

<p align="center"><b>Issue Form - BSCP40/04</b></p>	<p><b>Issue Number</b> Issue 96 <i>(mandatory by BSCCo)</i></p>
<p><b>Issue Title</b> <i>(Mandatory by originator)</i></p> <p>Assessing the reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt and licensed supply</p>	
<p><b>Issue Description</b> <i>(Mandatory by originator)</i></p> <p><u>What is the issue?</u></p> <p>The Balancing and Settlement Code Company (BSCCo) is required to provide to the Electricity Market Reform Settlement company (EMRS) the BSC Metered Volumes it requires to accurately calculate Capacity Market (CM) and Contracts for Difference (CFD) charges. This Issue seeks to explore enduring solutions which allow correct reporting to EMRS of chargeable volumes for Supplier Volume Allocation (SVA) Metering Systems that record both exempt supply and licensed supply. There is currently no process that allows for allocation of appropriate volumes where a portion should be exempt and another portion should be licensable.</p> <p><u>Further Information</u></p> <p>Licensed Suppliers are required by legislation to pay a number of charges on the electricity they supply to premises in Great Britain, including the Renewables Obligation (RO), charges to fund Contracts for Difference (CFD), and Capacity Market (CM). Energy supplied by an exempt Supplier should not be subject to these charges, even though it may be recorded on a Supplier Volume Allocation (SVA) Metering System registered by a Licensed Supplier. A Licensed Supplier should therefore be charged based on its total supply minus any exempt supply.</p> <p>In the case of CFD and CM charges it is BSC Systems (not the individual Suppliers) that calculate the chargeable volumes for each Licensed Supplier, and report them as “gross demand data” to EMRS. These systems cannot currently net off exempt supply volumes from each Supplier’s gross demand.</p> <p>Licence exempt Suppliers are not able to sign up to all the industry codes that a licensed Supplier can, and are therefore required to obtain certain services from a licensed Supplier. As a result, the portfolio of Metering Systems registered by a licensed Supplier may include their own customers as well as customers supplied by an exempt Supplier, where the licenced Supplier is providing metering services.</p> <p>For other charges, for example relating to trading, distinguishing between exempt and none exempt supply is not important. However, as Suppliers are only required to pay EMR charges on electricity they supply themselves, the EMR Settlement Service Provider (SSP) needs to receive volume data excluding exempt supply.</p> <p>As a workaround to this issue, the BSC Panel agreed on 8 November 2018 (<a href="#">see paper 284/07</a>) to delegate to the SVG the power to agree that SVA Metering Systems should be treated as recording exempt supply. Where the SVG makes such a decision, the SVA Metering System will be treated as non-chargeable for CFD and CM purposes using similar interim processes to those established by EMRS for SVA registered licensed Generation.</p> <p>The Interim Solution currently operated by SVG assesses applications from Parties to have a supply considered as exempt and therefore the volume associated with that Metering System Identifier (MSID) removed from reporting for the purposes of EMR charging. The Interim Process operates on the basis that an application can only be approved if it relates to:</p> <ul style="list-style-type: none"> <li>• An Import Metering System with accompanying evidence that, under normal circumstances, the exempt Supplier would always be generating enough electricity to meet the demand; or</li> </ul>	

- An Export Metering System with accompanying evidence that, under normal circumstances, the exempt Supplier would have enough customers to use the generation.

There is currently no process that allows for allocation of appropriate volumes where a portion should be exempt and another portion should be licensable.

#### Related Changes

Modification Proposal [P395 'Aligning BSC Reporting with EMR Regulations - an enduring solution'](#) addresses the related issue of ensuring that Imports to sites with licensed Generation are correctly reported to the EMR SSP, but does not address the issue of exempt supply.

[Issue 88 'Clarification of BSC Arrangements relating to Complex Sites'](#) was raised with a view to discussing a number of issues and ambiguities relating to the complex site arrangements. Elexon proposed a set of principles which may have addressed some issues relating to exempt supply by allowing a solution based on netting Imports and Exports. However, these solutions did not address an enduring solution for comparing generators' metered data with customers' metered data in order to calculate volumes of exempt supply. The recommendations of the Issue 88 group only consider very local supplies and schemes, therefore do not deal with the broader issues.

#### **Justification for Examining Issue** *(Mandatory by originator)*

In November 2020 (when discussing [paper 308/06](#)) the BSC Panel requested that Elexon investigate potential Modification Proposals that a BSC Party (or the Panel itself) could raise to allow correct reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt supply and licensed supply. A number of possible options were identified and presented to the SVG in their meeting on 6 April 2021 ([paper 242/03](#)), after which the committee recommended that an Issue be raised to explore the process and proposed options further.

The issue should be examined so that an enduring solution can be found to address the key limitation of the current interim process - that it can only be used for SVA Metering Systems which (under all normal circumstances) record only exempt supply. Through examining the issue, potential consequences of the change can be identified and discussed, such as the potential risk in making changes to a BSC arrangement for EMR. The industry interest for each option would also be able to be gauged during the discussions.

#### **Potential Solution(s)** *(Optional by originator)*

Three potential solutions have been identified currently. The Issue Group should explore these solutions, any alternatives, and recommend which, if any, to take forward.

**Option 1** is for Suppliers to use the existing rules for Shared SVA Meter Arrangements under BSC Procedure [BSCP550 'Shared SVA Meter Arrangement of Half Hourly Import and Export Active Energy'](#), which allows the splitting of metered data between multiple Suppliers or Supplier ID's. This option could therefore be used to split metered data between exempt and licenced supply, potentially using the Capped Block method (Section 4.2.2 of BSCP550).

This option has the advantage that it can be used now, under current rules, without requiring a Modification or Change Proposal. However, there are several limitations, including:

- BSCP550 requires that the Allocation Schedule includes specific kWh values and is notified to the Half Hourly Data Collector (HHDC) before Gate Closure which limits flexibility as it does not permit any ex post matching of Import and Export volumes;
- Only those Suppliers with access to multiple IDs would be able to use it;
- Increasing numbers of applications for new IDs, (to enable meter splitting under BSCP550) which could increase costs to industry parties and create additional admin.

**Option 2** would address the limitations of Option 1, but still within the context of a Shared SVA Meter Arrangement in which the Supplier provides their HHDC with an Allocation Schedule (ahead of Gate

Closure) instructing them how to allocate the metered volumes between Primary and Secondary Metering Systems. Specifically this could include:

**Option 2A:** Modification to amend the definition of Shared SVA Meter Arrangement, removing the need for an arrangement to involve two or more Suppliers.

**Option 2B:** Amend BSC Procedure BSCP550 to recognise a new type of Allocation Schedule, in which the Supplier tells the HHDC which Export Metering Systems are providing power to which Import Metering Systems, but does not actually specify kWh values (which will not be known until the HHDC collects the metered data ex post). This would be similar to Change Proposal [CP1369 'Increased Flexibility in BSCP550 Data Splitting Algorithms'](#), which introduced a new type of Allocation Schedule for splitting Boundary Point meter readings based on metered data collected ex post from non-Settlement sub-meters.

This option could provide significant flexibility in the processes used by HHDCs to match Import and Export (depending on exactly what types of Allocation Schedule BSCP550 was amended to recognise), allowing unscheduled outages of generators and/or customers to be taken into account, but would still require the matching process to be carried out by the HHDC, based on an Allocation Schedule provided by the Supplier in advance. It would not, allow the matching process to be carried out by a third party other than the HHDC.

**Option 3** would be a Modification Proposal to allow the Supplier (or a third party acting on their behalf) to be involved ex post in splitting metered volumes recorded on an SVA Metering System into exempt and licensed supply. Such an option might allow a peer-to-peer trading platform to match customers and exempt Suppliers ex post (based on data retrieved from meters), without needing to become a Qualified HHDC. Some Suppliers might welcome this flexibility, but a number of issues would need to be considered, including:

- Appropriate assurance requirements (to protect both Settlement, and the quality of the data reported to EMRS under Section V of the BSC);
- Potential risks to Settlement if the third party was using different metered data (actual or estimated) to that submitted into Settlement by the HHDC; and
- The appropriate route for the third party to submit data into Settlement (e.g. through the HHDC, or directly to SVAA);

### **Proposer's Details**

#### ***Name***

Somayeh Taheri

#### ***Organisation***

UC Energy Ltd

#### ***Email Address***

s.taheri@urbanchain.co.uk

#### ***Telephone Number***

+44 (0) 779 650 4586

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