

# Assessment Procedure Consultation Responses

## P427 'Publication of Performance Assurance Parties' impact on Settlement Risk'

This Assessment Procedure Consultation was issued on 20 May 2022, with responses invited by 10 June 2022.



### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

### Consultation Respondents

Respondent	Role(s) Represented
British Gas Trading Limited	Supplier
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Generator, Supplier, ECVNA and MVRNA
Npower Business Solutions/E.ON Next	Supplier and Supplier Agent
IMServ Europe Ltd	HHDC, NHHDC, HHDA and NHHDA
OVO	Supplier, DC, DA and MOA
Power Data Associates Ltd	MA
SMS Plc	CVA MOA, SVA MOA, HHDC, NHHDC, HHDA and NHHDA
SSE Energy Supply Limited	Supplier
Stark	HHDC, NHHDC, HHDA and NHHDA

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Responses

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Version 1.0

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Question 1: Do you agree with the Workgroup's initial unanimous view that P427 does better facilitate the Applicable BSC Objectives than the current baseline?

## Summary

Yes	No	Neutral/No Comment	Other
7	2	0	0

## Responses

Respondent	Response	Rationale
British Gas Trading Limited	No	<p>We do not agree with the Workgroup's view that P427 will better facilitate BSC Objectives (c) and (d). We note that the Workgroups initial view that P427 will better facilitate BSC Objective (c) was a majority decision and not unanimous.</p> <p>We do not agree that the publication of league tables of performance will incentivise parties to improve performance. The Workgroup has provided no evidence that this will be the case. This demonstrates to us a fundamental failure to appreciate the issues currently being faced by the industry.</p> <p>The EFR process is an extremely resource intensive exercise to support and plans and actions are closely monitored by parties' OSMs. If parties fail to perform agreed actions OSMs have the ability to escalate parties to PAB and ultimately the Panel.</p>
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Yes	<p>We agree with the Workgroup's view that P427 would better facilitate Applicable BSC Objective c, as it will better promote effective competition, and Applicable BSC Objective d, as it will promote efficiency in the implementation of balancing and settlement arrangements. However, while we acknowledge the intent of P427, it does not address the root causes of Suppliers entering and remaining within EFR. Like most Suppliers, we have dedicated teams to help achieve required Settlement targets, but in line with analysis as provided by Elexon during P427 Workgroup meetings, around 60% of Suppliers are currently failing to achieve the minimum 97% NHH Settlement target. And achieving that target will become increasingly difficult as more of the easier to read sites move to HH Settlement, leaving only the harder-toread sites. That same outcome was seen following implementation of P272. With the majority of</p>

Respondent	Response	Rationale
		Suppliers already failing to meet the 97% target, we believe it's essential that only extreme cases are published so as not to weaken the effectiveness of P427 and unnecessarily tarnish the reputation of the sector which would only serve to be counterproductive. To support this, we recommend that a separate Issues Group be established to review current Settlement targets with the aim for them to be revised as appropriate. If targets were revised, such that they are more flexible and reflective of reality (e.g. recognising where suppliers have taken all reasonable steps to meet the target), then only the minority of suppliers that continue to fail to achieve the targets would be made public. That approach would make publication more meaningful for customers and would increase the deterrent effect on suppliers thereby increasing the effectiveness of this modification.
Npower Business Solutions/E.ON Next	Yes	We agree that ACO's C & D would be better facilitated, as the solution would create a sharp incentive for compliant and co-operative market behaviours also mitigates against the risk of negative impacts on competition posed by bad actors who, in the event of pro-long resolution create additional costs on other BSC parties.
IMServ Europe Ltd	Yes	None.
OVO	No	No, we do not agree. We believe that there are already sufficient measures in place to manage parties performance. We also believe that impacts to settlement will change once MHHS is implemented. Merging EHH and NHH performance may also make this proposal unnecessary.
Power Data Associates Ltd	Yes	<p>For the reasons stated by the workgroup which I regard as making data more available will encourage participant performance to improve. Peer comparison reports which name names will encourage parties to be at the top of any performance table rather than the bottom. It will allow other market participants, even customers, to be able to identify the participants effectively versus those performing poorly. As a result, it should also reduce the number of participants entering EFR and the associated time/effort required to manage the process.</p> <p>It will also allow the PAB to use 'soft' powers to encourage participant performance improvements</p>

Respondent	Response	Rationale
		<p>rather than 'hard' powers such as commencing removal of Qualification.</p> <p>The consultation document includes a question which is not in this template – Yes I agree with the proposed solution list.</p>
SMS Plc	Yes	None.
SSE Energy Supply Limited	Yes	None.
Stark	Yes	<p>We agree with workgroup that P427 does better facilitate applicable BSC objectives (c) &amp; (d) by seeking to increase the effectiveness of all detective and investigative PATs, including EFR through greater incentives, with potential for improved efficiency of the PAF by encouraging swifter resolution of EFR plans and other significant issues that impact Settlement.</p> <p>By introducing increased transparency, Market Participants may be encouraged to preventing or not ignoring risks to Settlement. The recommended league tables with PAP'S deanonymized could help promote improved Settlement Performance and Performance against relevant Risks by highlighting consistently poor performers &amp; good performers alike.</p> <p>Efficiencies may also be appreciated by the PAB committee if EFR plans do become acted on, and time lengths shortened.</p> <p>Benefits may also be felt towards transition to MHHS readiness.</p> <p>It is unfortunate MOAs could not be included, however if P427 approved &amp; proves successful perhaps could be something REC assurance adopts in future.</p>

## Question 2: Do you agree with the Workgroup that the draft legal text in Attachment B delivers the intention of P427?

### Summary

Yes	No	Neutral/No Comment	Other
6	1	1	1

### Responses

Respondent	Response	Rationale
British Gas Trading Limited	No	We do not believe the draft legal text will deliver the intention of P427.  We do not believe that publishing certain data will necessarily improve performance.
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Yes	None.
Npower Business Solutions/E.ON Next	Yes	Whilst we agree that the proposed legal text delivers the intention, we note that there is a lack of clarity regarding how parties would be removed from the published reports. It is our assumption that this would form part of EFR resolution plan the legal text does not explicitly define if this would be captured as part of EFR resolution.
IMServ Europe Ltd	Yes	None.
OVO	N/A	N/A
Power Data Associates Ltd	Possibly	Not sure I understand the link to 0.05% of value of settlement in prior year. It may be better to simply link to a framework prepared by PAB and agreed by the Panel from time to time.
SMS Plc	Yes	None.
SSE Energy Supply Limited	Yes	Subject to our comments on Question 12.
Stark	Yes	None.

Question 3: Do you agree with the Workgroup that the amendments to the Code Subsidiary Documents in Attachment B delivers the intention of P427?

## Summary

Yes	No	Neutral/No Comment	Other
6	2	1	0

## Responses

Respondent	Response	Rationale
British Gas Trading Limited	No	<p>We do not believe the amendments to the Code Subsidiary Documents in Attachment B deliver the intention of P427.</p> <p>We do not believe publishing notices will incentivise an improvement in performance.</p>
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Yes	None.
Npower Business Solutions/E.ON Next	No	<p>As per our comments in response to Q2, whilst we agree that the CSDs delivers a solution to publish a parties information in instances where a party fails to meet its milestones following previous PAB escalations the amendments do not outline what happens as and when a party meets the milestones plan post publication.</p> <p>We note that BSCP538 does not currently outline the resolution aspect of the EFR process which may have been permissible based on existing PATs, however as the modification would enable published information on a parties performances to further incentivise resolution of an EFR, it is not clear if resolving that EFR would actually remove that party from the published reporting. As such we would urge the working group to consider expanding BSCP538 to outline what happens and on EFR resolution generally, and explicitly cover how the published reporting and notifications of resolutions to industry are to be managed.</p> <p>In addition, we perceive that there may be a requirement to split out removal from published reporting from EFR plan resolution on the basis that when EFR is turned on because of an BSC audit finding, as it cannot be turned off until the following years audit findings confirm resolution. In such</p>

Respondent	Response	Rationale
		instances a party may achieve the relevant milestones post panel escalation and publication but would remain on the published reporting unnecessarily as the actions taken have reduced the settlement risks and liabilities impacting other BSC parties.
IMServ Europe Ltd	Yes	None.
OVO	N/A	N/A
Power Data Associates Ltd	Yes	None.
SMS Plc	Yes	None.
SSE Energy Supply Limited	Yes	None.
Stark	Yes	None.

## Question 4: Do you agree with the Workgroup's recommended Implementation Date?

### Summary

Yes	No	Neutral/No Comment	Other
7	1	1	0

### Responses

Respondent	Response	Rationale
British Gas Trading Limited	No	We disagree with the proposed implementation date.
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Yes	We agree with the proposed implementation date of 3 November 2022 for the document changes and then December 2022 onwards for new risk and/or performance data items requested for publication by the PAB and approved by the Panel.
Npower Business Solutions/E.ON Next	Yes	None.
IMServ Europe Ltd	Yes	This Modification facilitates the provision of data, rather than provides the data, therefore is not dependant on any system changes by the industry; as such, and because of the perceived benefits it will bring, it should be implemented as soon as is possible.
OVO	N/A	N/A
Power Data Associates Ltd	Yes	None.
SMS Plc	Yes	None.
SSE Energy Supply Limited	Yes	None.
Stark	Yes	None.



Question 5: Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P427 which would better facilitate the Applicable BSC Objectives?

## Summary

Yes	No	Neutral/No Comment	Other
8	1	0	0

## Responses

Respondent	Response	Rationale
British Gas Trading Limited	No	The Performance Assurance Board and Panel already has escalation and sanctions that can be applied to parties who do not complete the actions agreed within their EFR plans and these should be used to incentivise performance improvements.
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Yes	Although we have answered "Yes" please note that, in line with our response to Q12, our preference, rather than publishing specific performance, would be to publish Supplier Settlement performance by discreet bands rather than specific performance(as Elexon had initially proposed during workgroup discussions). Our rationale for this is that, based upon Elexon data (provided during workgroup discussions), around 60% of Suppliers have a NHH Settlement performance below the minimum 97% industry target. If performance was published in discreet bands, it would help to achieve the objective of only having the more extreme cases published within the worst-performing bandings, thereby increasing the incentive on suppliers to improve their performance.
Npower Business Solutions/E.ON Next	Yes	None.
IMServ Europe Ltd	Yes	None.
OVO	Yes	Yes, we believe that there are already sufficient controls in place for settlement performance.
Power Data Associates Ltd	Yes	None.
SMS Plc	Yes	None.
SSE Energy Supply Limited	Yes	None.

Respondent	Response	Rationale
Stark	Yes	None.

## Question 6: Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?

### Summary

Yes	No	Neutral/No Comment	Other
7	2	0	0

### Responses

Respondent	Response	Rationale
British Gas Trading Limited	No	<p>The P427 Consultation states:</p> <p>"We would expect a generic positive impact on BSC Settlement Risks from this Modification, as it should encourage Settlement impacting issues, particularly those managed under EFR, to be resolved more quickly. This will have a positive impact on the integrity of data entering settlement.</p> <p>As EFR can be applied to all Settlement Risks this change is anticipated to positively impact on all Settlement Risks (where EFR is or continues to be applied)."</p> <p>We disagree with this statement. We would fully commit to any actions agreed as part of an EFR plan and therefore the publication of league tables or publication of default would have no impact.</p>
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Yes	None.
Npower Business Solutions/E.ON Next	Yes	None.
IMServ Europe Ltd	Yes	None.
OVO	No	No, parties are already incentivised through supplier charges. Adding this would name and shame without understanding the underlying issues and contexts that cause suppliers to be entered into EFR.
Power Data Associates Ltd	Yes	None.
SMS Plc	Yes	None.

Respondent	Response	Rationale
SSE Energy Supply Limited	Yes	None.
Stark	Yes	None.

Question 7: Do you agree with the Workgroup's assessment that P427 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

## Summary

Yes	No	Neutral/No Comment	Other
9	0	0	0

## Responses

Respondent	Response	Rationale
British Gas Trading Limited	Yes	None.
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Yes	None.
Npower Business Solutions/E.ON Next	Yes	None.
IMServ Europe Ltd	Yes	None.
OVO	Yes	None.
Power Data Associates Ltd	Yes	None.
SMS Plc	Yes	None.
SSE Energy Supply Limited	Yes	None.
Stark	Yes	None.

Question 8: Do you have any comments on the impact of P427 on the EBGL objectives?

## Summary

Yes	No	Neutral/No Comment	Other
0	9	0	0

## Responses

Respondent	Response	Rationale
British Gas Trading Limited	No	None.
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	No	None.
Npower Business Solutions/E.ON Next	No	None.
IMServ Europe Ltd	No	None.
OVO	No	None.
Power Data Associates Ltd	No	None.
SMS Plc	No	None.
SSE Energy Supply Limited	No	None.
Stark	No	None.

## Question 9: Will P427 impact your organisation?

### Summary

High	Medium	Low	None	Other
0	0	4	5	0

### Responses

Respondent	Response	Rationale
British Gas Trading Limited	None	P427 will have no impact
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Low	Yes - Low. We already have dedicated Settlement Teams in place that strive to meet required Settlement targets and so we do not see any material changes as a result of this proposal.
Npower Business Solutions/E.ON Next	Low	CONFIDENTIAL
IMServ Europe Ltd	None	None.
OVO	Low/None	We take appropriate measures to tackle issues in settlement performance that are within our control
Power Data Associates Ltd	Low	Hopefully only to a small degree as we have never been in EFR or associated processes. It would be beneficial to be able to evidence our good performance through referring to published BSC information.
SMS Plc	None	CONFIDENTIAL
SSE Energy Supply Limited	None	None.
Stark	None	None.

## Question 10: Will your organisation incur any costs in implementing P427?

### Summary

Solution	High	Medium	Low	None	Other
Proposed	0	0	1	8	0

### Responses

Respondent	Response	Rationale
British Gas Trading Limited	None	None.
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Low	Low. We already have dedicated Settlement Teams in place that strive to meet required Settlement targets and so we do not see any material additional costs as a result of this proposal.
Npower Business Solutions/E.ON Next	None	We do not believe we would incur additional costs for implementing P427.
IMServ Europe Ltd	None	None.
OVO	None	None.
Power Data Associates Ltd	None	None.
SMS Plc	None	None.
SSE Energy Supply Limited	None	None.
Stark	None	None.



## Question 11: What will the ongoing cost of P427 be to your organisation?

### Summary

Solution	High	Medium	Low	None	Other
Proposed	0	0	2	7	0

### Responses

Respondent	Response	Rationale
British Gas Trading Limited	None	None.
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	Low	Low. We already have dedicated Settlement Teams in place that strive to meet required Settlement targets and so we do not see any material additional costs as a result of this proposal.
Npower Business Solutions/E.ON Next	None.	We do not perceive we would incur any additional costs over and above the increased ongoing BSCCo costs to facilitate FTE for the production, maintenance and ongoing development for reporting, which would be minimal and be absorbed in our BSC cost and charges.
IMServ Europe Ltd	None	None.
OVO	Minimal	I presume that there will be costs for the report that will filter down into our invoices
Power Data Associates Ltd	None	None.
SMS Plc	None	None.
SSE Energy Supply Limited	None	None.
Stark	None.	

## Question 12: How long (from the point of approval) would you need to implement P427

### Summary

0-6 months	6-12 months	>12 months	Other
9	0	0	0

### Responses

Respondent	Response	Rationale
British Gas Trading Limited	0	We would not require a lead time to implement P427.
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	0	Because the proposed solution does not require any changes to Supplier systems, a lead time of 2-3 months would suffice to update impacted teams.
Npower Business Solutions/E.ON Next	0	Given the nature of the change we feel that that the a minimal lead time would be required for implementing P427 so are satisfied with the current timeline and consider it sufficient.
IMServ Europe Ltd	0	We do not have any lead-time requirements
OVO	N/A	N/A
Power Data Associates Ltd	0	Nov 2022 seems achievable
SMS Plc	0	None.
SSE Energy Supply Limited	None	None.
Stark	None	None.

## Question 13: Do you have any further comments on P427?

### Summary

Yes	No
5	4

### Responses

Respondent	Response
British Gas Trading Limited	We would highlight the apparent difference in approaches and focus from the PAB when, for example, comparing the effort and rigour applied to the EFR process when compared to how metering errors are handled. Recent examples of metering errors highlight the lack of industry accountability which can have significant commercial value. The P427 proposals seek to place industry parties under ever increasing scrutiny and we do not believe that this scrutiny should be applied selectively.
Drax BSC Parties (Opus Energy and Drax Energy Solutions)	<p>Where a PAP is escalated to the PAB for failing to meet a milestone in its EFR plan, we are not opposed to a public notice ultimately being issued to inform other PAPs of the escalation. However, to increase its effectiveness, we believe this should only be applied in extreme cases and after the PAP has had an opportunity to dispute publication.</p> <p>Rather than publishing specific performance, our preference would be to publish Supplier Settlement performance by discreet bands rather than specific performance (as Elexon had initially proposed during workgroup discussions). While we acknowledge the intent of the proposal is to incentivise early identification and resolution of errors, like many other Suppliers, we already allocate dedicated resource to meet Settlement targets and once a Supplier is in EFR, significant efforts are required to exit. If performance was published in discreet bands, it would help to focus attention on the worst performers thereby increasing the deterrent effect on suppliers and increasing the effectiveness of this modification.</p>
Npower Business Solutions/E.ON Next	<p>Whilst we can see the frequency of reporting per settlement risk has been considered it would be useful to clarify when annual reporting will be produced, notified, and shared with industry, as well as an understanding of what type of information each report will contain. for example, the league tables being proposed are likely to show all parties performance levels based on a time period which we assume would be calendar monthly based, conversely Trading disputes (which is a rectification technique) may be published Ad hoc or annually however it is not clear if that would cover all Trading Disputes raised by PAP's regardless of outcome or just those that have been authorised for correction post RF.</p> <p>We are also concerned that by using materiality thresholds as part of the criteria for the panel to consider the publication of EFR only</p>

Respondent	Response
	<p>aims to incentivise BSC parties who have a large market share, particularly in the supply market. In practice this means that suppliers with a small volumetric share of the market could never meet the materiality benchmark despite persistent failure to achieve agreed milestone plans but their performance would never be published, so effectively removes the visibility, transparency and incentive that the P427 solution provides (or intended).</p> <p>Whilst we fully understand the logic to use materiality thresholds so that impact of pro-longed under performance is known to peers we recommend that further consideration is given to enabling a further reason for publication of poor performance on the grounds of persistent failure to achieve milestones. This also ensures fair and consistent treatment across all BSC parties and not just those with a large enough portfolio that would meet materiality threshold (as currently Setout).</p> <p>Generally, we perceive that P427 will be less burdensome in terms of reporting information that will ultimately inform the published reports comparative to the PARMs regime, however noting the intention is to use a mix of existing PARMs data and non-PARMs data it is unclear if and how aspects of the non-PARMs data proving will be sourced, as we do not perceive that all the settlement risk reporting can be sourced from central systems solely. We feel it is important that these aspects do not result in additional reporting burdens on parties already in the EFR process and it is cost effective and conducted in the most efficient way possible so that the benefits of P429 'Switching off Participant-Reported PARMs Serials' are not eroded.</p>
IMServ Europe Ltd	No
OVO	No
Power Data Associates Ltd	While I agree with the recommendation in respect of the current TAA report, this in itself highlights a concern that the TAA report or technique does not necessarily provide the best outcome as the "administrative failures" mask potential real failings. Alternatively, the real failing are actually tiny in the scale of the whole settlement arrangements. It is currently not possible to determine either way from the current TAA activity & report.
SMS Plc	No
SSE Energy Supply Limited	We would recommend that any league tables or published performance measures are published separately for domestic suppliers, suppliers with a mixed portfolio and nondomestic suppliers in order to provide a level playing field as non-domestic suppliers have a unique set of challenging factors, such as a significant amount of vacant sites, that will negatively impact their settlement performance. Also, the modification does not specify the league tables or performance measures to be published and it is our view that any proposals in this area should be consulted on with the

Respondent	Response
	<p>industry prior to being put in place. Consideration should also be given to portfolio size for both volume and meter points, as some portfolios could be adversely impacted on volume measurements by a small number of large sites with. Furthermore, measurements should not be based purely on throughput volumes as some smaller suppliers could have very poor performance at a meter point level, but the volume impacts may be very small. Therefore, measurements and any rankings should be based on percentage of portfolio rather than overall actual errors. The measurements and rankings should apply to all suppliers, whether they are in an EFR plan or not, and so any publications should not explicitly be linked to EFR Plans and must not only include suppliers that are subject to an EFR Plan.</p>
Stark	No