

Issue 11 - 'Performance Targets and Monitoring'

An issue relating to Performance Targets and Monitoring has been submitted by Powergen, Scottish Power and Centrica for consideration by a standing Modification Group. This issue has been placed on the Issues Register and the chairman has agreed that it should be sent to the VASMG.

A brief description of the issue is as follows:

The current Settlement target of 97% became effective with the introduction of the 1998 Trading Arrangements to ensure the equability of Settlements. This target does not ensure that equability is delivered for two prime reasons, firstly, fluctuations between actual and estimates is minimal and secondly, incorrect skew factors can be contained within the deemed actual performance.

The current performance levels for Suppliers to achieve 97% is an inappropriate target and does not drive the appropriate incentives to improve data quality and encourage participants to ensure accurate data enters Settlements, instead, it diverts attention from the real issues.

To address this issue, we believe that potentially two steps need to be taken. Firstly to amend the target of 97% to performance within an agreed tolerance of market average, therefore maintaining the deemed status quo of Settlement equability. Secondly, a longer term initiative needs to be considered to identify more appropriate measures of equability.

In addition, an appropriate supporting monitoring framework should be in place, to enable the market to monitor data quality and operational performance on an equitable and impartial basis to ensure that equitability of Settlements is actually achieved.