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| consultation response reM 2017/18 |
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| REM 2017/18 |  |  |  |  |
| Page 1 of 2 |  | 25 February 2016 | © ELEXON 2016 |

We invite you to respond to the consultation on the Risk Evaluation Methodology for 2017/18. We are proposing one change to the methodology for this period. We provide full details of this change on p.2. Please respond by 18 March 2016 (we may not be able to consider late responses). ***No response will be taken as agreement to the proposed changes for 2017/18.***

Your Contact Details:

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| --- | --- |
| Respondent | Your name |
| Telephone contact | Your telephone number |
| Company name | Your company name |
| Number of BSC Parties represented  | Please give the total number of BSC Parties on whose behalf you are responding (including your own organisation if relevant) |
| Names of BSC Parties represented | Please list the names of all BSC Parties on whose behalf) you are responding (including the name of your own organisation if relevant) |
| Number of non-Parties represented | Please give the total number of non-Parties (e.g. Party Agents, consultancies) on whose behalf you are responding (including your own organisation if relevant) |
| Names of non-Parties represented | Please list the names of all non-Parties on whose behalf you are responding (including the name of your own organisation if relevant) |
| Role of Parties/non-Parties represented | Please state the industry role of the Parties/non-Parties on whose behalf you are responding (including the role of your own organisation if relevant) – e.g. Supplier/ Generator/Trader/Consolidator/Exemptable Generator/BSC Agent/Party Agent/Distributors/ other – please state |
| Does this response contain confidential information? | If yes, then please clearly show which information is confidential. |

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| When we present your findings to the Performance Assurance Board in April, we intend to include your comments (unless indicated as confidential) as an attachment to the PAB paper which will be publicly available on the website after the PAB meeting. |  |
| **Do you agree that your comments can be published?** | Yes/No |

Proposed changes

We are proposing a minor amendment to the probability rating description in Table 1 of the REM:

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| --- | --- |
| Probability Rating | Description |
| 5 | It is highly likely that the Settlement Risk will occur ~~in a single PAOP~~.  |
| 4 | It is likely that the Settlement Risk will occur ~~in a single PAOP~~. |
| 3 | Approximately, the Settlement Risk is as likely to occur as not occur ~~in a single PAOP~~. |
| 2 | It is unlikely that the Settlement Risk will occur ~~in a single PAOP~~. |
| 1 | It is highly unlikely that the Settlement Risk will occur ~~in a single PAOP~~. |

We believe that the current description infers that many risks should attract a probability rating of 5 because it is highly likely that a single instance of a risk could occur in a single Performance Assurance Reporting Period (PAOP). In practice, we consider a number of factors when assessing Settlement Risk probability (see p.8 of the REM) in conjunction with the above such that we currently only have seven[[1]](#footnote-1) SVA risks with a probability of rating of 5. We suggest removing the words ‘in a single PAOP’ to avoid confusion when rating the probability for a risk in the future. This amendment will not affect the ratings already applied to risks.

We have changed the word ‘would’ to ‘will’ in probability rating description 1 and 2 for consistency only.

We have also edited the document to improve overall readability. These changes are highlighted in the report using redlining.

Please provide answers to the questions below:

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| Question 1 | Do you agree with the changes proposed to the probability rating description? Please provide a rationale if you disagree. | Response: Y/N |
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| Question 2 | Do you agree with the changes proposed to improve the readability of the REM? Please provide a rationale if you disagree. | Response: Y/N |
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| Question 3 | Do have any other comments? | Response: Y/N |
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Further Information

To help us process your response, please:

* Email your completed response form to melinda.anderson@elexon.co.uk;

The Performance Assurance Board will consider your consultation response at its meeting on 28 April 2016. Thank you for your time.

Any questions?

Contact: Melinda Anderson

Email: melinda.anderson@elexon.co.uk

Telephone: 020 7380 4019

1. SR0022 The risk that HHMOAs do not provide correct Meter Technical Details to the HHDCs resulting in Meter readings being misinterpreted or not collected; SR0072 The risk that NHHDCs process incorrect Meter readings, resulting in erroneous data being entered into Settlement; 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; SR0074 The risk that NHHDCs do not collect and / or enter valid Meter readings resulting in old/default data entering Settlement; SR0090 The risk that NHHDCs do not calculate and send EACs/AAs to the correct NHHDAs resulting in old/default data being entered into Settlement; SR0111 The risk that NHH Metering Systems are tampered with resulting in under-accounting of energy in Settlement; SR0120 The risk that clock drifts in HH Metering Systems resulting in energy being recorded in the wrong half hour period. [↑](#footnote-ref-1)