

Risk Operating Plan 2026/27

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Introduction

The Balancing and Settlement Code (BSC), Section Z 5.6, requires the Performance Assurance Board (PAB) to determine on an annual basis which Performance Assurance Techniques (PATs) and other Assurance activities it considers should be deployed for each Settlement Risk identified on the Risk Evaluation Register (RER). This planned Assurance deployment is recorded in the Risk Operating Plan (ROP) and published on the Elexon website.

The 2026/27 ROP is effective for the 2026/27 Performance Assurance Operating Period (PAOP) (effective from **1 April 2026 to 31 March 2027**) and has been created following; feedback from Market Participants and other interested Parties, recent outputs from our key PATs, ongoing feedback from the PAB Members and Elexon Employees.

Throughout the PAOP, the PAB will deploy the PATs as planned in this ROP across the Supplier Volume Allocation (SVA) and Central Volume Allocation (CVA) Markets and against individual Performance Assurance Parties (PAPs) as the PAB deem necessary. The following active, 18 PATs available to the PAB to manage Settlement Risks can be seen below. A summary of the PATs and full details are available on the Elexon website.

Technique Category	Performance Assurance Technique	Technique Type
Preventative	Qualification	Non-standard
	Re-Qualification	Non-standard
	Renewal of Qualification	Standard
	Bulk Change of Agent	Non-standard
	Education & Engagement	Non-standard
Detective	Performance Assurance Monitoring (PAM) and Reporting	Mandatory
	Material Error Monitoring (MEM)	Standard
	Technical Assurance of Metering Systems (TAM)	Standard
	BSC Audit (BSCA)	Standard
	Technical Assurance of PAPs (TAPAP)	Non-standard
	Assurance Information Request (AIR)	Non-standard
Incentive	Peer Comparison	Standard
	Removal of Qualification	Non-standard
	Breach and Default	Non-standard
Remedial	Supplier Charges	Mandatory
	Error and Failure Resolution (EFR)	Non-standard
	Trading Disputes	Non-standard
	Change Mechanisms	Non-standard

Mandatory PAT - PATs which the PAB are required to deploy to PAPs as mandated by the BSC.

Standard PAT - Default techniques, assigned to the relevant Settlement Risk which the PAB will usually deploy uniformly across PAPs (e.g. Material Error Monitoring); any exceptions will be outlined in the ROP.

Non-Standard PAT - PATs that are deployed on an ad-hoc basis.

The ROP includes details on the objective of the Performance Assurance Framework (PAF), the approach to deployment of PATs in the Supplier Volume Allocation (SVA) and Central Volume Allocation (CVA) Market, and the forecasted costs of delivering the plan.

The ROP provides a strategic overview of the PAF for the upcoming PAOP. Elexon and the PAB will implement these techniques to mitigate the impacts of identified Settlement Risks outlined in the 2026/27 RER. These techniques will be applied to individual PAPs based on its Performance and any emerging issues. The Assurance activity in the ROP is concerned with Risks to Settlement posed by PAPs' non-compliance with the BSC.

Settlement

Settlement is the determination and settlement of amounts payable in respect of Trading Charges (including Reconciliation Charges) by BSC Parties. The calculation is dependent on the accuracy of Metered Volume data to ensure Suppliers and Generators are paid and charged for the correct amount of Energy they consumed or generated for each Settlement Day.

The accuracy of Settlement relies on the quality of data inputs into the Settlement processes and systems, for which BSC Parties are accountable. The BSC details obligations, processes, and interactions with other Market Participants that Parties adhere to, so that energy is measured, accounted for, and financially settled accurately and fairly.

At a high level, the system is designed to balance energy costs across Market Participants to the measured inputs of Electricity onto the network. If a Party's Energy usage or Generation is recorded incorrectly, it creates a ripple effect, and other Parties may end up paying or receiving more or less than they should. For example, where Metered Volumes across the Metering System Identifiers (MSIDs) in a GSP Group does not equal the GSP Group Take volume for a Settlement Period the difference is allocated to Suppliers through Group Correction Factor (GCF). Therefore, inaccuracies or errors in one Parties Metered Volumes can have a negative impact onto other Parties, through no fault of their own.

Purpose of the ROP

The allocation of Energy and Settlement of Trading Charges to BSC Parties is ultimately dependent on each individual Market Participant efficiently and accurately fulfilling their obligations in the BSC. Settlement in both the CVA Market and SVA Market is based upon the physical maintenance of Metering Systems and the Metering System data, retrieval of Metering Data and the exchange of data between multiple Participants.

The scale of the obligations and volume of Market Participants is vast. As of the 27 November 2025 Qualified persons workbook, there are:

- 112 Qualified persons in the Supplier role with 174 separate Market Participant Identifiers (MPID)
- 16 Qualified persons across the Non Half Hourly and Half Hourly Data Collector and Data Aggregator roles
- 8 Qualified persons across the Smart Data Service (SDS) and Advanced Data Service roles.
- 39 Qualified persons across the Licenced Distribution System Operator (LDSO), Unmetered Supply Operator (UMSO) and Unmetered Supply Data Service (UMSDS) roles.
- 34 Qualified persons across the Virtual Lead Party (VLP) and Virtual Trading Party (VTP) roles
- 9 Qualified persons CVA Meter Operator role
- 202 Registrants in the CVA Market

In the SVA Market (using latest Settlement runs) across all Measurement Classes, **249TWh** of Import Energy and **54TWh** of Export Energy was allocated to Suppliers in the last 12 months across an average of **32.8 Million MSIDs**.

For the 12 months from Oct 2024 to Sep 2025 there was **£3.6 Billion** of Imbalance Cashflow handled by Elexon due to the financial Settlement of Energy Imbalance Volumes. The Imbalance volume occurs when there is a difference between the Volume of Energy a BSC Party bought or sold and the Volume of Energy they consumed or generated. In 2025 there was **£9.1m raised** in Trading Disputes to resolve and correct erroneous Settlement Volumes post the Reconciliation Final (RF) Settlement run.

The RER highlights the most significant Risks to Settlement. The activities outlined in the ROP establish a framework to ensure that PAPs comply with the rules and Performance Standards in the BSC, thereby reducing the likelihood and impact of Settlement Risks. This is crucial due to the high volumes of Energy Settled, the large number of Market Participants, the associated dependencies and the potentially significant financial consequences of Settlement errors. These risks are heightened now that there are two different markets operating, with active migrations due to Market wide Half Hourly Settlement.

It is important to remember that non-compliances and performance issues leading to Settlement errors can affect the accuracy of Settlement for all BSC Parties.

The ROP Approach & Structure

The ROP details activity at a broad level to provide transparency to the industry on the actions the PAB and Elexon plan to take to mitigate Settlement Risks through the deployment of PATs. Further details and planning documents for specific Risks or Techniques are presented and approved in the PAB meetings throughout the year and made available after the PAB meeting (where not confidential).

The development and delivery of the ROP must change in 2026/27 as we move into transitioning to Market wide Half Hourly Settlement (MHHS). This is a significant period of change and the delivery of PATs needs to be more dynamic and agile in year to address emerging risks and respond efficiently to compliance and knowledge issues that could lead to material errors in Settlement in both the legacy Market and the MHHS Market.

To address this the ROP sets out activity and deployment at a broad level and detailed work will be undertaken throughout the year according to long terms plans set out in the ROP and emerging trends and Risks that are identified through MHHS transition. The approach of the plan is to set out:

ROP Objectives – The core objectives at a market level, that we want the delivery of the Performance Assurance Framework and the ROP to achieve.

Focus Areas – The key areas that we're focusing on in the SVA and CVA Market to achieve the objectives.

Techniques & Actions – More specific information on how we deploy Performance Assurance Techniques and Actions in the PAOP.

The Risk Evaluation Register highlights the specific Settlement Risks and scores the materiality of them based on impact and probability. This will guide us in making resource decisions, but we plan to focus broadly on Settlement Risks in all three categories (Registration & Appointments, Metering Installation & Maintenance and Data Retrieval & Processing) to identify and resolve material error as there is evidence that attention is required across all three areas to improve the accuracy of Settlement.

Objectives

The core Objectives of the ROP are to:

- **Protect and improve the accuracy and efficiency of Settlement by mitigating errors through application of a risk-based approach.**
- **Promote compliance with BSC obligations that materially impact Settlement through targeted assurance activity and risk management techniques.**
- **Improve collaboration, engagement and knowledge across participants in the Market on BSC obligations, processes and Settlement Risk.**

These objectives will guide Elexon and the PAB in the assurance activity that we deploy throughout the year to ensure that it is value driven and impactful. Ensuring activity drives at least one of these primary objectives, should lead to increased engagement with the PAF by industry Participants, improved compliance levels and the prevention of Settlement Risk. This approach will support in creating a level playing field for the industry and help to reassure Participants that the Market is fair, stable and resilient, creating the environment for innovation and the move to Net Zero.

Central Volume Allocation Market

The **Focus Areas** in the CVA Market are to:

1. **Utilise and Enhance our Data Analytics to identify material issues early.**
2. **Focus on collaboration to improve knowledge of BSC Obligations and compliance in Participants.**
3. **Evolve CVA Assurance processes to address emerging Risks and be fit for purpose in a changing market.**
4. **Reduce usage of estimated Consumption data in the CVA Market.**
5. **Enhance escalation routes for non-compliances in the CVA Market.**

All CVA Risks are categorised as the highest rating so activity will focus on end-to-end process and impacts. The planned activity and Performance Assurance Technique deployment for the 2026/27 year is as follows.

Preventative

- Deliver CVA **Qualification** processes in line with BSCP50 and CVA Meter Operators in line with BSCP537 for all new entrants.
- Develop tailored engagement and training for new entrant's post Qualification to ensure BSC obligations are met.
- Develop **Renewal of Qualification** process for CVA MOAs.
- Publish CVA and Technical Assurance of Metering Training videos and explore additional methods of digital training.
- Establish CVA assurance forum (either stand alone or as part of the Settlement Assurance Working Group) to promote Assurance activity and best practise.
- Strengthen engagement with CVA Registrants and MOAs from Assurance and Operational Support Managers to manage operational risk.
- Assess and monitor Participant readiness to operate within condensed Settlement timescales and identify any BSC changes needed to support this.
- Discovery work on improving central CVA systems and processes that underpin the CVA Market.

Detective

- Ongoing delivery and development of CVA reporting (Including CVA Meter Change point tool, Meter Fault reports and Consumption Estimation Reports) to identify material errors when they happen at CVA Connection Points.
- Daily operational monitoring, investigation and engagement with Participants where significant changes to Metered Volumes or Meter Faults occur.
- Reduce Settlement Risk arising from the use of estimation by targeting high-estimation areas and recurring Party data issues or anomalies.
- Increase monitoring of CVA impacts on Group Correction Factor.
- Delivery of **Technical Assurance of Metering (TAM) Audits** in the CVA Market, focusing on sites not visited in recent years and continuation of desktop audits.

- Full review and improvement project of the **BSC Audit** workpapers for CVA Registrants and MOAs to improve Audit effectiveness and ensure that they are fit for the future.
- Deployment of **BSC Audit** for CVA Registrants and MOAs.
- Use insight from TAM Audits to target deployment of process Audits in the BSC Audit.
- Monitor risks linked to communication cessation and associated risk such as cyber security protocols preventing installation of new comms methods.

Incentive

- Review and develop public versions of CVA performance analysis.
- Explore options for additional Performance Standards for CVA Registrants to support consistent behaviours and improve Settlement accuracy.
- Make better use of escalation processes for holding Participants to account where performance issues persist.

Remedial

- Develop Plan for addressing issues with Communications cessation following completion of our AIR check in 2025/26.
- Review Commissioning and Meter Compensation process in the CVA Market to improve Settlement accuracy.
- Review our **Error Failure and Resolution** and escalation process for CVA issues to ensure that it is tailored to the CVA Market and deployed where required.
- Deploy **Error Failure and Resolution** process where outstanding Audit issues are not resolved in an appropriate timeframe.
- Operate the **Trading Dispute** Technique to allow corrective action on significant and long-standing Settlement error.
- Review **Trading Dispute** Process to ensure it is fit for purpose and efficient ahead of reduced Settlement Timeframes.
- Establish more robust escalation routes and for long outstanding TAM non-compliance and Trading Disputes.

Supplier Volume Allocation Market

The **Focus Areas** in the SVA Market are to:

1. **Facilitate and De-Risk MHHS Migration activity.**
2. **Ensure post MHHS Migration Settlement Accuracy.**
3. **Balance our approach to addressing Legacy and MHHS Market issues to ensure overall Settlement Accuracy.**
4. **Develop Assurance of Flexibility Roles (VTP, VLP, AMVLP)**
5. **Focus on collaboration to improve knowledge of BSC Obligations and Compliance in Participants.**

Data and insight highlight that Elexon and the PAB should focus activity across Risks categories in the SVA Market rather than focusing on specific Settlement Risks in isolation. For example, MHHS Settlement transition puts a high focus on Registration & Appointment Settlement Risks more broadly and there is significant activity planned in this space in 2026/27. The planned activity and Performance Assurance Technique deployment for the 2026/27 year is as follows.

Preventative

- **Qualify** all new MHHS Participants in line with the MHHS Programme Qualification Approach and Plan Document ahead of the MHHS M14 Milestone.
- Deliver existing SVA **Qualification** Processes where required in line with BSC537.
- Review and establish SVA **Qualification** processes for new entrants in the MHHS Market.
- Develop **Renewal of Qualification** process for SVA Parties and Party Agents.
- Deliver monthly Settlement Assurance Working Group sessions for Participants to share best practice and improve awareness of Assurance activity, particularly on MHHS activity.
- Deliver bespoke Seminars, Education and Working group activity throughout the year.
- Conduct MHHS Pre Migration meetings between the Supplier, Assurance, Elexon Operational Support Manager and MHHS Programme.
- Increase interaction and further develop working relationships between Elexon and Participants through Operational Support Managers and increased customer site visits.
- Assess and monitor Participant readiness to operate within condensed Settlement timescales.
- Review and develop end to end Assurance activity for VLP and VTPs following delivery of 2025/26 VLP TAPAP and P504.
- Co ordinate activity to prevent non-compliance with P432 (HH Settlement for Advance CT Metering)
- Deliver Risk Utilisation tool to improve understanding of processes that drive Settlement Risks.

Detective

- Ongoing delivery and development of **Performance Assurance Monitoring (PAM)** reporting to proactively manage Settlement Performance and Accuracy in line with the PAM User Requirements Document.

- Use increased insights in **PAM** Reporting and further access to DIP/DAH data to perform ad hoc analysis at a more granular level to identify and resolve process issues causing material Risk to Settlement.
- Efficiently identify MHHS migration and post migration issues impacting Settlement Accuracy through use of the Market Consistency and Dimensions Reporting.
- Improve controls on Group Correction Factor by improving Annual Demand Ration (ADR) reporting to give a more granular and immediate view of Settlement accuracy, allowing for better root cause analysis of short to long-term trends in unallocated SVA volumes by comparing these to metered volumes and line losses in each GSP Group.
- Continue to monitor and act on instances of Large EACs and AA in the legacy market, particularly post MHHS migration to monitor the accuracy of closing meter reads.
- Delivery of **Technical Assurance of Metering (TAM) Audits** in the SVA Market, focusing on small site visit sample and desktop audits and developing Audit approach and small sample for Asset Metering.
- Deployment of **BSC Audit** for SVA Parties and Party Agents, delivering full Audits in the legacy and MHHS Market.
- Develop new scripts to utilise DIP data for MHHS BSC Audit workpapers and develop VLP/VTP BSC Audit workpapers.
- Quick turnaround of **AIR** and **TAPAP** techniques where needs arise.
- Utilise data sources from other Code Bodies to support identification of Settlement issues.

Incentive

- Continue to provide the Confidential Assurance Reporting Platform to Suppliers and further expand access to Data Service providers.
- Continue to deliver **Peer Reporting** in the SVA Market.
- Make better use of the BSC PAB and Panel for holding Participants to account where performance issues persist.
- Review deployment of the Breach and Default process on Parties, along with further action allowed in the BSC, for long standing and significantly material issues.

Remedial

- Establish new MHHS **Supplier Charges** process and maintain Legacy process through MHHS Transition.
- Evolve the **Error Failure and Resolution (EFR)** and escalation process for Settlement Performance and other SVA issues for additional complexity through MHHS to ensure that activity is value driven, focused on material issues and balance's addressing issues pre and post MHHS migration.
- Deploy **EFR** process where outstanding Audit issues are not resolved in an appropriate timeframe.
- Take remedial action, including **EFR**, across a wider range of issues where we identify them.
- Operate the **Trading Dispute** Technique to allow corrective action on significant and long-standing Settlement error.
- Review where the BSC rules and procedures, (particularly in the MHHS Market due to the significant level of change) might need addressing through **BSC Change** processes to improve Settlement Accuracy.
- Work closer with Ofgem to improve and align approach to dealing with consistency non complaint Parties.

Other Significant Activity

The following is not specific to either the CVA or SVA Market, but is in plan for the 2026/27 year:

- Begin procurement activity to re contract an external partner to deliver the Technical Assurance Agent role to deliver the TAM Audit from the 2027/28 Audit Year.
- Development the Performance Assurance governance arrangements (especially regarding interactions with the BSC Panel and PAB) in line with the changes that may be delivered through OFGEMs work to introduce licenced Code Managers.
- Develop further cross code engagement to share insight, data and align activity.
- Utilise cross code work to address process and performance issues in activity governed by other Code Managers that impacts upon BSC Settlement Risks.
- Deliver new regular communication on Assurance activity through the Elexon Website and Settlement Assurance Working Group.
- Monitor new BSC Modification and Change proposals to understand how this impacts Settlement Risks and Assurance processes.
- Input (where we can) on identified Risk Events in the RER to mitigate impacts to Settlement Risks (including activity on communications sunseting events)
- Commence Work on developing a digital Trading Disputes Platform and EFR monitoring tool to improve efficiency in delivering Techniques.
- Continue to input and support the delivery of BSC Issue groups to improve Settlement Accuracy.

2026/27 Budget

To deliver all activity and systems related to the PAF the current forecasted spend on the Market Assurance product for the 2025/26 PAOP is as follows:

Area	Description	Budget
Product Development	Investment in new system development.	£580,000
Product Operations	The cost of running and maintaining systems.	£430,000
Elexon Operations	The cost of Elexon people and other overheads.	£1,500,000
Third Party Contracted Services	The cost for third party services that deliver Assurance activity.	£9,586,000
Total		£12,096,000

Notes

- *The Budget for the 2026/27 is an increase on previous years due to:*
 - *Significant increase in spend on the MHHS Qualification processes to support the Qualification of all industry Parties for MHHS. Most of this work will be undertaken during 2026/27.*

- *Increase in spending on the BSC Audit to facilitate testing in the legacy and MHHS markets and creating reporting from DIP flows to support the delivery of Audits in year.*
- *Product Development encompasses the costs of creating new systems and products to support the delivery of the PAF, ensuring their longevity and effectiveness for the future.*
- *Some of these will be effective for both the legacy and MHHS processes, but most of the investment is to develop these platforms for MHHS, it includes:*
 - *Digitisation of Trading Disputes*
 - *Internal EFR Monitoring Platform*
- *Product Operations includes the operational costs of running our systems to support the delivery of the Performance Assurance Framework.*
- *Elexon Operations is mainly the budget for people costs and it also includes overheads such as travel, subscriptions and meetings.*
- *Third Party Contracted services is the costs we pay to third parties to deliver services. Elexon manages the performance of the organisations in line with our contracts. This spend covers the cost of services for activity such as:*
 - *The BSC Audit*
 - *The TAM Audit*
 - *The BM Audit*
 - *Legacy Qualification Audits*
 - *MHHS Qualification Audits*
 - *Software tools and data.*