

Examples of a Performance Assurance Framework from other sectors

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Electricity performance assurance regime



- Incentive
 - Actions to incentivise performance from Suppliers – usually to uphold reputation
- Detective
 - Data gathering and site visit actions
- Preventative
 - Education and Qualification requirements
- Remedial
 - Techniques applied following the non compliance

Technique group	Description	Techniques	Use
Incentive	Actions to incentivise performance from participants	Peer Comparison	Designed to encourage performance improvement and compliance
		Removal of Qualification	Means the removal of trade for agents. Suppliers must use qualified agents to be compliant with the code.
		Breach and Default	Used to protect the rest of the market from participants performing poorly by either limiting activities in the market or expulsion
Detective	Data gathering and site visit actions	Material Error Monitoring	Material Error Monitoring is designed to: Estimate the impact and materiality of a Settlement Error; Monitor error levels over time; and Estimate the contribution to overall market errors made by individual Parties and their Agents. The process also helps us rank customer performance in the market and identify operational issues.
		Technical Assurance of Metering Systems	Ensure that meter accuracy at site is correct reducing the risk to the wider market.
		BSC Audit	Used to monitor performance annually in key areas. Any issues identified can result in non compliance.
		Technical Assurance of Performance Assurance Parties	Designed to monitor compliance with metering requirements. Used to target issues that have been raised
Preventative	Education and Qualification requirements	Qualification and requalification	Provides assurance to the parties that system changes are completed correctly and mitigates the risk to the market
		Bulk Change of Non Half Hourly Agent	Designed to check that market participants involved perform the necessary procedures appropriately so they don't impact other participants. This helps protect the integrity of Settlement.
		Education	Used to discuss common market problems and educate parties to ensure that best practise is followed.
Remedial	Techniques applied following non compliance	Supplier Charges	Liquidated damages that Suppliers incur if they fail to meet certain performance levels. They compensate participants disadvantaged by those who aren't meeting defined standards.
		Error and Failure Resolution	Provides clear milestones set by the participant as to when they will meet the required standards and address their issues.
		Trading disputes	Allows participants to raise disputes to correct material errors in the market.
		Change Mechanism	Allows for the raise of a change proposal to address a risk or make a recommendation to raise a modification.

Supplier charges



- Liquidated damages that Suppliers incur if they fail to meet certain performance levels
 - Compensate participants disadvantaged by those who aren't meeting defined standards
- Due each calendar month
- Capped for each Supplier to limit each Party's liability in any one reporting period
- Grid Supply Point Group liability cap
 - Calculated based on its annual take for the previous financial year
- Supplier liability cap
 - Calculated based on its total active import energy in the reporting period

Supplier charges limits



- SP08a - Percentage of Non-Half Hourly (NHH) Energy Settled on Annual Advances
 - R3 – 80% (M+7)
 - £0.13 per Chargeable MWh
 - RF – 97% (M+14)
 - £1.43 per Chargeable MWh

- SP08b - Percentage of HH Energy Settled on Actual Readings
 - SF – 99% (M+1)
 - £0.13 per Chargeable MWh
 - R1 – 99% (M+2)
 - £1.43 per Chargeable MWh

Supplier charges redistribution



- 90% of funds collected from a GSP Group are re-distributed to the Non Half Hourly (NHH) Suppliers operating in the GSP Group, based on their share of NHH energy traded in the GSP Group.
- 10% are re-distributed to all Trading Parties based on their Main Funding Share.

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