CP Progression – CP1369

Meeting Name	Supplier Volume Allocation Group
Meeting Date	1 May 2012
Purpose of paper	For Decision
Summary	This report provides details of the background, solution, impacts and industry views of CP1369 'Increased Flexibility in BSCP550 Data Splitting Algorithms'. The SVG is requested to consider the report and to reach a decision on whether to approve the CP.

1.   Why Change?

1.1   Background

1.1.1   Discussions with Half Hourly Data Collectors (HHDCs) using BSCP550[1] have revealed a number of areas in which the Data Splitting algorithms in this BSCP are overly prescriptive. This unnecessarily limits the options available to Suppliers and generators.

1.1.2   Three issues have been identified under CP1369.

1.2   Issue 1 – Requirements introduced at NETA Go-Live unintentionally removed the option of data splitting using non-Settlement sub-meters

1.2.1   One of the requirements introduced into BSCP550 at NETA Go-Live was that the Allocation Schedule must be agreed prior to Gate Closure. This requirement is necessary to maintain the general prohibition on ex post trading of imbalances under the NETA arrangements. Unfortunately, the way the requirement was introduced into BSCP550 was unnecessarily prescriptive, and prevents the use of meter readings from non-Settlement sub-meters to determine the split of generation between Suppliers.

1.2.2   This type of Shared SVA Meter Arrangement has been in use at certain sites since at least 2000. It uses a Percentage Method, but with the percentage split between two (or more) Suppliers determined using the readings from non-Settlement sub-meters.

1.2.3   The advantage of this type of arrangement is that it allows more than one generator to share a single connection to the Distribution System, lowering the cost of access to the market for small embedded generators.

1.2.4   It is believed that this method was originally introduced following discussion with the Electricity Pool of England and Wales, and was consistent with the Agreed Procedure (AP550) in force at the time. The

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[1] BSCP550 'Shared SVA Meter Arrangement of Half Hourly Import and Export Active Energy'

Allocation Schedule (as defined in AP550 and BSCP550) was considered to be the result of the calculation described above – i.e. the sub-meter readings were used to construct the Allocation Schedule. Because AP550 left it up to the Suppliers to determine how the Allocation Schedule was constructed, this was consistent with the procedure, and did not need to be explicitly described.

1.2.5   However, this method does not appear to have been included in BSCP550 when it was initially drafted, and so this approach is not consistent with the requirement (introduced at NETA Go-Live) for the Allocation Schedule to be determined prior to Gate Closure. It is not believed that there is any fundamental inconsistency between this type of Shared SVA Metering Arrangement and the NETA requirement to agree an Allocation Schedule prior to Gate Closure. The requirements in BSCP550 could be redrafted to support this while still maintaining the principle that the Allocation Schedule must be agreed before Gate Closure (in accordance with the general prohibition on ex post trading of energy imbalances).

1.3   Issue 2 – Certain data-splitting algorithms supported by BSCP550 are arbitrarily restricted to two Suppliers

1.3.1   Modification Proposal P67[2] amended the BSC to allow Shared SVA Metering Arrangements involving more than two Suppliers. It also introduced a 'Multiple Fixed Block' method to take advantage of this flexibility. However, the existing 'Percentage' and 'Capped Block' methods are still restricted to two Suppliers. Removing this artificial constraint would allow more flexibility for Suppliers and generators – e.g. it would allow meter splitting using non-Settlement sub-meters with more than two generators.

1.4   Issue 3 – Requirement to round Primary Supplier's allocation to nearest kWh

1.4.1   The description of the Percentage Method in Appendix 4.2.1 of BSCP550 requires that the energy allocated to the Primary Supplier is rounded to the nearest kWh "to prevent non-integer values of energy being processed by Settlements". For example, if the Suppliers had agreed a 50:50 split and the physical meter reading was 50.7kWh, the Primary Supplier would be allocated 25kWh and the Secondary Supplier would be allocated the remaining 25.7kWh[3].

1.4.2   Given that the Settlement data flows allow one decimal place for consumption values, this is inaccurate. It would be better to permit rounding to one decimal place – i.e. for the example above with a physical meter reading of 50.7kWh, the Primary Supplier is allocated 25.4kWh and the Secondary Supplier is allocated 25.3kWh.

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[2] P67 'Facilitation of further consolidation options for Licence Exempt Generators (DTI Consolidation Working Group 'Option 4')'

[3] When energy is split, the volume allocated to each Supplier is rounded to the nearest whole kWh – in this case a 50:50 split would allocate 25.35kWh to each Supplier, which would then be rounded to 25kWh. Any residual volume, which can be negative, is then allocated to the Secondary Supplier – in this case there is a residual of 0.7kWh which is allocated to the Secondary Supplier.

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2.   Solution

2.1   CP1369 'Increased Flexibility in BSCP550 Data Splitting Algorithms' was raised on 2 March 2012. It proposes to amend BSCP550 in order to address the issues highlighted above. A summary of the changes is provided below, and the proposed changes to BSCP550 can be found in Attachment A.

2.2   It is not intended that all BSCP550-compliant HHDCs should have to implement these specialised methods of data splitting. BSCP550 will specify that these methods are available where supported by the HHDC. CP1369 will therefore have no impact on Suppliers and HHDCs who do not wish to take advantage of the flexibility that it offers.

2.3   Data Splitting using non-Settlement sub-meters

2.3.1   BSCP550 will be amended to allow the use of meter readings from non-Settlement sub-meters to allocate Active Energy between Metering Systems. The Allocation Schedule (which is supplied by the Primary Supplier) will specify which sub-meter corresponds to which virtual Metering System. The actual Settlement Period-by-Settlement Period split between Suppliers (based on the sub-meter readings) will no longer be considered to be part of the Allocation Schedule. This ensures consistency with the BSC requirement that the Allocation Schedule must be provided by the Primary Supplier prior to Gate Closure.

2.3.2   The Allocation Schedule must also specify the split to be used if sub-meter data is unavailable (e.g. due to a metering fault). Because these are non-Settlement meters, they will not have Meter Operator Agents appointed, and so it will be up to the Suppliers involved to ensure that any metering faults are fixed. The default Allocation Schedule ensures that any such metering fault does not impact the broader Settlement arrangements.

2.3.3   The BSCP wording will also be amended to allow the method of percentage splitting using sub-meters to be combined with other techniques (e.g. the 'capped block' method). In this case the sub-meter splitting would be applied first, in order to split the meter reading at the boundary between two (or more) virtual Metering Systems. A second round of splitting (using one of the other methods) would then be applied to each virtual Metering System.

2.3.4   All the examples of this form of data splitting that are currently known about relate to Export Metering Systems, each of which is associated with a non-Settlement sub-meter, and with losses shared between the Metering Systems in proportion to their generation. However, the proposed BSCP550 wording is not intended to be prescriptive on this, and would (where agreed by the Suppliers and supported by the HHDC) also allow:
- Use of the technique for Import Metering Systems; and
- Other pre-agreed methods for sharing of on-site losses between the virtual Metering Systems (provided that the total energy allocated to the virtual Metering Systems always equals the boundary meter reading).

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2.4   Percentage and Capped Block methods with more than two Suppliers

2.4.1   BSCP550 will be amended to allow the Percentage and Fixed Block methods to be used with more than two Suppliers (where HHDC systems support this).

2.5   Rounding Rules

2.5.1   The rounding rules in Appendix 4.2.1 of BSCP550 will be amended to allow rounding to the nearest tenth of a kWh (where supported by HHDC systems and agreed with the Suppliers).

2.6   Other minor clarifications

2.6.1   The redlined text also includes a clarification of the statement in Section 1.1 of BSCP550 that "the requirements for allocating the Reactive Energy between two or more Suppliers are outside the scope of this document". This statement is not intended to preclude the use of Data Splitting for Reactive Energy where agreed between Suppliers and HHDCs.

3.   Industry Views

3.1   CP1369 was issued for participant Impact Assessment via CPC00709. We received 6 responses of which 3 agreed and 3 were neutral.

3.2   The breakdown of responses is shown in the following table. The full collated participant responses to CP1369 are available in Attachment B or on the ELEXON website here.

Respondent Role	Respondent Support		
	Yes	No	Neutral
LDSO	-	-	2
Supplier	1	-	-
Mixed[4]	2	-	1
Total	**3**	**0**	**3**

3.3   No respondents were against the changes proposed by CP1369. One respondent had some questions as part of their response, and these are summarised in the following table, along with ELEXON's response. No other respondents made any comments on CP1369.

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[4] Two or more of Supplier, Generator, Trader, Party agent or Distributor

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Respondent's Query	ELEXON's Response
Would the standard of the non settlement metering be considered as part of a TAM audit?	No, it would not. A BSCP550 Shared SVA Metering Arrangement is based on the Primary and Secondary Suppliers coming to their own agreement on how to split the boundary meter reading, and the non-settlement metering is therefore a matter for them and their customer. Although the redlining does refer to the non-settlement metering being of settlement standard, this is in the context of an example of the type of arrangement Suppliers may wish to use. The redlining goes on to explain that other methods are permissible, provided that they are agreed by all the Suppliers; that they are supported by the Qualified HHDC's systems and processes; and that they are consistent with the requirements in Appendices 4.3 and 4.4. This would include use of non-settlement metering that wasn't of settlement standard (provided the Suppliers involved agreed). A TAM check would focus on assuring that the settlement metering is correct (which ensures that the total energy for the site is correct, and therefore that the interests of other BSC Parties are protected).
If the non-settlement metering has to meet the CoP does this need to be part of BSCP514 as a hook for the MOA or is the statement in BSCP550 enough to ensure the MOA or whoever owns the meter is compliant? What would be the result of non-compliant secondary metering and who is obligated to ensure that this metering is compliant?	See above – if the Primary and Secondary Suppliers agreed to split the boundary metering readings based on non-compliant secondary metering that would be acceptable (and would have no impact on other BSC Parties). But assuming some or all of the Suppliers were of the view that the secondary metering needed to be CoP-compliant, the Parties involved would need to agree the necessary arrangements between themselves. If they couldn't reach agreement on this the Shared SVA Metering Arrangement would potentially come to an end (given that they are voluntary arrangements, which Secondary Suppliers are able to leave).

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Respondent's Query	ELEXON's Response
Do the meters on the generation circuits have to match the CoP of the settlement metering or meet what would be the applicable CoP for the generation?	This is up to the Suppliers concerned (see above). Although it would seem unnecessary to impose CoP requirements at the boundary on smaller generators within the site whose individual circuit has a lower capacity.
Do procedures need to be in place to allow interoperability of the secondary metering as a component of the settlement arrangement or are these considered to be customer owned?	The secondary metering is outside the scope of the settlement arrangements, and its meter operation arrangements are as agreed between customer and Suppliers (see above).

3.4 Comments on the Proposed Redlining

3.4.1   No comments were received on the proposed redlined changes to BSCP550.

4.   Intended Benefits

4.1   Data Splitting using non-Settlement sub-meters

4.1.1   BSCP550 should be amended to support this type of meter splitting (where agreed by Suppliers and HHDC). This will avoid the significant cost and disruption that would be incurred by generators at these existing sites if they were no longer able to use the arrangements that they have been successfully operating for the last ten or more years. It will also open up the possibility of other generators (or customers) gaining the benefits of using such arrangements.

4.1.2   This change will facilitate effective competition in the generation and sale of electricity, by permitting more than one generator to share a single connection to the Distribution System and sell their output to different Suppliers. If this arrangement was not permitted, generators sharing the connection would be forced to sell their output to a single Supplier (and implement the meter splitting arrangements outside the scope of the Settlement system, through bilateral or multilateral agreements), which would not facilitate competition in the generation of electricity.

4.2   Percentage and Capped Block methods with more than two Suppliers

4.2.1   The current restriction of these methods to only two Suppliers constrains the trading options open to Suppliers and their customers, while bringing no benefit to Settlement. Removing the constraint (on an optional basis, where Suppliers and HHDCs agree to do so) removes 'red tape' from the BSC arrangements, and facilitates competition in the supply and generation of electricity.

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4.3 Rounding Rules

4.3.1 The requirement to round to the nearest kWh appears to be an anomaly, given that the settlement data flows (e.g. the D0036) support consumption values to the nearest tenth of a kWh. Allowing HHDCs the option of rounding to the nearest tenth of a kWh will allow the Allocation Schedules agreed between Suppliers to be more accurately reflected in Settlement.

5. Impacts and Costs

5.1 The following table summarises the ELEXON effort required to implement CP1366 and the impact on market participants.

Market Participant	Cost/Impact	Implementation time needed
ELEXON (Implementation)	1.5 man days, equating to £360	November 2012 Release is suitable
Other Market Participants	No impact	November 2012 Release is suitable

6. Implementation Approach

6.1 CP1366 would be implemented on 29 November 2012 as part of the November 2012 BSC Systems Release, as this is the next available BSC Systems Release.

7. Recommendations

7.1 We invite you to:

a) **AGREE** the proposed amendments to BSCP550; and

b) **APPROVE** CP1369 for implementation on 29 November 2012, as part of the November 2012 Release.

Attachments:
Attachment A – BSCP550 Redlining v0.3
Attachment B – Collated Responses to CPC00709 for CP1369

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