

## Minutes

<b>Meeting Name</b>	Large EAC/AA Forum	
<b>Date of Meeting</b>	24 April 2013	
<b>Venue</b>	ELEXON Ltd, 350 Euston Road, London NW1 3AW	
<b>Attendees</b>	Max O'Connor	ELEXON
	Jon Spence	ELEXON
	Nick Groves	ELEXON
	James Townsend	ELEXON

Action #	Summary
<b>1</b>	ELEXON to consult with Small Suppliers on SR0072 BUSRR Review and explore other approaches that could be adopted to setting a minimum threshold.
<b>2</b>	[Closed] IMServ and Lowri Beck to trial lower NHHDA thresholds in May, to determine increase in volume of instances reported.
<b>3</b>	ELEXON to collate information on two proposed CTs for addressing Settlement issues with the Erroneous Transfer process and advise attendees on which of the two it feels to be most appropriate.
<b>4</b>	ELEXON to investigate including 26-month materiality figure (matching the one used by the BSC Auditor) on Materiality Reports.
<b>5</b>	ELEXON to discuss instances confirmed as genuine by ELEXON system rules with the Auditor, and provide guidance on the approach they will take.
<b>6</b>	ELEXON to clarify with the BSC Auditor how they would expect Suppliers to deal with erroneously large values corrected through GVC, that continue to appear in Large EAC/AA reporting.
<b>7</b>	ELEXON to investigate inclusion of 'instance age' column on the Supplier/DC Instance Reports.
<b>8</b>	Volunteers for a Supplier Error Code Work Group to email ELEXON to indicate their interest.

## 1. CP1360 – Inclusion of Audit Records for Gross Volume Correction and Dummy Meter Exchanges

- 1.1 ELEXON provided an update regarding CP1360 which, until recently, was on hold due to a Mod which was raised to limit the use of GVC. The Mod in question was rejected by the Panel and Ofgem in January 2013. Due to the time that has lapsed since the CP was last sent out for industry consultation, a new consultation has been issued, with responses due back by 25/04/2013. A Workshop has also since been held to address issues and confirm a robust process for implementation.
- 1.2 An attendee suggested that there might be a potential issue with the CP and the upcoming SMART rollout. The issues specifically relate to meters installed on sites which have been historically difficult to access. ELEXON advised that these sites should correct themselves from the final meter read obtained upon the meter exchange.

## 2. ELEXON's recent SR0072 BUSRR Review, and the PAB's decision on NHHDA thresholds for Large EAC/AA

- 2.1 ELEXON advised that it took a non-confidential paper to PAB in February 2013 ([PAB 145/05](#)) relating to a review of the SR0072 BUSRR criteria. This review proposed a change to the RED BUSRR to look at pre and post RF error differently and to also take into account instance age when assigning the BUSRR. The inclusion of instance age is a result of feedback received by Supplier's, who felt that they were receiving RED ratings due to high levels of Large EAC/AA churn which are generally resolved before they pose a significant risk to Settlement. The BSC Audit and EFR had also noted issues with the current criteria. For the proposed BUSRR criteria, the threshold levels would drop to 18% of the previous values, presenting a drop to one sixth of present values. Pre-RF error levels would look at persistent<sup>1</sup> instances to assign a RED BUSRR. Post-RF error would be counted as it is now, but against the lowered thresholds. This represents the greater risk to Settlement posed by a post-RF instance. However, post-RF error in GSP Groups with no open Large EAC/AA Dispute would not have been counted toward the total. An AMBER BUSRR would be given when a Supplier is over the threshold for pre-RF error, on all instances not new this month. The GREEN BUSRR would remain unchanged, i.e. awarded if a Supplier is under threshold for pre and post RF error.
- 2.2 Modelling was performed on the new BUSRR criteria, which displayed that the overall number of RED BUSRRs would drop from 7 to 5 in the month modelled. However, the Suppliers that would be highlighted account for significantly larger volumes of NHH market share. Since the PAB monitoring is designed to incentivise error correction, such that GSP Groups should become eligible to exit Large EAC/AA Disputes, the current criteria required revising.

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<sup>1</sup> 'Persistent' meaning that the instance has remained in reporting for more than 3 months, or have 3 months or less to go before reaching RF.

- 2.3 An attendee stated that with the minimum thresholds not changing, this proposed set of criteria may be to fair on small Suppliers, who could more easily achieve GREEN BUSRRs.
- 2.4 ELEXON advised that when the subsequent paper is taken to PAB, at the end of 2013, relating to the SR0072 review, nothing about the proposals was definitive. While ELEXON believes that the current minimum threshold is sufficiently stringent, given that a very small number of instances can lead to it being breached, it would consult with small Suppliers and consider other approaches that could be adopted.
- ACTION 1**
- 2.5 An attendee asked what the difference between a small and a large Supplier is in terms of NHH energy share. ELEXON responded that the revised criteria would define a small supplier as having approximately 3% or less NHH energy share. Many of the BUSRRs for other risks set this threshold at 2%.
- 2.6 The outcome of the paper was that PAB deferred the decision for the time being. Another paper is planned to be taken back towards the end of 2013. The deferral was due to the PAB wanting this work to be bundled in with the work currently being conducted on lowering NHHDA thresholds for Large EAC/AA monitoring.
- 2.7 The PAB want ELEXON to consider a revision of NHHDA thresholds to measure levels of error below the current thresholds. ELEXON's initial, one-off exercise to explore this issue will set thresholds 30% lower than they are currently for each Profile Class (for both negative and positive EAC/AAs). ELEXON felt that 30% was a sufficient drop to plot the increase in error compared to increase in number of reported instances as the thresholds dropped, while ensuring that Suppliers have a manageable number of instances to investigate. If, on receiving the instances against these lower thresholds, ELEXON believes the volumes will prove difficult for Suppliers to action inside a quarter, it will consider lower percentage reductions instead.
- 2.8 An attendee stated that this drop in thresholds by 30% could potentially have a high impact on resourcing levels needed to manage Large EAC/AA. Another attendee member stated that 30% is a large drop specifically in Profile Class 1 which has a relatively high threshold. An attendee advised that they looked at lowering their thresholds by 40%, which introduced 5 times the number of instances for investigation.
- 2.9 ELEXON stated that the 30% drop in threshold was merely to ascertain how many more instances were highlighted. Once ELEXON has this sample data, it can model small drops in threshold levels. Suppliers will be asked for feedback regarding the decreases in thresholds once an optimum level has been decided.
- 2.10 ELEXON advised that increased threshold levels will be run in May or June of 2013, in parallel with the normal script. This will then be sent to Suppliers to investigate and advise how long it would take to action the new output. A 3-month period will be given for Suppliers to investigate.
- 2.11 ELEXON requested the DAs present at the forum to test these new threshold levels in their systems to check what volume of instances would be captured. This was agreed by two DAs in attendance. **ACTION 2.**
- 2.12 An attendee queried whether ELEXON had considered different percentage decreases per each Profile Class. This is to take into account the different consumption levels and substantially higher threshold levels in the

lower Profile Classes. ELEXON advised that this had been considered, and a more complex set of changes to NHHDA threshold values could be proposed to the PAB, depending on what the one-off exercise revealed.

- 2.13 An attendee noted that they investigated dropping thresholds by a fixed percentage per Profile Class and found that more error was highlighted for Profile Class 1 than Profile Class 3.

### **3. Update on Erroneous Transfer MRA Change Proposal raised after last Forum**

- 3.1 ELEXON noted an action from last forum, where an attendee was to raise a CP to create a consistent approach for the flows used during ETs (Erroneous Transfers). The CP was to highlight that the D0300 flow contains a reason code stating that an ET is in process therefore no dispute is needed. Use of this error code created confusion because it suggests that you should reject a D0300 on ETs. These ET issues are further complicated where there are also Large EAC/AAs involved.
- 3.2 ELEXON advised that the response from MRA consultation was for the Large EAC/AA Forum to revisit this issue and discuss further.
- 3.3 A breakout session was then conducted to discuss how these issues have been dealt with in the past. The main question raised by ELEXON relates to the erroneously appointed Supplier and what happens to volume which was settled by this Supplier while it was incorrectly appointed.
- 3.4 Following the breakout group one table advised that from the erroneously appointed DC point of view, they do not use the D0300 flow. They advised that they manually amended the opening D0086 to give a 1KW hour advance. By use of this method they do not see a great deal of (or any) subsequent error.
- 3.5 Another group advised that they have experienced inconsistent approaches. However, a 1kWh advance is usually mutually agreed. The D0300 will sometimes be used to facilitate the correct volume being entered into Settlement. They further advised that they had separate processes for domestic and non-domestic consumers. It was noted that they would like to see timescales attached for ETs and a consistent approach across the Industry, as under MRA Agreed Procedure 8, and the D0300 process.
- 3.6 The following group advised that they generally spoke to other Suppliers to resolve. They noted a disjoint between the ET and Settlement teams resulting in the Settlement volumes being incorrect. This is due to the ET teams dealing with the ETs on the customer side, without a consequent D0086 being raised. There were different opinions on use of the D0300, as it can take long periods of time to resolve. They stated that ELEXON's focus seemed to be on use of the D300 for large ET instances, when the D0300 or some equivalent should be used as a matter of course for ETs. This would be fairer for small Suppliers, who are more impacted by individual ET events.

- 3.7 Due to the D0301 (the 'ET' flow) not being mandatory, most Suppliers have bypassed using the DTN and use spread sheets instead. This can complicate the process, leaves no audit trail and often means that resolution can only be achieved by phoning the associated Parties.
- 3.8 An attendee noted that there are too many bilateral processes in place for this and that it is fundamentally a D0086 issue where the end goal is to get the desired D0086 sent. The use of spread sheets for this is not ideal.
- 3.9 The change proposed to the D0300 allows the use of the D300 if it is helpful in dealing with the Settlement impact of an ET. However, this doesn't resolve the issue if there isn't willingness to agree. The forum suggested that ELEXON could produce guidance in relation to the correct use of a 1kWh hour advance. ELEXON advised that the BSCP currently states that the 1kWh advance is optional. Some attendees believed that the advance should be mandatory, which would allow for greater certainty than is currently possible. This would however preclude the use of the D0300. ELEXON advised that a Party could raise a CP to mandate the use of the 1kWh advance.
- 3.10 When asked why the D0301 is currently used inconsistently where ETs occur, a number of Forum attendees noted that it doesn't include the information necessary to agree a revised set of opening and closing reads for an ET event, and that it MAP10 doesn't have any fixed timescales attached to it, as MAP08 and the D0300 do. An attendee noted that a solution to the problem might be to expand the D0301 slightly, to include the option of disputing reads, and then mandate its use across the DTN where ETs occurred.
- 3.11 ELEXON noted that two potential approaches to resolving Settlement error resulting from an ET had been discussed. The first would involve raising a change under the MRA, to remove the 'ET in progress' rejection indicator in the D0300, and thereby legitimise the use of the D0300 for resolving Settlement issues on an ET. The second would involve expanding the information provided in the D0301 and mandating its use for ET events.
- 3.12 ELEXON advised that it will collate the information regarding the two potential CPs and report back to the Forum attendees on which it feels to be most appropriate/likely to succeed. **ACTION 3.**
- 3.13 A Supplier advised that mandating the 1kWh advance may not solve all issues. This is problematic on larger sites and will distort Settlement if 1kWh is being settled over a long-lasting ET, and very large volumes being entered into a comparatively narrow Settlement window on resumption of the correct Supplier's appointment. This may also cause issues with Smart meters, in that actual data will be available over the period where a 1kWh advance is being used. There is the potential to end up with distorted and excessively large AAs due to the correct Supplier settling large volumes in short periods of time.
- 3.14 ELEXON asked whether the occurrence of disputed reads on ETs is large enough to have a dedicated process in place. An attendee stated that small Suppliers can be quite seriously financially impacted by the issue.

- 3.15 A Supplier advised that they have experienced ETs being used as a get out for disputed Change of Supply reads.
- 3.16 The final table advised that they would like to see a consistent approach in regards to accepting/rejecting D0300s. They found that when they've used the D0300 process there has been a higher chance of getting the D0086 through in a timely manner. When this is agreed via email they usually have to chase the D0086, and are less successful in getting it sent.

## 4. Large EAC/AA Audit methodology

- 4.1 ELEXON confirmed that this year's audit will take the same approach as the preceding year. This approach looks at Large EAC/AA processes and how robust they are. One main area is looking for controls in place to pick up these errors, apart from the instance report provided by ELEXON. The audit also takes a sample of genuine instances and checks that they have been confirmed appropriately.
- 4.2 The audit also looks at market level gross error for the 26 months preceding the last month of the audit year. If a party has more than a 10% contribution to overall market error over that period, an audit issue will be raised. If a Party has between 5% and 10% an audit issue will be raised unless mitigating factors exist. Any Supplier below 5% will not have an Issue raised on this basis.
- 4.3 An attendee requested easy access to the 26-month market level view of error the Auditor is relying on. ELEXON advised that it will look to have it included in the Materiality Report that is sent out to Suppliers each month. **ACTION 4.**
- 4.4 A number of attendees advised that they have found it difficult to close down long-standing audit issues. They are unaware of what else they can do to close the Issues.
- 4.5 A further attendee advised that even though they had impressed the auditor by proving that their Large EAC/AA processes are extremely robust, they still received an audit issue. The Party queried why gross error levels are used as it only reflects the size of the company. ELEXON advised that the BUSRR review is looking to help with these issues, in that it would assist the Auditors in looking at performance across the market in more depth than is currently possible.
- 4.6 A further issue was raised regarding the sample taken by the auditors. These issues surround Parties having to justify instances with process indicators which were automatically assigned by ELEXON's system. ELEXON agreed to talk to the auditor and provide guidance on this. **ACTION 5.**
- 4.7 ELEXON stated that re-procurement of the BSC Auditor may change the methodology for future audits.

## 5. Unauthorised Changes to NHH Settlement Data Post-RF

- 5.1 ELEXON has previously noted that unauthorised changes are being made to Settlement data post-RF. The TDC have shown concerns over this, as the volumes involved are approximately 15 times the volume of Large EAC/AA error, and jeopardise the accuracy of their monthly decision to authorise DF Runs in GSP Groups with an open Large EAC/AA Dispute.
- 5.2 ELEXON advised that a confidential paper was taken to PAB in February 2013 explaining the issue, and providing a list of the Supplier IDs and their contribution to this behaviour. The BSC and BSCP (504) clearly state that the DF Run should only be used where an upheld Trading Dispute is concerned, and that otherwise, RF is the final opportunity to amend Settlement data.
- 5.3 The PAB have been made aware of the volumes of change on a Supplier ID level. This is calculated by subtracting the volume of 'authorised change' (Large EAC/AA error) from the total volume of change noted between RF and DF, to produce a volume of unauthorised change.
- 5.4 PAB and the TDC have agreed to a set of next steps proposed by ELEXON. This issue is going to continue to be monitored on a monthly basis on a Supplier ID level. Top contributing Suppliers will be contacted regarding their volumes of unauthorised change. A DA script is also being explored, which would highlight EAC/AAs that are being changed between RF and DF. EFR may be considered if MPAN level reporting becomes available, and ELEXON agreed to discuss the issue with the Auditor.
- 5.5 ELEXON noted that the closing of DF Runs through Dispute Exit will reduce the number of GSP Groups where this can occur.
- 5.6 A further clarification of the BSC and BSCP may also be made regarding these unauthorised changes, but this is considered a last resort.

## 6. Recent Dispute Exit Decisions – implications for Large EAC/AA

- 6.1 ELEXON noted that the recent Dispute Exit decisions are closing off many of the GSP Group wide DF Runs. This would mean that any Large EAC/AA not corrected by RF would have to be raised as a Trading Dispute, and upheld by the TDC, before it could be corrected through the DF Run or an ESD.
- 6.2 ELEXON noted that GVC might become much more common, as it will be the only way of addressing crystallized Settlement error that doesn't require an upheld Trading Dispute. If GVC is going to be used more frequently then it's important to have an auditable trail relating to this process (as noted in the discussion on CP1360).

- 6.3 Due to the PAB deferring the decision for the new SR0072 BUSRR criteria, post RF gross error is still being counted in the post RF error pot for the current BUSRR criteria. ELEXON is aware of the issue, and is intending to take a paper to PAB to agree on an approach to take.
- 6.4 Increased use of GVC may result in more erroneous instances being 'stuck' post RF, that have been corrected through the use of a subsequent, corrective advance under the GVC process. Since the original instance remainder error, Suppliers would not be able to confirm it as genuine, but would not be able to withdraw the associated reads, either.
- 6.5 An attendee stated that it seemed more appropriate to confirm both the GVC and subsequent large negative advances under GVC as genuine, as they effectively cancel each other out. ELEXON noted that the auditor may see both of the instances as a form of error. ELEXON currently treats the original instance as error and the corrective as genuine, for Large EAC/AA reporting. Confirming the original instance as genuine may result in an audit issue. ELEXON agreed to discuss this with the Auditor, with a view to clarifying their position. **ACTION 6.**

## 7. ELEXON System Changes – Error Codes and Changes to PI (process indicator) Rules

- 7.1 ELEXON advised that they are currently in the process of implementing a number of system changes.
- 7.2 The first change relates to process indicator 1. Where a Supplier submits Annual Billed Units for an MPAN, ELEXON's system will assume that anything within twice that value is genuine. Currently the system stores ABU values indefinitely, and where a new value is submitted for an MPAN that already has a value stored, will favour the largest of the two. This can result in Suppliers inheriting old and unreflective ABUs, and not being able to remove them. ELEXON is therefore proposing that the system should load the latest submitted value, irrespective of size.
- 7.3 The second change relates to process indicator 5. This confirms any instances as genuine that are within twice the size of a previously confirmed instance. Issues can currently arise with large GVC instances (which are confirmed as genuine) masking error going forward. ELEXON is intending to change this rule so that two previously confirmed values *of the same sign* must be present before it applies, with the average of those two values being used to determine what the system will flag as genuine.
- 7.4 ELEXON have also recently added an 'Instance Age' indicator to its system. This was done in support of recent work for the PAB and the TDC, and was intended to indicate which instances were 'persistent' and which were relatively recent additions.
- 7.5 ELEXON queried whether any external systems can identify how long instances have been in reporting, in such a way that it is easy for Suppliers and their agents to establish how many months an instance has been



in our reporting. A Supplier mentioned that they can do so by using the D0019 date on an individual MPAN basis, but it was acknowledged that aggregating such a view up, and aligning it with ELEXON's reporting timescales, was not easily achievable.

- 7.6 ELEXON asked if there would there be some value in the age of each instance being included on the instance report. General consensus what that this information would be useful. ELEXON advised that this change will be progressed along with other small changes to the instance and materiality reports. **ACTION 7.**
- 7.7 ELEXON also noted that it is still considering 'error codes' for Large EAC/AA reporting. These codes would be used by Suppliers to indicate the root causes of Large EAC/AAs. Having easy access to this information would significantly improve ELEXON's ability to conduct root cause analysis, inform committee discussion and identify where best to commit time and effort around Large EAC/AA and NHH Settlement generally. This would also be available on the instance report, meaning Suppliers/DCs would be able to perform their own root cause analysis.
- 7.8 ELEXON received 4 responses regarding how the Industry would like this change to be implemented, suggesting 3 separate approaches (two of which were in the original strawman provided by ELEXON). ELEXON suggested forming a working group/email group to discuss the detail of an approach to take forward. ELEXON asked for volunteers to send an email if they are interested in participating. **ACTION 8**
- 7.9 An attendee wanted to know why we would be interested in genuine instance report codes. ELEXON and an attendee advised that the genuine instance codes could be used to improve on some of our existing system rules, in that corrective advances could be ignored when the system is assigning process indicator 5.
- 7.10 An Attendee advised that only 2 genuine codes are needed. 1 for genuine instances and the other for any GVC activities. The rest of the forum agreed with this approach, and ELEXON agreed that it seemed the simplest and easiest approach to take.

## 8. AOB

- 8.1 An attendee queried whether we could use any lessons learnt from the AMR rollout for the future SMART rollout. The Party advised that a lot of genuine instances have been thrown up since the implementation of AMR.
- 8.2 Another attendee advised that the AMR rollout has significantly increased Settlement quality with hardly any data issues. An attendee also advised that we are likely to see less Large EAC/AA issues over the SMART rollout due to the lower Profile Classes (1 – 4) having much higher thresholds.
- 8.3 ELEXON advised that this topic can be raised at either of the next 2 Large EAC/AA forums, and that it would welcome information on any issues experienced with AMR or Smart in the meantime. Issue 46 concerns

interoperability of NHH metering, and ELEXON can feed concerns into that discussion, and report back to an upcoming Forum on conclusions.