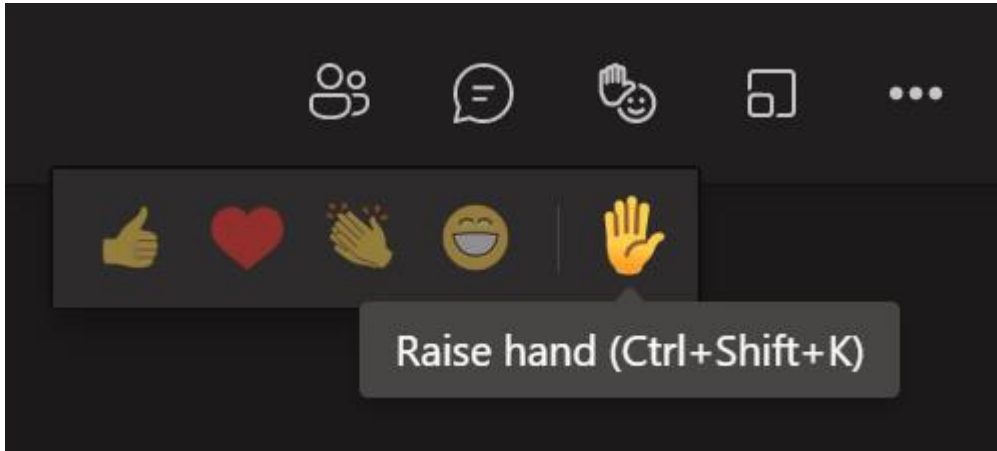


## Issue 96 Digital Meeting Etiquette

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- Welcome to the Issue 96 Workgroup meeting 1 – we'll start shortly
- No video please to conserve bandwidth
- Please stay on mute unless you need to talk – use the Raise hand feature in the Menu bar in Microsoft Teams if you want to speak, or use the Meeting chat



- Lots of us are working remotely – be mindful of background noise and connection speeds

# ELEXION

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## Issue 96 Workgroup 1

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‘Assessing the reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt and licensed supply’

10 September 2021

# Meeting Agenda

Objectives for this meeting:

- Provide an overview of Issue 96 and the potential solutions
- Begin to discuss the potential enduring solutions for the reporting of chargeable volumes for SVA Metering Systems that record both exempt and licensed supply
- Confirm if there are any additional topics or options that should be covered as part of the Issue Group

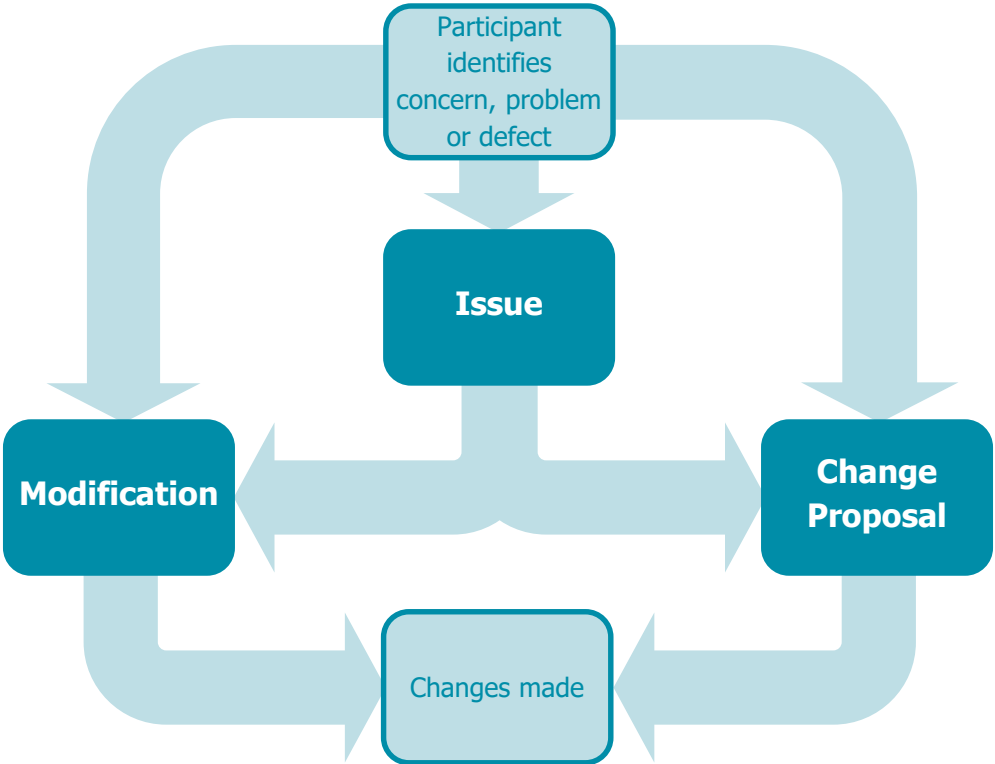
Agenda Item	Lead
1. Welcome and meeting objectives	Claire Kerr (Chair)
2. BSC Issue process	Jenny Sarsfield (Lead Analyst)
3. Overview of Issue	Lorna Lewin (Design Authority)
5. Workgroup discussion	Workgroup
6. Next steps	Jenny Sarsfield
7. Meeting close	Claire Kerr



# BSC ISSUE PROCESS

# BSC changes

		Will my solution amend the BSC?	
		Yes	No
Do I have a clear solution?	Yes	Modification	CP
	No	Issue	Issue



## BSC Issue Process

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- Issues are raised where problems or potential improvements to the current arrangements have been identified, but it's not known how best to resolve them
- Raised Issues will be discussed by an Issue Group to consider possible solutions, requirements, or to define the scope further
- Issue Group will consider potential ways forward such as raising a Modification/Change Proposal, or developing extra guidance
- There are no set timescales for Issues, so an Issue can take varying amounts of time to complete depending on the nature and complexity of the problem in question
- Elexon will prepare a final Issue report for the BSC Panel

## BSC Issue Process – Issue Group membership

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- The Issue Group shall have a Chair and Secretary, provided by Elexon
- The Proposer of the Issue is considered an Issue Group member
- The Issue Group shall comprise of at least five members who have volunteered to join the Issue Group and have relevant experience and/or expertise in the areas forming the subject matter of the Issue(s) to be considered by the Issue Group
- Where an Issue Group member is unable to attend a meeting, they may appoint an alternate. The alternate, like the Issue Group member, shall act impartially and independently. Where an alternate attends a meeting, they shall be considered as an Issue Group member for that meeting





# ISSUE 96



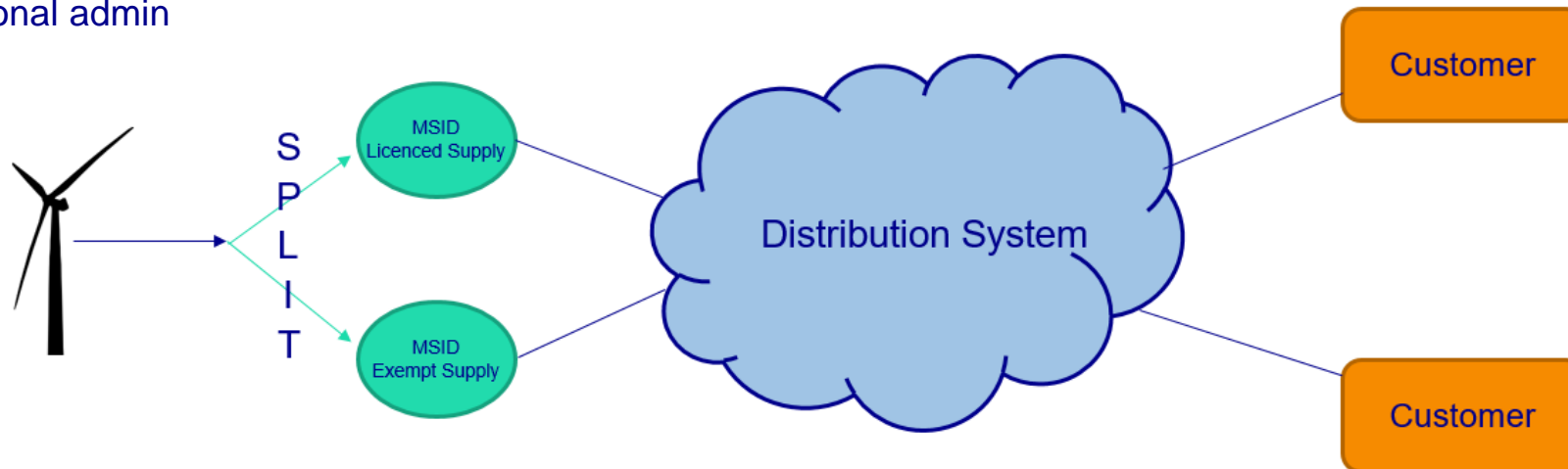
## Background

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- Licensed Suppliers are required by legislation to pay a number of charges on electricity they supply to premises in Great Britain, including the Renewables Obligation (RO), charges to fund Contracts for Difference (CFD) and Capacity Market (CM)
- The BSC Panel agreed (8 November 2018 - [284/07](#)) to delegate to SVG the power to agree that SVA Metering Systems should be treated as recording exempt supply (and therefore should not be subject to EMR Charges)
- An application could relate to either:
  - 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
  - An Export Metering System (with accompanying evidence that, under normal circumstances, the exempt supplier would have enough customers to use the generation)
- In December 2020, Elexon agreed to examine whether improvements could be made to the interim SVG process to better facilitate applications
- In addition, the Panel also requested that enduring solutions be investigated, to consider options to handle Metering Systems which are recording a mixture of exempt and licensed supply

## Option 1 – Using Existing BSCP550 arrangements

- Suppliers to use the existing rules for Shared SVA Meter Arrangements under BSC Procedure [BSCP550](#) to split metered data between multiple suppliers or supplier ID's
- This option could be used now, without a need to raise a change, to split metered data between exempt and licenced supply
- This option has several limitations, specifically:
  - BSCP550 requires that the Allocation Schedule includes specific kWh values and is notified to HHDC before Gate Closure which would 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



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## Option 2 – Improvements to Shared SVA Meter Arrangements

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- Like Option 1, this would include use of a Shared SVA Meter Arrangement, but addresses the limitations of Option 1
- The Supplier would provide their HHDC with an Allocation Schedule (ahead of Gate Closure) instructing them how to allocate the metered volumes
- This could provide significant flexibility
- The limitations of Option 2 are:
  - It would still require the supplier to provide an Allocation Schedule in advance, for the HHDC to carry out matching
  - It would not allow the matching process to be carried out by a third party other than the HHDC
- There are two variations for progressing this option, Option 2A and 2B
- Option 2A:
  - Modification
  - Amend the definition of Shared SVA Meter Arrangement, removing the need for an arrangement to involve two or more Suppliers
- Option 2B
  - Change Proposal
  - Could be delivered as part of the same Modification as Option 2A
  - Amend BSC Procedure [BSCP550](#) to add a new type of Allocation Schedule (similar to [CP1369](#))
  - The Supplier would tell the HHDC which Export Metering Systems are providing power to which Import Metering Systems without specifying kWh values until the HHDC collects the metered data ex post

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## Option 3 – Modification to allow matching carried out ex-post by a third party

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- Allows a third party to be involved ex post in splitting metered volumes into exempt and licensed supply
- Could enable a peer-to-peer trading platform to match customers and exempt suppliers ex post based on data retrieved from meters
- The third party would not need to become a Qualified HHDC
- Flexibility could be welcomed by industry
- A number of issues would need to be considered, including:
  - Appropriate assurance requirements
  - Potential risks to Settlement if the third party was using different metered data (actual or estimated) to that submitted into Settlement by the HHDC
  - The appropriate route for the third party to submit data into Settlement (e.g. through the HHDC, or directly to SVAA)

## Elexon Opinion

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- Option 1 does not adequately address the limitations experienced by the interim solution
  - SVG application still required
  - Limited flexibility as volumes must be identifiable in advance
- Option 2 or Option 3 would provide a better enduring solution
- It is possible to implement multiple options





# WORKGROUP DISCUSSION

## Workgroup Discussion Outline

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- Discussion of described options
  - Option 2A
  - Option 2B
  - Option 3
  - Option 1
- Discussion of additional options to consider



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## Discussion Points – Option 2A

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**Option 2A utilises the Shared SVA Metering Arrangements to split exempt from licensed supply, and removes need for two different Supplier IDs**

- Is Option 2A a viable enduring solution?
- Would there be any negative impacts from implementing Option 2A?
  - What would the impacts on Suppliers be?
  - What would the impacts on HHDCs be?
- Could Option 2A be progressed without impacting upon any of the other options?

## Discussion Points – Option 2B

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**Option 2B utilises the Shared SVA Metering Arrangements to split exempt from licensed supply, and introduces a new type of Allocation Schedule instructing HHDC to match Import and Export MSIDs**

- Is Option 2B a viable enduring solution?
- Would there be any negative impacts from implementing Option 2B?
  - What would the impacts on Suppliers be?
  - What would the impacts on HHDCs be?

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## Discussion Points – Option 3

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**Option 3 does not make use of the Shared SVA Metering Arrangements, instead the process of matching Import and Export data ex post is carried out by Supplier (or third party acting for them), not by the HHDC**

- Is Option 3 a viable enduring solution?
- Would there be any negative impacts from implementing Option 3?
  - What would the impacts on Suppliers be?
  - What would the impacts on third parties be?
  - What would the impacts of EMRS be?
- What assurance requirements would be needed?
- Could the potential risks to Settlement be addressed?
- What would the appropriate route for the third party to submit data into Settlement be? (e.g. through the HHDC, or directly to SVAA)

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## Discussion Points – Option 1

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**Option 1 is the same as the interim solution, following the process set out in SVG238/04, with additional use of Shared SVA Metering Arrangements to split exempt from licensed supply**

- Is Option 1 a viable enduring solution?
- Would there be any negative impacts from implementing Option 1?
  - What would the impacts on SVG be?
  - What would the impacts on Suppliers be?
- Is there a way to remove the need for SVG oversight other than the other options discussed?

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## Discussion Points – General

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- Are there any other options or variations not previously discussed that should be considered?
- Would we need any additional expertise in future workgroups to properly explore any additional options?



# NEXT STEPS

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## Next steps

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- Consider any actions from this meeting
- Meeting notes to be sent to Issue Group Members
- Issue 96 Workgroup Meeting 2 to be scheduled
- Any Other Business?



MEETING CLOSE

# ELEXON

## THANK YOU

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**Jenny Sarsfield**

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10 September 2021

## Appendix - Comparison of options

	Option 1	Option 2	Option 3
<b>Solution Description</b>	Same as interim solution, following the process set out in SVG238/04, with additional use of Shared SVA Metering Arrangements to split exempt from licensed supply	Same as Option 1, but Shared SVA Metering Arrangements enhanced to remove need for two different Supplier IDs (2A), and/or to introduce new type of Allocation Schedule instructing HHDC to match Import and Export MSIDs (2B)	Same as Option 2 but process of matching Import and Export data ex post is carried out by Supplier (or third party acting for them), not by the HHDC (and does not make use of Shared SVA Meter Arrangement processes)
<b>Process overview (contract set-up)</b>	<ul style="list-style-type: none"> <li>Supplier and HHDC set up Shared SVA Metering Arrangement</li> <li>Parties apply to SVG with evidence that Metering System is recording only exempt supply</li> <li>Supplier instructs HHDA to provide EMRS with metered data</li> <li>BSCCo notifies EMRS of MSID</li> </ul>	<ul style="list-style-type: none"> <li>Supplier and HHDC set up Shared SVA Metering Arrangement</li> <li>Same HHDC must be appointed to Import and Export MSIDs, to allow matching of metered data</li> </ul>	<ul style="list-style-type: none"> <li>There must be a contractual agreement between Suppliers and third party</li> <li>Supplier and third party set up Shared SVA Metering Arrangement</li> <li>Same third party must be appointed to Import and Export MSIDs, to allow matching of metered data</li> </ul>
<b>Process overview (before Gate Closure)</b>	<ul style="list-style-type: none"> <li>Supplier provides HHDC with Allocation Schedule identifying MWh split between licensed and exempt</li> </ul>	<ul style="list-style-type: none"> <li>Supplier provides HHDC with Allocation Schedule identifying which Import MSIDs are being supplied by each Export MSID</li> </ul>	<ul style="list-style-type: none"> <li>Supplier provides third party with Allocation Schedule identifying which Import MSIDs are being supplied by each Export MSID</li> <li>Details of which Import MSIDs are being supplied by each Export MSID do not have to be notified to HHDC</li> </ul>
<b>Process overview (ex post)</b>	<ul style="list-style-type: none"> <li>HHDC splits licensed and exempt supply as per Allocation Schedule</li> <li>HHDA sends metered data to EMRS</li> <li>EMRS adjusts chargeable volumes to remove agreed MSID</li> </ul>	<ul style="list-style-type: none"> <li>HHDC matches Import and Export metered data, to work out split between licensed and exempt supply as per Allocation Schedule</li> <li>HHDA sends metered data to EMRS</li> <li>EMRS adjusts chargeable volumes to remove agreed MSID</li> </ul>	<ul style="list-style-type: none"> <li>Third party obtains metered data (for Import and Export MSIDs) from Supplier or HHDC</li> <li>Third party splits metered data between licensed and exempt supply (by comparing Import and Export metered data)</li> <li>Third party sends volumes directly to SVAA</li> <li>SVAA uses exempt supply volumes to adjust the gross demand data sent to EMRS</li> <li>EMRS no longer required to operate interim process</li> </ul>

## Appendix - Comparison of options

	Option 1	Option 2	Option 3
<b>Solution Description</b>	Same as interim solution, following the process set out in SVG238/04, with additional use of Shared SVA Metering Arrangements to split exempt from licensed supply	Same as Option 1, but Shared SVA Metering Arrangements enhanced to remove need for two different Supplier IDs (2A), and/or to introduce new type of Allocation Schedule instructing HHDC to match Import and Export MSIDs (2B)	Same as Option 2 but process of matching Import and Export data ex post is carried out by Supplier (or third party acting for them), not by the HHDC (and does not make use of Shared SVA Meter Arrangement processes)
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Compared to interim process, the evidential threshold for SVG should be lower (due to splitting of exempt and licensed supply)</li> <li>It is not necessary to identify physical Metering Systems that only record exempt supply</li> <li>Could be used now, without a need to raise a change</li> </ul>	<ul style="list-style-type: none"> <li>SVG application not required</li> <li>The new type of Allocation Schedule allows the HHDC to match demand and generation ex post, removing the requirement for Suppliers to know the exempt supply volume in advance</li> <li>Increased flexibility</li> </ul>	<ul style="list-style-type: none"> <li>Greater flexibility as more parties would be able to match demand and generation ex post, not just HHDCs</li> <li>Could enable a peer-to-peer trading platform</li> </ul>
<b>Limitations</b>	<ul style="list-style-type: none"> <li>Supplier must still be able to identify MWh volumes of exempt supply in advance (which may cause difficulties in case of unplanned outage)</li> <li>Only those Suppliers with access to multiple IDs would be able to use it</li> <li>Increasing numbers of applications for new IDs, (to enable meter splitting under BSCP550) which could increase costs to industry parties and create additional admin</li> </ul>	<ul style="list-style-type: none"> <li>It would still require the supplier to provide an Allocation Schedule in advance, for the HHDC to carry out matching</li> <li>It would not allow the matching process to be carried out by a third party other than the HHDC</li> </ul>	<ul style="list-style-type: none"> <li>Needs consideration of appropriate assurance requirements</li> <li>Needs consideration of appropriate route for the third party to submit data into Settlement (e.g. through the HHDC, or directly to SVAA)</li> <li>Potential risks to Settlement if the third party was using different metered data (actual or estimated) to that submitted into Settlement by the HHDC</li> </ul>
<b>Impacted Parties</b>	<ul style="list-style-type: none"> <li>SVG</li> <li>BSCCo</li> <li>Supplier</li> </ul>	<ul style="list-style-type: none"> <li>BSCCo</li> <li>Supplier</li> <li>HHDC</li> </ul>	<ul style="list-style-type: none"> <li>BSCCo</li> <li>Supplier</li> <li>Third party acting on behalf of Supplier</li> <li>EMRS</li> </ul>