

CP1414 v2.0 'Combining LDSO and Embedded LDSOs UMS Inventories on to single LDSO MSID'

ELEXON



Any questions?

Contact:

Oliver Xing



oliver.xing@elexon.co.uk



020 7380 4276

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About This Document

The purpose of this Change Proposal (CP) Consultation is to invite BSC Parties, Party Agents and other interested parties to provide their views on the impacts and the merits of CP1414 v2.0. The Supplier Volume Allocation Group (SVG) will then consider the consultation responses before making a decision on whether or not to approve CP1414 v2.0.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the SVG's initial views on the proposed changes.
- Attachment A contains the CP1414 v2.0 Proposal Form.
- Attachment B contains the proposed redlined changes to deliver the CP1414 v2.0 solution.
- Attachment C contains the specific questions on which we seek your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish to be considered.

CP1414 v2.0
CP Consultation

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Version 1.0

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1 Why Change?

Background

Distribution Systems are directly connected to the Transmission System and are operated by Licensed Distribution System Operators (LDSOs) (referred as “host” in the below context). Within each Distribution System, there may be one or more embedded Distribution Systems operated by Embedded LDSOs (referred as “embedded” in the below context). Under the current arrangements, [BSCP520 'Unmetered Supplies Registered in SMRS'](#) and the [Operational Information Document \(OID\)](#) set out the processes to be followed where an embedded Distribution System is connected to a host Distribution System and subsequently connects an Unmetered Supply (UMS) to that embedded Distribution System.

What is the issue?

UMS connections provided to UMS customers can have exit points that spread amongst a wide geographic area covering a number of different embedded Distribution Systems. This can mean that the UMS customers must trade an additional separate Metering System ID (MSID) for each embedded Distribution System operating in its area.

Furthermore, to accommodate inter-distributor billing, the Embedded LDSOs must also ensure that a separate MSID is raised for each different embedded distribution boundary connection arrangement it has with the Host LDSO that provides UMS connections to the UMS customer.

The Proposer asserts that this unnecessarily increases the number of MSIDs that a UMS customer is required to trade against its portfolio of UMS connections.

Proposed solution

The Proposer, ESP Electricity Limited, submitted [CP1414 'Combining LDSO and Embedded LDSOs UMS Inventories on to single LDSO MSID'](#) on 14 May 2014. CP1414 v1.0 proposed to give UMS customers the option to trade their UMS connections from embedded Distribution Systems under a single LDSO MSID. This would be achieved by combining such inventories of connections with the existing inventory linked to the already-registered Host LDSO's MSID.

Progression

CP1414 v1.0 was presented to the SVG for comment on 3 June 2014 before it was formally issued for CP Consultation. ELEXON issued CP1414 v1.0 for consultation as part of CP Circular (CPC) 00741 on 3 June 2014. Due to the number of responses that suggested material changes to the solution and sought further clarification around the parallel work being undertaken, the Proposer sought views on the proposal through a CP Workgroup.

The CP1414 Workgroup met on 15 September 2014 to discuss the issue and proposed solution. Following the meeting, the Proposer revised CP1414 for version 2.0, which provided further clarification to address some of the points raised during the consultation and at the CP Workgroup meeting. The revised CP and detailed solution was provided to the CP Workgroup for comment.

Version 2

CP1414 v2.0 was raised on 26 November 2014. It continues to propose to allow UMS customers to be able to trade their UMS connections from Embedded LDSO networks under a single LDSO MSID. This would be achieved by combining these inventories into the existing inventory linked to the already-registered Host LDSO's MSID.

It should be noted that the Embedded LDSO will continue to have full responsibility for the connections to its Distribution System, including validation and audit of these connections. Furthermore, any upstream LDSO will not be required to validate the Embedded LDSO's inventory, with this responsibility remaining with the UMS customer and Embedded LDSO. The Embedded LDSO would be required to provide evidence to the Host LDSO that any necessary agreements are in place, which will release the Host LDSO from any obligations regarding validating or maintaining the inventory.

Full details of the Proposer's proposed solution can be found in Attachment A.

Proposer's rationale

The Proposer believes that the solution of CP1414 v2.0 would reduce the number of MSIDs needed for UMS customers and subsequently reduce the costs of Meter Administration and improve efficiency in inter-distributor billing (due to UMS customers having small number of inventories (average 10 streetlights) per MSID, as a result, their daily Estimated Annual Consumption (EAC) rounds to 0.000MWh to three decimal places and therefore Distribution Use of System (DUoS) charges cannot be recovered by their Host or Embedded LDSOs). A simplified process would remove the burden for customers

contracting UMS connections with Embedded LDSOs. This would promote competition in the UMS connections and distribution markets.

It should be noted that some UMS customers do currently combine inventories, either accidentally or intentionally; CP1414 v2.0 will apply governance to this practice.

CP Consultation Question

Do you agree with the CP1414 v2.0 proposed solution?

Please provide your rationale.

We invite you to give your views using the response form in Attachment C

Proposed redlining

The proposed changes to BSCP520 to deliver CP1414 v2.0 can be found in Attachment B.

CP Consultation Question

Do you agree that the draft redlining delivers the CP1414 v2.0 proposed solution?

If 'No', please provide your rationale.

We invite you to give your views using the response form in Attachment C

3 Impacts and Costs

Central impacts and costs

Central impacts

CP1414 v2.0 will require changes to BSCP520 and the OID. There are no system impacts.

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none">BSCP520Operational Information Document	<ul style="list-style-type: none">None

Central costs

The central implementation costs for CP1414 v2.0 will be approximately £240 (1 man day) for ELEXON to implement the relevant document changes. There are no BSC Agent costs or impacts.

BSC Party & Party Agent impacts and costs

Participant impacts

The changes to BSCP520 and the OID will have an impact on LDSOs and UMSOs. Whilst it is expected that the CP will ultimately reduce costs and administration, LDSOs and UMSOs will need to amend processes to implement the CP.

BSC Party & Party Agent Impacts	
BSC Party/Party Agent	Impact
LDSO	Minor process changes
UMSO	

CP Consultation Questions

Will CP1414 v2.0 impact your organisation? <i>If 'Yes', please provide a description of the impact(s) on your organisation and any activities which you will need to undertake between the approval of CP1414 v2.0 and the CP1414 v2.0 Implementation Date (including any necessary changes to your systems, documents and processes). Where applicable, please state which of the roles that you operate as will be impacted and any differences in the impacts between each role.</i>
Will your organisation incur any costs in implementing CP1414 v2.0? <i>If 'Yes', please provide details of these costs, how they arise and whether they are one-off or on-going costs.</i>
We invite you to give your views using the response form in Attachment C

4 Implementation Approach

Recommended Implementation Date

CP1414 v2.0 is proposed for implementation on 25 June 2015 as part of the June 2015 BSC Systems Release as this is the earliest Release that this CP can be included in.

CP Consultation Question

Do you agree with the proposed implementation approach for CP1414 v2.0?

Please provide your rationale.

We invite you to give your views using the response form in Attachment C

5 Initial Committee Views

SVG's initial views

We presented CP1414 v1.0 to the SVG for comment at its meeting on 3 June 2014 ([SVG160/10](#)). The SVG had no initial comments on the proposed changes at that time.

CP1414 v2.0 has not been presented to the SVG for initial comment.

6 CP Workgroup's Discussions

To address some of the concerns raised during the first consultation, ELEXON held a CP Workgroup meeting. The CP Workgroup raised a number of points, which are set out below along with the Proposer's responses.

CP Workgroup's Discussions	
CP Workgroup's question	Proposer's response
The latest Distribution Price Control ED1 introduced losses incentive through Distribution License Condition 49. Would this change reduce the validation of losses?	This scenario is no different to the current arrangements where the requirement for a Boundary Meter between the upstream and Embedded LDSO was removed in April 2010. The issue for metered customers was addressed at that time (through Portfolio Billing) and a similar approach can be taken here. However, this is beyond the scope of BSCP520. In this regard, the Host LDSO will have sight of the unmetered consumption on the Embedded Network regardless of whether the Embedded LDSO opts to recover DUoS revenue – this will be provided via the UMS Certificate outlined above.
How does it work for the Host LDSO's reporting distributed units?	Embedded LDSO's units can be netted off the Host LDSO's figures – as covered off in the removal of Boundary Meters in April 2010.
How can we ensure effective communication of inventory updates to Embedded LDSOs?	It is proposed that a Nominated Collection Agent will be appointed by the Embedded LDSOs, and it will be required that the UMS customer adds the Nominated Collection Agent to its circulation list when forwarding inventory updates to the Host LDSO. The Nominated Collection Agent can then forward a breakdown of each Host LDSO's inventory to each Embedded LDSO, extracting only the relevant inventory lines to that Embedded LDSO's UMS connections. This responsibility will be defined in the connection agreement between the customer and the Embedded LDSO.
Will a customer be able to trade their entire inventory under the Embedded LDSOs MSID?	<p>The solution will only allow multiple inventories under a single MSID where the majority of the inventory items relate to the single MSID. A customer can add its inventory connected to another Embedded LDSO's network to an existing MSID only if the existing MSID has a larger inventory and greater consumption. It will not be permitted to transfer the inventory to an MSID with a smaller inventory.</p> <p>The CP Workgroup discussed the possibility of having a threshold that, when it is reached, the Embedded LDSO will be required to issue its own UMS MSID. Due to the fact that different Suppliers will have different thresholds on which they decide</p>

CP Workgroup's Discussions

CP Workgroup's question	Proposer's response
	whether to contract with the customer or not, it would be difficult to set a threshold that meets all Supplier's requirements. Additionally, one Supplier advised that their threshold was 50,000KWh per MSID, which is a figure unlikely to be reached by an Embedded LDSO. Not permitting the transfer of an inventory to an MSID with a smaller inventory is a pragmatic approach to a threshold question.
One member stated that he believed that Host LDSOs/Embedded LDSOs have a licence obligation to bill DUoS for their distribution services area. Would a Host or Embedded LDSO be in breach of their Distribution Licence by billing DUoS for equipment on another network?	Precedence already exists in a number of existing arrangements where Transmission Exit Charges are included in Common Distribution Charging Methodology (CDCM) tariffs levied by LDSOs to their own customers, yet these charges relate to equipment on another network. Similarly Embedded LDSOs apply charges to their customers which relate to the equipment on the upstream network and the Transmission System. Given these points the Proposer is satisfied that no breach of Distribution Licence conditions would arise from this Change Proposal.
One member of the Issues Group noted that the crux of the problem was initially based around Supplier and Meter Administration costs. Is there the potential for Suppliers to aggregate up the invoices and just issue one invoice covering their customer's whole portfolio?	It is unclear if there is an ability to mandate that Suppliers would be required to aggregate separate MSIDs into a single invoice. However even if there was such an arrangement it would not address the issue of additional Meter Administration cost as the inventories against each MSID would still need to be profiled for HH trading purposes. These charges tend to outweigh the additional administration costs Suppliers levy. MA is an unregulated service and therefore it is not within the remit of the BSC or Ofgem to set charges for this service.
During the Workgroup discussions the SLA representative confirmed that they would not refuse to adopt if the work was completed to the Section 38 or 278 standards, yet CP1414 also refers to the fact that local authorities will not adopt equipment on an Embedded LDSO network.	This view does not reflect the actual case on the ground where Embedded LDSO customers continue to struggle to have Section 38 agreements completed with their local authority. This is self-evident by the lack of Embedded LDSO MSIDs that are currently traded by local authorities. Local authorities are either delaying the adoption or threatening to impose substantial costs on developers for opting to go with an Embedded LDSO, to cover their administration burden. One local authority quoted that the figure could be as much as £140k, which will be recovered from a developer as a result of choosing an Embedded LDSO.

Appendix 1: CP1414 Workgroup Details

CP Workgroup membership and attendance

CP1414 Workgroup Attendance		
Name	Organisation	15 Sep 14
Claire Anthony	ELEXON (<i>Chair</i>)	✓
Simon Fox	ELEXON (<i>Lead Analyst</i>)	✓
Kevin Spencer	ELEXON	✓
Violeta Argyropoulou	ELEXON	✓
Donna Townsend	EPS Electricity (<i>Proposer</i>)	✓
Walter Hood	IBM on behalf of Scottish Power	✓
Neil Fitzsimons	Power On Connections	✓
Nigel Birchley	Power Data Associates	✓
Paul Angus	SSE Power Distribution	✓
Ryan Parker	Western Power Distribution	✓
Andrew Sherry	Electricity North West	✓
Mark Burton	UK Power Networks	✓
Kevin Moss	West Sussex CC	✓
Barry Dockney	Highways Agency	✓
Derek Westney	npower	✓
Andy Eades	npower	✓
Chris Horton	Northern Powergrid	✓

Appendix 2: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Glossary of Defined Terms	
Acronym	Definition
CDCM	Common Distribution Charging Methodology
CP	Change Proposal
CPC	Change Proposal Circular
DUoS	Distribution Use of System
HH	Half Hourly
MA	Meter Administrator
MSID	Metering System Identifier
NHH	Non Half Hourly
OID	Operational Information Document
SLA	Street Lighting Authorities
SVG	Supplier Volume Allocation Group (<i>Panel Committee</i>)
UMS	Unmetered Supply
UMSO	Unmetered Supplies Operator
UMSUG	Unmetered Supply User Group (<i>Panel Sub-Group</i>)

DTC data flows and data items

DTC data flows and data items referenced in this document are listed in the table below.

DTC Data Flows and Data Items	
Number	Name
D0030	Non Half Hourly DUoS Report

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
2	BSCPs page on the ELEXON website (for BSCP520)	http://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/
2	Charge Codes and Switch Regimes page on the ELEXON website (for the OID)	http://www.elexon.co.uk/reference/technical-operations/unmetered-supplies/charge-codes-and-switch-regimes/

External Links		
Page(s)	Description	URL
3	CP1414 page on the ELEXON website	http://www.elexon.co.uk/change-proposal/cp1414/
7	SVG160 page on the ELEXON website	http://www.elexon.co.uk/meeting/svg-160/