

REQUEST FOR INFORMATION

INFORMATION FOR	Issue 89 'Ensuring Demand Control Event (DCE) procedures remain fit for purpose' and Modification P397 'Assessing the costs and benefits of adjusting Parties' Imbalances following a demand disconnection'
Owner	Craig Murray
Purpose	To provide evidence of the costs and effort of running the Demand Control Event Settlement Adjustment Processes to support an Ofgem request and Issue 89 and P397.
Classification	Public

Dear Industry Members,

We request the provision of information, detailed below, and set out in the attached response form. Please send responses, using the response form, to bsc.change@elexon.co.uk by 17:00 on Tuesday 26 May 2020.

Information required

The BSC Panel has asked ELEXON to provide analysis on the cost and effort related to the Demand Control Event (DCE) that occurred on 9 August 2019 (DCE00201). We are looking specifically at those costs incurred by parties associated with the Settlement Adjustment Processes (SAP) that are required to be carried out to ensure Settlement is accurately calculated for the Settlement Periods impacted by the DCE. This analysis is being carried out for [Issue 89](#) and [P397](#).

In order to complete this analysis we require data and information from those BSC Parties or Party Agents that were directly and indirectly impacted by the DCE. This is expected to include: Data Aggregators, Data Collectors, Licensed Distribution System Operators (both Distribution Network Operators and independent Distribution Network Operators), National Grid ESO and Suppliers. The provision of this information is critical to meet the aim of Issue 89, to ensure the SAP is fit for purpose, and the aim for P397, to only run the SAP when the benefits outweigh the costs. Moreover, the provision of this information is needed to meet the [Ofgem request in relation to P397](#). Your help and support in this matter is appreciated.

If your company undertakes more than one role, please use a separate line of the response form for each role. Please note that depending on the role you may not be able to provide all information requested. In this case please enter "N/A" into the relevant field on the response form.

We are looking to understand:

1. The total cost and time to run the SAP for DCE00201, including effort taken to resolve any issues;
2. Total expected cost and time to run the SAP for a future equivalent DCE, i.e. without any of the initial issues experienced during DCE00201; and
3. Costs and effort associated with running the SAP for DCE00201 if the full 5% demand disconnection requested had been delivered ([National Grid ESO's report](#) highlights that Licensed Distribution System Operators delivered 3.2%).

REQUEST FOR INFORMATION

As such, the response form requests similar data for all scenarios (further detail provided in the attached response form):

- Party Name, MPID and role(s)¹;
- Number of MSIDs impacted by DCE00201 (BSC equivalent of MPAN);
 - Including number of impacted Export MSIDs and number of Export MSIDs where you were unable to calculate volumes for;
- Total cost and time to run the SAP for DCE00201, both including and excluding the effort taken to resolve any initial issues, consisting of:
 - Total costs:
 - Direct costs:
Fixed costs; and
Variable costs
 - Indirect costs (e.g. rebilling customers, failure to recover costs etc.)
 - Total time taken:
 - System processing time; and
 - Manual effort
 - Do you expect to run processes for the Final Reconciliation Settlement Run on 28/29 September 2020?

Beyond the costs and effort, we are also looking to understand:

- Whether you believe DCE processes should take place for every Settlement Run or a selection of Settlement Runs (e.g. SF and R3).
- Your thoughts on scheduled end to end testing of the SAP
 - Your anticipated costs to perform end to end testing
 - Your preferred frequency (one-off, annual, biennial etc.).
- Thinking about the SAP, what worked well and what didn't work well (what difficulties did you encounter)?
- Any suggestions for improvements?

We kindly ask those parties that were both directly and indirectly impacted by the DCE to provide the data. We expect Data Aggregators and Licenced Distribution System Operators to be able to provide us with an accurate view of the costs of running the processes. In contrast, we expect Suppliers to be able to provide a view of the wider impact of the DCE on market participants and consumers – this is the main purpose of our interest in indirect costs.

¹ For the avoidance of doubt, where your organisation represents multiple roles, please provide information on the costs and efforts for each role represented

REQUEST FOR INFORMATION

We note that we previously wrote to Data Aggregators and Licensed Distribution System Operators impacted by DCE00201 highlighting that we were planning to issue this request in the near future.

For P397, this data will provide the basis for the analysis required by Ofgem in its Send Back Direction. Ofgem requested further evidence as to the costs of DCE00201.

For Issue 89, the data provided will provide a view as to the efficiency of the processes and how best to improve them, if necessary.

We have provided a template for your response. This will aid us in managing and analysing the data. If you would like to provide data in an alternative format, please contact us to agree this.

Steps ELEXON will take to maintain confidentiality and anonymity

Before being shown to industry, the data provided will have any reference to the party and specific MSIDs removed, and will be aggregated to provide a holistic view of industry costs. Individual costs will not be publically shared. However, all information will be provided to Ofgem and held internally.

Before the data is shared externally, providers of the data will be given the opportunity to review the data.

Background to request

ELEXON is working in conjunction with industry to review the inaugural use of the Settlement Adjustment Processes introduced in November 2015 under [P305 'Electricity Balancing Significant Code Review Developments'](#). The SAP (sometimes referred to as 'bottom up' calculations) were designed to ensure the accurate calculation of Parties' imbalance volume in the event of a DCE.

Following the DCE on 9 August 2019, the BSC Panel considered, at its meeting on September 12 2019, whether the costs to operate the SAP were proportionate compared to the benefit of any adjustment and therefore whether the SAP for estimating disconnection volumes remain appropriate in all DCE circumstances (i.e. for demand disconnection, voltage reduction and for automatic low frequency demand disconnection; whether or not a Demand Control Event is SO-flagged).

In response to its initial consideration, the BSC Panel raised P397 at its meeting on 12 December 2019. P397 proposes to introduce a mechanism through which the Balancing and Settlement Code Company (BSCCo) determines whether the SAP should be run or not in response to a DCE. P397 was submitted to Ofgem for decision on 24 January 2020.

On 3 March 2020, Ofgem wrote to the BSC Panel to explain why it had 'sent back' P397. Ofgem explained that it was unable to form an opinion on whether or not P397 should be approved based on the evidence submitted. Ofgem acknowledged that there was a limit to the amount of evidence that could be collected for P397 given the short time frame given to P397 and that the SAP have not concluded. Ofgem have asked the Panel to conduct further analysis and provide the additional evidence.

Issue 89 was therefore raised, in part, to complete a more thorough assessment of the costs of running the SAP and the impact the DCE had on market participants to facilitate Ofgem's send back request.

This request is intended to deliver the necessary data to provide the necessary evidence for Ofgem in relation to P397, as well as informing the wider ongoing discussions of Issue 89.

What's next?

If you were impacted by the SAP, either directly or indirectly please complete and return the response form to bsc.change@elexon.co.uk by 17:00 Tuesday 26 May 2020.

REQUEST FOR INFORMATION

If you have any further questions about Issue 89, P397 or the data requested, please email **Craig Murray** (craig.murray@elexon.co.uk) or call on **0207 380 4201**.