

CHANGES TO THE RISK EVALUATION REGISTER FOR 2017/18

Background

Each year, the Performance Assurance Board (PAB) deploys the Performance Assurance Framework (PAF) to manage Settlement Risks. To do this, the PAB identifies, evaluates and prioritises the risks that may occur within Settlement and the extent to which they apply to each Performance Assurance Party (PAP). The PAB applies Performance Assurance Techniques to PAPs based on the risk they pose to Settlement.

The PAB produces a suite of documents in consultation with the industry to aid this process including:

- [Risk Evaluation Methodology](#) (REM¹);
- [Risk Evaluation Register](#) (RER); and
- [Risk Operating Plan](#) (ROP²).

Purpose of the RER

The RER sets out the Settlement Risks identified and evaluated by the PAB. Section Z, 5.5 of the BSC requires the PAB to:

- Identify and evaluate risks to Settlement, by applying the REM;
- Prepare and maintain a register (the RER) setting out Settlement Risks, and the significance of each Settlement Risk in relation to a specific Performance Assurance Operating Period; and
- Review and update the RER on an annual and ad hoc basis.

Within Period Revision to the RER 2017/18

The PAB may decide to revise the RER outside of the normal annual review process. The PAB makes these changes as a result of ad hoc developments affecting Settlement or due to submissions from industry that support the need to revise any part of a specific Settlement Risk sooner than the next annual review.

New smart metering risks

As part of the [Performance Assurance Framework \(PAF\) review](#), we have carried out an assessment of the Settlement Risks associated with the mass roll-out of smart Meters, in particular SMETS v2.0 Meters serviced by the Data Communications Company (DCC). We identified seven new BSC Settlement Risks, which we are proposing to include as an addendum to the 2017/18 RER until such a time as the PAF documentation has undergone a full review as part of the PAF procedures work stream of the PAF review. Appendix 1 describes each risk area, the output from the evaluation exercise and any noted controls. Full details on each risk area and the evaluation can be found in the paper presented to PAB in June 2016 ([PAB197/07A](#)).

Drivers for change

The [Issue 69 workgroup](#), which met twice, on 25 April and 24 May 2017, supported us in this assessment and helped us to develop an interim smart risk register.

The PAB reviewed the smart risk register at its meeting on 29 June 2017 and agreed its contents. We are now seeking a Within Period Revision to the 2017/18 RER to include the smart risk register.

¹ The REM describes how the Performance Assurance Board will identify Settlement Risks; evaluate Settlement Risks; and assess the materiality of Settlement Risks.

² The ROP sets out the Performance Assurance Techniques that the Performance Assurance Board has determined should be applied to each Settlement Risk.

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The feedback received during the PAF review engagement exercise was that the risks captured within the existing RER are too diffuse, making it difficult to measure them accurately, decide what matters and persuasively communicate that to participants. Participants have consistently communicated that it is difficult to engage with the risk register as it references over 200 risks each with a narrow focus. This has in turn had an impact on participants' ability to engage with the PAF. Due to this feedback, all PAF procedures documents (inclusive of the RER) are undergoing a full review as part of the PAF procedure work stream of the PAF review. We expect that the output of this review will be a simpler RER, with which industry parties can more readily engage. We therefore developed the smart risk register as an interim product in order to identify short term mitigations against Settlement Risk whilst not exacerbating the issues with an already unwieldy RER.

With support from the Issue 69 workgroup, we considered 10 risk areas related to the smart roll-out. The Issue 69 workgroup assigned a risk rating to the ten areas using their own experiences to assess the level of risk relative to the other risk areas on the register. Whilst we considered all risk areas that had a potential to impact Settlement, it was determined that three sat outside the remit of the BSC. Therefore, we are excluding these from inclusion in the RER as they do not meet the definition of a Settlement Risk as per Section Z5.1.1(a). For completeness, these three risk areas were Readiness, Communication and DCC user interface and all received a risk rating of low.

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INTERIM SMART RISK REGISTER

This appendix provides details on each risk area identified by the Issue 69 workgroup.

ID	EFD	Risk Area	Risk Event [The risk that...]	Risk Result	Gross Prob.	Gross Imp.	Gross Sig.	Noted Controls	Control Strength	Net Sig.
SMSR0001	01/03/2018	Installation	The installation process results in aborted visits and further delays to the completion of the mass roll-out	Estimated or erroneous Settlement data	4	1	4		Low	4
			The errors in the installation process give rise to Settlement data quality issues.		2	4	8	Meter Reading Validation D0001	Low	8
SMSR0002	01/03/2018	Inter-operability	The gaining Supplier is unable to successfully process Metered Data following a Change of Supplier (CoS).	Estimated or erroneous Settlement data	3	3	9		Low	9
SMSR0003	01/03/2018	Legacy	In the short term, the smart metering roll-out will identify historical error and will divert resources away from addressing legacy metering data quality and performance issues. The longer term risks associated with supporting an ever-diminishing pool of non-smart Meters.	Estimated or erroneous Settlement data	3	3	9		Low	9
SMSR0004	01/03/2018	Metering	Metered Data is inaccurate or cannot be retrieved due to systemic issues with a batch of Meters	Estimated or erroneous Settlement data	1	5	5	Meter Reading Validation D0001		5
			Metered Data is inaccurate or cannot be retrieved due to issues/faults with individual Meters.		5	1	5	Meter Reading Validation D0001	Low	

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ID	EFD	Risk Area	Risk Event [The risk that...]	Risk Result	Gross Prob.	Gross Imp.	Gross Sig.	Noted Controls	Control Strength	Net Sig.
SMSR0005	01/03/2018	Supplier – agent interfaces	Metered Data is inaccurate or missing as a result of problems with the Supplier interface with its MOA and DC.	Estimated or erroneous Settlement data	3	4	12	Meter Reading Validation D0001	Low	12
SMSR0006	01/03/2018	Meter operations	Meter Technical Details are inaccurate or missing as a result of MOA processes.	Estimated or erroneous Settlement data	2	3	6	Meter Reading Validation D0052 Validation D0001	Low	6
SMSR0007	01/03/2018	Data processing	Smart Meter readings are not successfully validated and/or processed by Data Collectors.	Estimated or erroneous Settlement data	2	3	6		Low	6