 2012 PAOP5 – 1 April 2012 to 31 March 2013 PAOP6 – 1 April 2013 to 31 March 2014
Performance Assurance Administrator (PAA)	As defined in section Z 5.1.1 of the BSC.
PAB	As defined in section Z 1.2 of the BSC.
Performance Assurance Framework (PAF)	Performance Assurance Framework (PAF) consists of a complementary set of preventative, detective and corrective techniques designed to mitigate against risks to the BSC arrangements. The aim of the PAF is to provide independent, equitable, positive and consistent assurance regarding the integrity of Settlement, and to promote corrective actions to address any issues that are identified
Performance Assurance Party (PAP)	A Performance Assurance Party is a Participant (or organisation) with Performance Assurance Risks (see the BSC section Z 5.1.1 (c) for more information).
Performance Assurance Technique (PAT)	As defined in section Z 5.3.2 of the BSC.
RPU	Revenue Protection Unit
Risk Evaluation Methodology (REM)	As defined in section Z 5.4 of the BSC.
Risk Evaluation Register (RER)	As defined in section Z 5.5 of the BSC.
Risk Management Plan (RMP)	As defined in section Z 5.7 of the BSC.
Risk Operating Plan (ROP)	As defined in section Z 5.6 of the BSC.
Risk Probability	Risk Probability is represented by a score between 1 and 5 and is the likelihood of a Settlement Risk occurring, (1 being the least probably and 5 being the most probable).
Risk Impact	Risk impact is the impact of the impact that a Settlement Risk would have if it occurred. The Risk impact is

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	represented by a number between 1 and 5 (1 being the least severe and 5 being the most severe).
Risk Significance	Risk Significance is the Risk Probability multiplied by the Risk impact
Settlement Risk	As defined in section Z 5.1.1 (a) and (b) of the BSC.
SVA	Supplier Volume Allocation.
UMS	Unmetered Supply
WPR	Within Period Revision - A revision by the PAB of the Risk Evaluation Register, Risk Operating Plan or Risk Management Plan; as applicable in relation to a PAOP after such register or plan has been adopted for such PAOP

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Appendix 2

Top Settlement Risks for 2012/2013

SRIN	Risk Description	Net Sig.
SR0022	The risk that HHDCs do not use correct Meter Technical Details resulting in Meter readings being misinterpreted or not collected.	20
SR0072	The risk that NHHDCs process incorrect Meter readings, resulting in erroneous data being entered into Settlement.	16
SR0073	The risk that stolen energy notified by Revenue Protection units is not used in calculations by Suppliers and NHHDCs resulting in inaccurate data being entered into Settlement.	15
SR0074	The risk that NHHDCs do not collect and /enter valid Meter readings resulting in old/default data entering Settlement.	15
SR0024	The risk that NHHMOAs do not provide Meter Technical Details to the correct NHHDCs resulting in Meter readings being not collected.	12
SR0025	The risk that HHMOAs do not provide Meter Technical Details to the correct HHDCs resulting in Meter readings being not collected.	12
SR0028	The risk that HHMOAs make changes to the Metering System and do not inform the HHDCs resulting in Meter readings being misinterpreted or not collected.	12
SR0111	The risk that NHH Metering Systems are tampered with resulting in under-accounting of energy in Settlement.	12
SR0116	The risk that Import/Export Metering Systems are incorrectly installed/configured resulting in inaccurate data entering Settlement.	12

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Appendix 3

Supplementary Information

This section contains other information that may be useful in understanding and reviewing the ROP.

Management of CVA and Central Systems Settlement Risks

PATs will continue to be deployed in a manner consistent with their deployment prior to the Performance Assurance Effective Date in 2008and as mandated within the BSC in order to manage CVA and Central Systems Settlement Risks. In particular:

- The scope of the BSC Audit will encompass Central Systems including the Balancing Mechanism Reporting Agent; Central Registration Agent; Central Data Collection Agent; CVA Meter Operator Agents; Energy Contract Volume Aggregation Agent; Funds Administration Agent; Market Index Data Providers; Settlements Administration Agent; and Supplier Volume Allocation Agent.
- CVA Meter Operators will remain subject to the SVA Qualification, re-Qualification and Removal of Qualification processes
- CVA Metering Systems will remain within the scope of the Technical Assurance of Metering Systems technique delivered by the Technical Assurance Agent.

High Impact Settlement Risks

Any SVA Settlement Risks with a Gross Impact of 5 (as identified on the RER) will be subject to PATs irrespective of the PAB-defined Net Significance threshold. There are currently no SVA Settlement Risks that fulfil this criterion.

Performance Assurance Techniques Triggered by Performance Assurance Parties

Those PATs which can be triggered by PAPs and which provide assurance in respect of Settlement Risks below the de minimis Net Significance threshold will be recorded against those Settlement Risks. This includes Qualification, Re-Qualification and Bulk Change of Agent.

BSC Audit

The BSC Audit is currently undertaken primarily using compliance based approach. This follows from the BSC obligation to check compliance against the requirements of the BSC and provide an Opinion. A review of the BSC Audit terms of reference in 2009 concluded that the existing compliance-based approach provides the most appropriate mechanism for delivering the Audit as part of the PAF. Therefore, the Audit may cover some risks below the de minimis Net Significance threshold. The Auditor exercises flexibility by reporting issues based upon the material impact of the observed non-compliance.

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The PAB has therefore determined that the scope of the 2012/2013 BSC Audit will continue to address all identified Settlement Risks, providing an overall opinion based upon a comprehensive scope of work.

Management of SVA Settlement Risks

Within this ROP, each SVA Settlement Risk / relevant class of PAP[6] combination may have no, one or more PATs available for deployment. In developing this plan the PAB has employed a set of guiding principles for the deployment of PATs; these are set out in the PAT Guiding Principles document and are consistent with the considerations noted in the REM.

While a PAT is available for a Settlement Risk, it may not be deployed (against all PAPs). In some situations an assessment will be made by the PAB on each PAP's contribution to a specific risk in accordance with the criteria set out in BSC Section Z, 5.7.1, namely assessing the PAP's contribution to a specific material Settlement Risk.

Only after this assessment will it be determined which technique to deploy to mitigate the risk. The below outlines which PATs may be varied in this way:

- **Mandatory Performance Assurance Techniques** are those PATs that the PAB is required to apply to a PAP who has been assigned the Settlement Risk in question because they are mandated by the BSC (e.g. Supplier Charges).
- **Standard Performance Assurance Techniques** are the default PATs that the PAB will apply to all PAPs who have been assigned the Settlement Risk in question. Standard PATs may be disapplied to a PAP and, where this is the case, an explanation will be provided.
- **Non-Standard Performance Assurance Techniques** are extra PATs that the PAB may consider applying to derive additional assurance that the PAP is addressing the Settlement Risks that have been assigned to it. Where additional Non-Standard PATs are applied to address a PAP Settlement Risk, an explanation will be provided in the PAP's Risk Management Plan.

Where the PAB observes significant failures, over a range of risks, it will look to deploy Breach & Default (Suppliers and LDSOs) and Removal of Qualification (Supplier Agents) techniques.

The PAB also reserves the right to deploy the Change Mechanism, Trading Disputes and Education techniques when appropriate. These techniques together with Supplier

[6] Settlement Risks are relevant to any Performance Assurance Party which might send, receive or take action in respect of processes, controls or data which relate to the risk in question. The Supplier is a relevant Performance Assurance Party in respect of Settlement Risks relating to the activities of the Party Agents. This is consistent with the provisions of Section J of the BSC which note that Parties shall be responsible for every act, breach, omission, neglect and failure of appointed Party Agents. It should also be noted that, in the context of the RER, relevant Performance Assurance Parties may not directly contribute to or be directly impacted by Settlement Risks. They are identified on the RER and the ROP as they could be required to support the application of one or more Performance Assurance Techniques in the event that the PAB chooses to deploy techniques to manage this Settlement Risk.

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Charges relating to PARMS Serials SP01/02 do not feature in Attachment A but will be deployed as determined by the PAB.

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