

CP1539 'Inclusion of LCCC as an Affected party in Metering Dispensation applications'



Contact**Nathan Flood**

020 7380 4130

BSC.change@elexon.co.uknathan.flood@elexon.co.uk

Contents

1	Summary	2
2	Why Change?	3
3	Solution	4
4	Impacts and Costs	5
5	Implementation Approach	6
6	Initial Committee Views	7
	Appendix 1: Glossary & References	8

About This Document

The purpose of this CP1539 CP Consultation is to invite BSC Parties, Party Agents and other interested parties to provide their views on the impacts and the merits of CP1539. The ISG/SVG will then consider the consultation responses before making a decision on whether or not to approve CP1539.

There are three 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 ISG/SVG's initial views on the proposed changes.
- Attachment A contains the proposed redlined changes to deliver the CP1539 solution.
- Attachment B 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.
- Attachment C contains the Proposal Form for this Change Proposal.



Why change?

Under [Balancing and Settlement Code Procedure \(BSCP\) 32](#) there is currently no mechanism to ensure that the Low Carbon Contracts Company (LCCC) is informed of Metering Dispensations applications related to generation sites where there are Contracts for Difference (CfD) arrangements in place. As such the LCCC may not be aware that Metering Dispensations are being raised that impact CfDs, which are part of the Government's energy policy, so they will not know if they need to engage with CfD parties.

Solution

This change proposes to include the LCCC as an Affected party for future Metering Dispensations by including them in the List of Definitions in BSCP32.

It also proposes to modify the BSCP32 section 4.1 application form to seek confirmation from the applicant that they have engaged with the LCCC (where applicable). The solution is intended to make sure the LCCC are informed in advance of a Metering Dispensation application. This will allow LCCC to consider what impact, if any, the Dispensation could have on its CfDs and will not give the LCCC any other rights or powers.

LCCC being made aware of an application for a Metering Dispensation being made will allow them to assess any potential issues with the Metering Dispensation with regards to compliance with the CfD and advise the generator accordingly.

Impacts and costs

This CP will impact market participants seeking to apply for Metering Dispensations. It will also impact the LCCC. Elexon implementation costs will be <£1k. We do not anticipate any significant impacts or costs for market participants or LCCC, but seek confirmation via this consultation.

Implementation

This CP is recommended for implementation on 30 April 2021 as part of the ad hoc April 2021 BSC Release.

What is the Low Carbon Contracts Company (LCCC)?

LCCC's primary role is to manage CfDs with low carbon generators throughout their lifetime, which involves management of the contracts as well as the Supplier Obligation Levy that funds CfD payments.



What is an Affected party?

BSCP32 does not define the term though existing Affected parties for site specific Metering Dispensations include: customers; NETSO; LDSOs; and any Party other than the Registrant responsible for Aggregation Rules relating to such Metering Equipment.



What is the issue?

BSCP32 requires Registrants applying for a Metering Dispensation to notify and seek endorsement from Affected parties before an application is submitted, as the arrangements proposed in the Metering Dispensation may have a material impact on an Affected Party. Applicants are asked to include a letter of endorsement (where appropriate) with their application. If it is shown that the views of Affected parties are not sought the Metering Dispensation may be rendered void.

The LCCC does have the option of reviewing published applications (included as published committee papers) and granted Metering Dispensations, though only where the application is not confidential. The LCCC, however, needs to be informed of an intended application so this stage is too late for the LCCC to highlight any areas of conflict with the CfD arrangements to the Applicant.

Applications for Metering Dispensations may relate to generation sites where there are also Contracts for Difference (CfD) arrangements in place. The Low Carbon Contracts Company (LCCC) is not currently listed as an Affected party and so there is no mechanism to ensure that they are informed of Metering Dispensations applications at such sites.

As such the LCCC may not be aware that Metering Dispensations are being raised that impact CfDs, which are part of the Governments energy policy, so they will not know if they need to engage with CfD parties.

Background

A Metering Dispensation allows for Metering Equipment to deviate from some or all of the requirements of the applicable Code of Practice. It can be agreed where the reasons for deviation are financial or for reasons of practicality.

Contracts for Difference is one of the arrangements that came out of the EMR regulations. CfD, in the majority of cases, rely of the BSC Settlement Metering System (with the exception of any Private Network Agreement awarded). Under the BSC a Metering System can be subject to a Metering Dispensation and this would also be applicable to the CfD as it relies on the same Metering System.

LCCC's primary role is to manage CfDs with low carbon generators throughout their lifetime, which involves management of the contracts as well as the Supplier Obligation Levy that funds CfD payments.

CfD obligations

There are metering obligations that are required in the CfD Agreement and part of LCCC's role is to confirm that those obligations have been met prior to the generator's Start Date, under CfD, being authorised by LCCC. Where a Metering Dispensation is granted under the BSC it may unintentionally prevent the metering obligations being met under the CfD.

What is a Metering Dispensation?

If you're the Registrant of a Metering System, you can apply for a Metering Dispensation, if for financial or practical reasons the associated Metering Equipment is not compliant with the applicable Code of Practice.

3 Solution

Proposed solution

Include the LCCC as an Affected party

We propose to include the LCCC as an Affected party for future Metering Dispensations by including them in the List of Definitions in BSCP32 paragraph 2.2.

Amend the application form for Metering Dispensations

We also propose modifying the application form contained in BSCP32 section 4.1 to include confirmation that the applicant has engaged with the LCCC (where applicable) and other Affected parties.

Proposer's rationale

The solution will allow LCCC to request relevant information from the Applicant relating to associated 'aggregation rules' for each Metering Dispensation in situations likely to affect the LCCC as CfD Counterparty. The benefit for LCCC is that it promotes discussion between LCCC and the Applicant to ensure clarity of compliance.

CP Consultation Question

Do you agree with the CP1539 proposed solution?

Please provide your rationale.

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

Proposed redlining

The proposed redlining to deliver this CP is included in Attachment A.

CP Consultation Question

Do you agree that the draft redlining delivers the CP1539 proposed solution?

If 'No', please provide your rationale.

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

4 Impacts and Costs

BSC Party & Party Agent impacts and costs

Participant impacts

BSC Party & Party Agent Impacts	
BSC Party/Party Agent	Impact
Parties applying for Metering Dispensation	Requirement to complete additional tick boxes on the application form and to engage with LCCC (if applicable)

This will also impact the LCCC, as parties applying for Metering Dispensations will notify them of the application.

Central impacts and costs

Central impacts

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none">BSCP32Local Working Instructions	<ul style="list-style-type: none">None

Central costs

The central implementation costs for CP1539 will be <£1k

CP Consultation Questions

Will CP1539 impact your organisation?

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 CP1539 and the CP1539 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.

Will your organisation incur any costs in implementing CP1539?

If 'Yes', please provide details of these costs, how they arise and whether they are one-off or on-going costs.

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

5 Implementation Approach

Recommended Implementation Date

We are targeting the ad hoc April 2021 BSC Release. The Implementation Date is **1 April 2021**.

This is the earliest Release that the CP can be implemented in and will better engage the LCCC as an Affected party in the Metering Dispensations process, ensuring it's aware of site specific Metering Dispensations that have a CfD arrangement, in time for their contract run in September 2021.

CP Consultation Question

Do you agree with the proposed implementation approach for CP1539?

Please provide your rationale.

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

ISG's initial views

The [ISG](#) noted that CP1539 has been raised, and noted the proposed progression time table, with no additional comments.

SVG's initial views

We presented the Progression Paper to the SVG at its [meeting on 1 December 2020](#). The [SVG](#) noted that CP1539 has been raised, and noted the proposed progression time table and questioned the need for the solution. The SVG noted that the desired outcome could be achieved under BSC Section V. SVG asked Elexon to acquire a legal view on this matter.

We have since clarified the legal position. BSC Section V5 requires Elexon to provide any data or information to EMRS, LCCC or ESC that they reasonably require in order to discharge EMR Settlement Functions (as set out in the EMR regulatory framework). There is some advantage, from a transparency and process perspective, to having LCCC identified as an Affected Party in BSCP32.

As an Affected party LCCC would be consulted prior to the application for a Metering Dispensation being formally submitted to BSSCo. If Section V allows us a mechanism to notify LCCC it would be too late in the process for the LCCC's needs.

Reliance on BSC Section V assumes Elexon knows that the Metering System does have a Contracts for Difference, which they may not do.

The SVG also believe it to be inappropriate for such a change to be governed under the BSC as opposed to EMR. Elexon agreed to take this point away.

Since the meeting Elexon would clarify that Affected parties currently include customers. Like customers the LCCC are not party to the Code but can be impacted by decisions made under it.

Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BSCP	BSC Procedure
CfD	Contracts for Difference
CP	Change Proposal
CPC	Change Proposal Circular
ISG	Imbalance Settlement Group
LCCC	Low Carbon Contracts Company
LDSO	Licensed Distribution System Operator
NETSO	National Electricity Transmission System Operator
SVG	Supplier Volume Allocation Group

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	BSCP32 'Metering Dispensations'	https://www.elexon.co.uk/documents/bsc-codes/bscps/bscp32-2/
7	Imbalance Settlement Group	https://www.elexon.co.uk/group/imbalance-settlement-group-isg/
7	Supplier Volume Allocation Group	https://www.elexon.co.uk/group/supplier-volume-allocation-group-svg/
8	Event Page - SVG238	https://www.elexon.co.uk/meeting/svg238/