

Draft Risk Evaluation Register (RER) for the 2026/27 Performance Assurance Operating Period (PAOP)

Committee
Performance Assurance Board

Date
26 March 2026

Classification
Public

Document owner
Simon Waltho

Paper number
PAB26-05

Purpose of paper
For Discussion

Summary

Elexon invites the PAB to comment on and approve the release of the draft Risk Evaluation Register (RER) for 2026/27 for consultation with industry

1. Recommendations

1.1. We invite the PAB to:

- a) **COMMENT** on the draft version of the RER
- b) **APPROVE** the draft version of the RER 2026/27 for consultation with industry

2. Background

2.1. BSC Section Z 5.5 mandates that the Performance Assurance Board (PAB) annually identify and evaluate Settlement Risks. The PAB fulfils this obligation by preparing and maintaining the Risk Evaluation Register (RER), which documents the identified Settlement Risks along with their likelihood and significance.

2.2. Elexon has identified and scored 21 Settlement Risks for the 2026/27 Performance Assurance Operating Period (PAOP), using the methodology approved at the October 2024 PAB Meeting (PAB285), and grouped into the following areas:

- **Registration & Appointments** (Suffixed REGXX - REGXX),
- **Metering Installation & Maintenance** (Suffixed MET-XX – METXX),
- **Data Retrieval & Processing** (Suffixed DAT-XX – DATXX), and
- **Central Systems & BSC Agents** (Suffixed CEN-XX – CENXX).

2.3. A full list is given in Appendix 1, below.

2.4. Elexon identified and scored the Settlement Risks based on the following inputs:

- Outcomes and insight derived from Performance Assurance Techniques (PATs)
- Ongoing insight and knowledge of the market and Settlement Risks through BAU Elexon activity, including the PAB meetings and interactions with the PAB members
- Insight derived from the Elexon Risk Evaluation Working Group.

- 2.4. The Settlement Risks and updated scores are outlined in the Risk Evaluation Register (RER) published in Microsoft PowerBI.
- 2.5. Central Volume Allocation (CVA) Risks continue to be scored at the highest likelihood and significance rating in line with BSC Section Z 5.1.3 (“All Settlement Risks which affect Central Volume Allocation shall be deemed to be significant in terms of both probability of failure and impact on Settlement.”).
- 2.6. The scoring for the majority of Supplier Volume Allocation (SVA) Risks is unchanged from the 2025/26 PAOP. The likelihood of several risks has been increased in line with their exposure to specific Risk Events and Market Issues. Further detail is provided below.
- 2.7. Elexon has identified the following Risk Events and Market Issues, which could cause the Settlement Risks to materialise in the upcoming year:

3. Risk Events

- 3.1. Elexon has identified the following key Risk Events likely to increase the incidence and/or significance of Settlement Risks over the coming PAOP:
 - a) Market Wide Half Hourly Settlement (MHHS) Migration and transition
 - b) Sunsetting of communication networks.
 - c) Impacts of price shocks due to increasing Wholesale costs.
- 3.2. Actions will be taken to mitigate the impact of these Risk Events where possible.

MHHS Migration and transition

- 3.3. As part of the transition to MHHS, Participants’ systems, processes, and operating procedures are undergoing substantial changes that have the potential to impact Settlement Risks in both the legacy Settlement arrangements and the MHHS arrangements.
- 3.4. A number of Change Proposals (CPs) and BSC Modifications have already been raised that amend or clarify MHHS obligations, and it will be important that Elexon and Parties keep abreast of these and their potential impact to Settlement Risk.
- 3.5. Elexon has identified three Risk areas in which this impact is likely to materialise:
 - Firstly, MHHS processes placed increased reliance on standing data held by the Supplier Meter Registration Agent to validate and process metered data into Settlement (Risks **REG-01** and **REG-04**)
 - Secondly, MHHS involves the creation of new Agent roles, and successful migration depends on the successful appointment and de-appointment of multiple Agents (Risk **REG-05**)
 - Elexon’s experience of the migration of Unmetered Supplies (UMS) to legacy HH arrangements under Modification P434 indicates that the migration of sites with CT metering under P432 is likely to encounter similar challenges in this area
 - Finally, MHHS introduces new arrangements for the submission and processing of metered data (Risks **DAT-02**, **DAT-03** and **DAT-04**)

Sunsetting of communication networks

- 3.6. Elexon are aware of several upcoming changes to communication networks that Market Participants rely on to obtain remote meter readings from Advanced Metering Systems.

- 3.7. These networks are expected to become increasingly unreliable in the run-up to being switched off, increasing the likelihood of risks associated with the retrieval and processing of metered data (**DAT-01**, **DAT-02** and **DAT-03**).

Impacts of price shocks due to increasing wholesale costs.

- 3.8. Geopolitical escalations because of conflict in the Middle East could threaten energy security and lead to increased wholesale energy costs due to the price of Natural Gas and Oil increasing. Increased Natural Gas prices have a direct impact on electricity wholesale and retail costs and could lead to the following impacts:
- Supplier cashflow issues leading to Supplier of Last Resort events.
 - Increased Change of Supply events.
 - Decreased customer engagement due price increases.
 - Resource impacts on Settlement activity due to other priorities and financial pressures due to increased wholesale costs.

Other Risk Events

- 3.9. In addition to these specific Risk Events other events could materialise driven by changes in policy, technology, geo-political landscape and societal trends. Elexon will continue to monitor the broad landscape to ensure that Performance Assurance is dynamic, and PATs are deployed in line with the changing Risk Event landscape.

4. Market Issues

- 4.1. Elexon has identified the following key Market Issues likely to increase the incidence and/or significance of Settlement Risks over the coming PAOP:
- a) Lack of knowledge regarding Settlement obligations and processes
 - b) Lack of retail Customer engagement
 - c) Lack of effective communication between Market Participants
 - d) Impact of cross-Code dependencies

Lack of knowledge of Settlement obligations and processes

- 4.2. Settlement is a complex process, and Participants require significant knowledge of both the BSC itself and the wider physical and economic processes upon which Settlement depends to understand why and how to maintain compliant standards of performance.
- 4.3. Through EFR plans, Participant engagement and the BSC and TAA Audits, Elexon continues to observe knowledge gaps in relation to BSC obligations, the interaction of industry systems and standing data, the basic principles of electric power, and the structure of the competitive wholesale energy market.
- 4.4. Work over the 2025/26 PAOP has highlighted a particular lack of understanding around:
- Creation and maintenance of standing data required for Settlement (Risks **REG-01** and **REG-04**)
 - How metered data is processed in Settlement (Risks **DAT-02** and **DAT-03**)
 - The installation, Commissioning and maintenance of metering equipment and the identification of errors with metering equipment or in associated standing data (Risks **MET-01**, **MET-02**, **MET-03**, **MET-04** and **REG-03**)
- 4.5. MHHS introduces new processes in the first two of these areas: whilst this heightens the likelihood of these risks materialising, it also offers an opportunity to mitigate future risk through early engagement with participants and education around MHHS processes.

Lack of retail customer engagement

- 4.6. The overwhelming majority of EFR plans identify customer engagement issues in obtaining Meter Readings and gaining access to non-domestic premises to resolve metering issues as the primary root cause for Suppliers' failure to meet the required standards for Settlement Performance (Risks **DAT-01** and **MET-04**).
- 4.7. It remains clear that customer engagement across all Markets is having and will continue to have an impact on the ability for Suppliers to obtain regular meter readings and to meet the minimum Settlement Performance standards.

Lack of effective communication between Market Participants

- 4.8. Over the previous PAOP, and particularly during the first few months of the MHHS transition, it has become clear that not all Participants have effective channels to communicate with each other.
- 4.9. Neither Data Transfer Network (DTN) nor Data Integration Platform (DIP) messages contain sufficient information to resolve more complex issues, and different Market Participants do not always understand what information Participants in other roles require.
- 4.10. Some Participants are also unaware of the role that Elexon can play in facilitating communication with other Participants, or do not understand that they should make Elexon aware of issues that could impact the integrity of Settlement.
- 4.11. Most of the material impacts Elexon has observed resulting from these issues are related to resolving discrepancies in standing data used to process metered data into Settlement (Risks **REG-01**, **REG-04**, **REG-05** and **DAT-03**)

Impact of cross-Code dependencies

- 4.12. Recent events have highlighted to Elexon the Settlement impact of systems and processes that sit outside the governance of the BSC.
- 4.13. In particular, the interaction between the Central Switching Service (CSS) and SMRAs has impacted Risks associated with SVA standing data and Agent appointments (**REG-01**, **REG-04** and **REG-05**).

5. Changes to Risk Scoring from 2025/2026

- 5.1. In line with the above, Elexon is proposing the following changes to the scoring of SVA Risks:
- **REG-04** increases in probability from 3 to 4 (overall score increases from 9 to 12)
 - **REG-05** increases in impact from 2 to 4 and probability from 3 to 4 (overall score increases from 5 to 16)
 - **MET-04** increases in probability from 3 to 4 (overall score increases from 12 to 16)
 - **DAT-02** increases in probability from 3 to 5 (overall score increases from 9 to 15)
 - **DAT-03** increases in probability from 2 to 4 (overall score increases from 6 to 12)
- 5.2. The proposed scores for all SVA Risks for the 2026/2027 PAOP are included in Appendix 1, below.
- 5.3. Elexon will continue to review the actual prevalence of each Risk throughout the PAOP and review the RER as necessary if it becomes apparent changes are required.
- 5.4. In particular, Elexon is currently carrying out a Technical Assurance of Performance Assurance Parties (TAPAP) check to better understand the potential risk impact of Virtual Lead Party (VLP) role, and a Modification to the Code to make Virtual Trading Parties (VTP) Performance Assurance Parties. Elexon will include a review of any impact to the RER as part of the final TAPAP report brought to the PAB.

Appendix 1 – Full List of Settlement Risks

Registration and Appointments

Risk	Description	SVA Impact	SVA Probability	SVA Risk Score
REG-01	Metering Point Registration information is created, maintained or transferred incorrectly or not at all	3	4	12
REG-02	Volume Allocation Unit Registration information is created, maintained or transferred incorrectly or not at all	N/A	N/A	N/A
REG-03	Meter Technical Details are transferred incorrectly or at all	2	2	4
REG-04	Settlement Data required for the validation and estimation of energy volumes is created, maintained or transferred incorrectly or not at all	3	4	12
REG-05	Agents are not appointed or de- appointed correctly	4	4	16

Metering Installation and Maintenance

Risk	Description	SVA Impact	SVA Probability	SVA Risk Score
MET-01	Metering Equipment is installed, programmed or maintained incorrectly including where Commissioning is performed incorrectly or not at all	4	3	12
MET-02	Meter Technical Details are created incorrectly	1	1	1
MET-03	Meter Technical Details are not maintained or transferred correctly or at all following changes to Metering Equipment	2	1	2
MET-04	A fault with Metering Equipment, including communications equipment, is not resolved	4	4	16

Data Retrieval and Processing

Risk	Description	SVA Impact	SVA Probability	SVA Risk Score
DAT-01	Metered data is not retrieved physically where remote data is not available	3	5	15
DAT-02	Energy volumes are not estimated correctly or at all where metered data is not available	3	5	15
DAT-03	Metered data is validated or	3	4	12

	submitted incorrectly or not at all			
DAT-04	Manual adjustments to Metered Data are completed or recorded incorrectly or not at all	2	1	2
DAT-05	Revenue Protection processes are followed incorrectly or not at all	3	2	6

Central Systems and BSC Agents

Risk	Description	SVA Impact	SVA Probability	SVA Risk Score
CEN-01	An item within MDD or ISD is created or updated incorrectly or not at all	5	1	5
CEN-02	The SVAA carries out its functions incorrectly or not at all	5	2	10
CEN-03	The CDCA carries out its functions incorrectly or not at all	5	2	10
CEN-04	NETSO submits Settlement data to the SAA incorrectly or not at all	5	1	5
CEN-05	The SAA carries out its functions incorrectly or not at all	5	1	5
CEN-06	The ECVAA carries out its functions incorrectly or not at all	5	1	5

Risk	Description	SVA Impact	SVA Probability	SVA Risk Score
CEN-07	The FAA carries out its functions incorrectly or not at all	5	1	5

For more information, please contact:

Simon Waltho, Performance Assurance Manager

simon.waltho@elexon.co.uk