

Andrew Self,  
Ofgem,  
9 Millbank,  
London,  
SW1P 3GE

14 April 2017

Dear Andrew,

**ELEXON's response to 'Minded to decision and draft Impact Assessment of industry's proposals (CMP264 and CMP265) to change electricity transmission charging arrangements for Embedded Generators – Consultation'**

ELEXON welcomes the opportunity to respond to Ofgem's consultation 'Minded to decision and draft Impact Assessment of industry's proposals (CMP264 and CMP265) to change electricity transmission charging arrangements for Embedded Generators'.

ELEXON fulfils the role of the Balancing and Settlement Code Company (BSCCo). This means that we are responsible for the successful operation of the Balancing and Settlement Code (BSC). Given the specific nature of our role, we do not think it is appropriate for us to comment on the principles for Transmission Use of System (TNUoS) charging or the appropriateness of the changes to TNUoS charging arrangements proposed by Connection Use of System Code (CUSC) Modification Proposals CMP264 and CMP265. Consequently, we have not responded to any specific question in your consultation.

However, the implementation of any of the proposals under CMP264 and CMP265 will be dependent on changes to the BSC. That is, all of the proposals under CMP264 and CMP265 will require National Grid to differentiate between gross Import and Export Metered Volumes for Supplier Volume Allocation (SVA) registered Half Hourly Metering Systems. Currently a BSC Agent (the Supplier Volume Allocation Agent (SVAA)) only sends National Grid net Metered Volumes for SVA Half Hourly and Non Half Hourly Metering Systems. Therefore, EDF Energy and ScottishPower raised BSC Modification Proposals P348<sup>1</sup> and P349<sup>2</sup> respectively, with the intention of enabling the aggregation and reporting of gross Settlement Data to support the requirements of CMP264 and CMP265.

A decision to approve any of the options proposed by CMP264 and CMP265 would have broader, cross-code implications, which Ofgem should be mindful of. We have focused our response on highlighting the interdependencies between the CUSC and BSC modifications and providing an update on the implications of the different CUSC options for implementing a BSC solution.

The views expressed in this response are those of ELEXON Limited, and do not seek to represent those of the BSC Panel or Parties to the BSC.

**Overview of BSC solutions**

The following is a summary of the BSC solution options developed under P348 and P349. Please note that ELEXON published the P348 and P349 Assessment Reports on 6 April 2017 so we recommend reviewing these for more detail of the BSC proposals and their rationale<sup>3</sup>.

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<sup>1</sup> ['Provision of gross BM Unit data for TNUoS charging'](#)

<sup>2</sup> ['Facilitating Embedded Generation Triad Avoidance Standstill'](#)

<sup>3</sup> The P348 and P349 Assessment Reports are papers 265/04 and 265/05 on the BSC Panel's April 2017 agenda - <https://www.elexon.co.uk/events-calendar-item/bsc-panel-264/>

National Grid, as the System Operator, uses aggregated Metered Data to set and levy TNUoS charges. This data is based on Metered Volumes collected for Settlement purposes, which the SVAA aggregates and sends to National Grid using the P0210 'TUoS Report' in accordance with the BSC.

Whilst the original CMP264 and CMP265 proposals were similar, they were sufficiently distinctive when they were raised to require different data reporting requirements. Over time the overall reporting requirements for the original CMP264 and CMP265 proposals and the subsequent Workgroup Alternative CUSC Modifications (WACMs) converged. Consequently, three broad groups of data requirements emerged.

In light of the broad data requirements, the P348 and P349 Workgroup developed common solutions that were not specific to the original CMP264 or CMP265 proposals but would facilitate any of the CUSC options.

Based on the final CMP264 and CMP265 data requirements, ELEXON and the P348 & P349 Workgroup developed three BSC solution options that would enable the reporting of data that satisfied the CUSC option: Option 1 'Centralised DA'; Option 2 'Simple SVAA'; and Option 3 'Existing registration processes'. Each option requires the SVAA to report new data required by CMP264 and 265 to National Grid using the P0210 'TUoS Report'. As noted above, we have described these options in detail in the P348 and P349 Assessment Reports.

In light of Ofgem's minded to position in relation to CMP264 and CMP265, the Proposers of P348 and P349 agreed to adopt Option 2 as the Proposed Modification for both P348 and P349. The P348 and P349 Workgroup stated a preference for Option 2, recognising that it would be the easiest and most cost-effective way of facilitating WACM 4, Ofgem's minded to position. However, the Workgroup also recognised that Option 2 would not satisfy all CUSC options, should Ofgem change its mind, and so unanimously agreed to raise Option 1 as the P348 Alternative Modification and Option 3 as the P349 Alternative Modification. This way, despite any recommendations made by the Workgroup or the BSC Panel, Ofgem would be able to consider all three BSC options.

### **Cross-code dependencies**

A decision by Ofgem to approve one of the CUSC Original Modifications or WACMs will have implications beyond the CUSC. As summarised above, not all BSC options support all CUSC options and certain CUSC options demand more complicated BSC solutions to satisfy their related data requirements.

Ofgem is minded to approve WACM 4, which would enable the implementation of BSC Option 2. Option 2 would be the simplest option to implement as it would require the least change to BSC Central Systems, and would require no changes to BSC Parties' systems except the Transmission Company's. They would also cost the least of the three options to implement – changes to BSC Central Systems are estimated at £116,750.

However, BSC Option 2 only supports WACMs 1-11. Therefore, if Ofgem approves a CUSC option other than one of WACMs 1-11, it will need to consider whether to approve BSC Option 1 or 3. This is because all other CUSC options require the aggregation of metered data that differentiates between types of generator, rather than reporting total levels of gross Export.

BSC Options 1 and 3 are more complicated than Option 2 because they must differentiate between Export Metered Volumes related to different types of generator site. This level of differentiation is not currently necessary for Settlement purposes. So any change would need to introduce a means of identifying and maintaining details of individual Export Metering Systems according to definitions in the CUSC; it would then need to aggregate Export Metered Volumes according to these new classes of Metering System.

ELEXON and the P348 & P349 Workgroup developed two solutions to this problem. Option 1 seeks to introduce processes that run in parallel to existing Settlement processes. Option 3 seeks to modify existing Settlement processes by introducing more levels of disaggregation to the way Metering Systems are registered and Settlement Data is aggregated.

Option 1 is estimated to cost £173,677 to make significant changes to BSC Central Systems. In addition, Option 1 will require substantive changes to Suppliers' and Supplier Agents' processes and systems (although all but one respondent to our Assessment Consultation did not identify specific costs for making changes). National Grid's response identified potential costs of £2million to implement any of the options developed under P348 and P349.

Option 3 is estimated to cost £142,903 to make changes to BSC Central Systems. Option 3 has a less significant impact on Suppliers and Supplier Agents. This is because Suppliers are only required to ensure that their Metering Systems' registration details are kept up to date, i.e. no new registration items will be introduced. Option 3 still places an increased burden on Suppliers to monitor and maintain registration details but it is far less onerous than Option 1.

The P348 and P349 Workgroup have targeted all three BSC options for implementation as part of the scheduled February 2018 BSC Systems Release. This recommendation is based on the Workgroup's consideration of the CUSC proposals, Ofgem's minded to position, responses to the P348 and P349 Assessment Consultations and ELEXON's assessment of the existing scheduled Releases, particularly the November 2017 Release, which is already 'full'. Whilst implementation in February 2018 would not enable the aggregation and reporting of gross Import and Export data over the Winter 2017/18 period, a February 2018 Release will still ensure a solution is implemented in time to report data that can be used by National Grid to levy charges from 1 April 2018. In order to support the calculation and setting of indicative TNUoS charges, implementation of BSC Option 2 will include the provision of three years' worth of historical data. This is only possible for Option 2 as Option 1 and 3 plan to introduce processes for identifying and aggregating specific volumes of metered data that are not possible historically.

It is also important to note that Options 1 and 3 will require changes to the Master Registration Agreement (MRA) Data Transfer Catalogue (DTC). Option 1 will require the creation of three new data flows and Option 3 requires minor amendments to two existing data flows. We will raise these DTC changes with the MRA Issues Resolution Expert Group (IREG) at the end of April 2017. We are raising changes in support of both BSC Option 1 and 3 now as a precautionary measure to allow time to consider all potential DTC changes, as we cannot be sure which CUSC or BSC option Ofgem will choose.

In light of the timetables to implement any of the BSC options in the February 2018 Release, ELEXON will need a decision on P348 and P349 by the end of June 2017.

If you have any questions or would simply like to discuss our response in more detail, please call me on 020 7380 4007 or email me at [nicholas.rubin@elxon.co.uk](mailto:nicholas.rubin@elxon.co.uk).

Yours sincerely,

Nicholas Rubin

Market Advisor, Design Authority