

## Phase

[Initial Written Assessment](#)[Definition Procedure](#)[Assessment Procedure](#)[Report Phase](#)[Implementation](#)

## P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'

P375 proposes to allow Metering Equipment situated 'behind' the defined Boundary Point to be used for Settlement purposes in place of the Boundary Point Meter. Primarily, this will allow balancing-related services on-site from smaller assets to be separated from current imbalance-related activities, thus more accurately reflecting the balancing-energy volumes provided by the Balancing Service Provider (BSP). In addition, P375 will allow asset meters to be used for a host of services in addition to Settlement that will help enable significant changes to the industry and the move towards net-zero decarbonisation.

This Assessment Procedure Consultation for P375 closes:

**5pm on Monday 14 September 2020**

The Workgroup may not be able to consider late responses.



The P375 Workgroup initially recommends **approval** of P375



The P375 Workgroup **does** believe P375 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Suppliers
- Virtual Lead Parties (VLPs)
- Generators
- Meter Operator Agents (MOAs)
- Half Hourly Data Collectors (HHDCs)
- Half Hourly Data Aggregators (HHDAs)
- Supplier Volume Allocation Agent (SVAA)
- Technical Assurance Agent (TAA)

P375  
Assessment Procedure  
Consultation

24 August 2020

Version 1.0

Page 1 of 49

© ELEXON Limited 2020

## Contents

<b>1</b>	<b>Summary</b>	<b>3</b>
<b>2</b>	<b>Why Change?</b>	<b>5</b>
<b>3</b>	<b>Solution</b>	<b>9</b>
<b>4</b>	<b>Impacts &amp; Costs</b>	<b>18</b>
<b>5</b>	<b>Implementation</b>	<b>27</b>
<b>6</b>	<b>Workgroup's Discussions</b>	<b>28</b>
<b>7</b>	<b>Workgroup's Initial Conclusions</b>	<b>40</b>
	<b>Appendix 1: Workgroup Details</b>	<b>42</b>
	<b>Appendix 2: Glossary &amp; References</b>	<b>47</b>

## About This Document

The purpose of this P375 Assessment Procedure Consultation is to invite Balancing and Settlement Code (BSC) Parties and other interested parties to provide their views on the merits of P375. The P375 Workgroup will then discuss the consultation responses, before making a recommendation to the BSC Panel at its meeting on 8 October 2020 on whether or not to approve P375.

There are seven parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach. It also summarises the Workgroup's key views on the areas set by the Panel in its Terms of Reference, and contains details of the Workgroup's membership and full Terms of Reference.
- Attachments A contains the draft redlined changes to the BSC for P375.
- Attachments B – D contain the draft redlined changes to the BSC Code Subsidiary Documents for P375.
- Attachment E contains the draft business requirements to implement P375
- Attachment F contains specific questions on which the Workgroup seeks your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish the Workgroup to consider.



### Contact

**Chris Wood**

020 7380 4142

[BSC.change@elexon.co.uk](mailto:BSC.change@elexon.co.uk)

[Chris.wood@elexon.co.uk](mailto:Chris.wood@elexon.co.uk)



P375

Assessment Procedure  
Consultation

24 August 2020

Version 1.0

Page 2 of 49

© ELEXON Limited 2020

## Why Change?

We are seeing more and more complex customer sites where there are numerous assets 'below the Boundary' that can be controlled independently of each other. This means that proportioning of costs etc. is not as refined as it could be and there is concern that this could be a barrier to entry.

During the development of [P344 'Project TERRE'](#) the Workgroup recognised that the P344 would not allow for complex site configurations when assigning Balancing responsibility. The P344 Workgroup recognised the need to allow this, but felt that P344 was not the right medium to effect such change. This led to [Issue 70 'Settlement of Secondary BM Units using metering at the asset'](#) being raised, which in turn led to P375.

## Solution

Amend the BSC and its Code Subsidiary Documents to allow asset meters (that meet Metering provisions) to be used for Settlement, installed between the Boundary and the asset used to provide balancing services. Changes to the BSC will emulate existing processes as closely as possible for consistency and that the solution does not increase Settlement risk and can be assured.

The Proposer and Workgroup believe that P375 has the ability to enable significant changes to the industry, including contributing to achieving net-zero decarbonisation.

## Impacts & Costs

P375 will impact Suppliers, Virtual Lead Parties, Generators, Half Hourly Data Aggregators, Half Hourly Data Collectors and Meter Operator Agents

Centrally, it will impact the Settlement Volume Allocation Agent and potentially the Technical Assurance Agent. P375 is expected to cost around £2m to implement.

The proposer and the Workgroup agree that the Implementation cost is high at first sight. However, they firmly believe that in addition to the immediate benefit in widening access to the Balancing Mechanism, the mechanisms established in P375 will help to facilitate many future changes to the industry. These include, but not limited to:

- Supporting new, commercially viable charging models for private and fleet Electric Vehicles (EVs);
- Establishment of Distribution System Operators;
- Expansion of heat pumps;
- Development of integrated energy systems;
- Development of community energy; and
- Development of heat networks

The £2m is reasonable from a cost-benefit perspective, as it unlocks millions in industrial and domestic consumers spending on flexible assets – this is explored further in Section four.

## Implementation

The P375 Workgroup recommend implementation on 24 February 2022 so long as Ofgem provide a decision by 29 January 2021. If the decision comes between 1 February 2021 and 30 April 2021, the P375 recommend implementation on 23 June 2022.

Notwithstanding the above, the new Metering standards (CoP11 – see Section three) document is recommended for implementation on 25 February 2021 (or 1 April 2021 if P375 implementation is 23 June 2022). This will allow Meter manufacturers at least a year to bring new Meters to market to facilitate P375 ahead of its implementation in 2022 as well as helping to avoid stranded assets. It will also provide notice for flexible equipment providers (e.g. EV chargers, heat pumps, batteries) to incorporate CoP11 Metering standards into their product for 'out of the box' deployment.

## Recommendation

The Workgroup recommends that P375 is implemented as it will better facilitate Applicable BSC Objectives (b), (c), and (e).

## 2 Why Change?

### What is the issue?

The issue was recognised as an issue during the development of P344. However, due to restraints relating to scope and timing, it was not explored further at the time. However, as a direct result, Issue 70 was raised to explore the issue further, which in turn caused P375 to be raised to address the issue recognised by the P344 Workgroup.

P344 separates out the cash flows relating to Balancing and Imbalance related activities, but does not do the same for Metering. It requires data from the Supplier's Settlement Metering (at the Boundary Point) to be used to verify delivery of Bid-Offer-Acceptances (BOAs) issued to the Secondary Balancing Mechanism (BM) Unit (SBMU) – which is a Balancing-related activity.

Completely separating the two roles would require a mechanism by which the Virtual Lead Party (VLP) could install its own Settlement Metering, located at an appropriate place to measure the volume of Balancing energy provided, which may be close to the asset delivering the service.

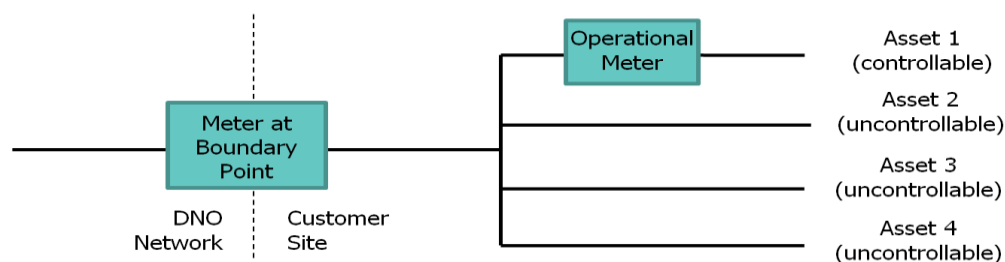
Such Metering is sometimes referred to as 'Behind the Meter' or 'Behind the Settlement Meter' because it is installed within a customer site, 'behind' the Settlement Meter installed by the Supplier at the Boundary Point. For the purposes of P375 solution, we will refer to this as an asset meter.

### Example of the issue

A waste water treatment site may have significant pumping load that must run to schedule as well as a Combined Heat and Power (CHP) generator. The site may be able to modulate the CHP output in response to an instruction in the BM, but an unrelated step change in the pumping load could negate, or double, the CHP output at the Boundary Point.

The BSC requires that the VLP would need to know the pumping change was going to happen and reflect that in the Final Physical Notification (FPN). This can be difficult as often the VLP only has access to the schedule for the asset providing Balancing Services. Also, the Settlement Boundary Meter is the responsibility of the Supplier, and therefore an independent VLP often does not have access to the metering data at the boundary. If the VLP creates an inaccurate FPN, they could be liable for non-delivery volumes on balancing services volumes that were actually delivered, or conversely, avoid charges they are due to pay for failures which were masked by independent loads.

The diagram below illustrates how uncontrollable demand will affect flows at the Boundary Point. Currently the FPN for Settlement and Dispatch is based on flows at the Boundary Point.



Allowing VLPs to use more appropriate metering closer to the asset delivering the Balancing Service would mean more customers with complex sites will be able to

participate in the Trans-European Replacement Reserve Exchange (TERRE) product and the Balancing Mechanism, as it enables VLPs to circumscribe Settlement to only the controllable asset, effectively cuts out the uncontrollable demand. The PN will relate to asset 1 rather than asset 1 plus 2, 3 and 4, removing the inaccuracy to Settlement from uncontrollable demand.

Not allowing Settlement from Metering behind the Boundary Point is, potentially, a barrier to market entry as providers will be unwilling to incur costs they have no or little control over.

## Background

Since the New Electricity Trading Arrangements (NETA) were established more than 20 years ago only Boundary Point Metering can be used for Settlement. At the time, Generation Plants were connected to the Total System at a Boundary Point (the point where Plant and Apparatus connect to the Total System). However, as the industry evolves we are seeing more and more embedded Generation, including scenarios whereby there are several Generating Plants sharing a Boundary Point.

The Total System is balanced by National Grid Electricity System Operator (NGESO – the Transmission System Operator (TSO) for Great Britain (GB)) in a number of ways. Primarily, balancing is based on expected consumption and planned Generation. Suppliers and Generators notify expected consumption and Generation respectively to NGESO via Physical Notifications (PNs); NGESO then compares PN data to their own predictions.

## The Balancing Mechanism

If NGESO identifies a possible imbalance, they can 'turn-up' or 'turn-down' demand or Generation. Generators and consumers with the ability to turn up/down will notify their ability in their PNs, including the amount they would like NGESO to pay them – these are known as Bids (to reduce amount on the Total System) or Offers (to increase amount on the Total System), and collectively they are Bid-Offers. NGESO will issue instructions (dispatch) to increase or decrease load on the Total System as required – this is known as a Bid-Offer Acceptance (BOA). BOAs can be used to dispatch in real-time during a Settlement Period if load and/or frequency fluctuate from expected levels.

The process described above is the Balancing Mechanism (BM); and dispatching happens at BM Unit level (the lowest 'level' at which Settlement occurs). The BM is a market within its own right and participants are known as BM providers, and BM providers have numerous obligations under the various industry Codes, including the BSC.

## Non-BM service providers (pre-TERRE and Wider Access)

Non-BM providers submit PNs in the same way but, once the BOA occurs, this can't be changed. As non-BM providers will only deliver the amount agreed in advance, there will be no-imbalance and therefore no Settlement liability. As such, participation in the non-BM market doesn't involve Settlement obligations, which can make participation attractive commercially.

Because the load going on/off of the Total System is a fixed amount, and will be captured by the Supplier's Boundary Point Meter(s), non-BM providers are not required to have their own Settlement Meter. However, for their own business purposes (e.g. tracking

performance) non-BM providers normally have Meters for their assets and, more often than not, these asset meters are as accurate as Settlement Meters.

## Changes in the BM and non-BM market

The [European Balancing Guideline \(EBGL\)](#) established the requirement for a European platform for the exchange of balancing energy from Replacement Reserves – TERRE. [P344 'Project TERRE'](#) made the necessary changes to the BSC (there were similar changes to the Grid Code too) and [will be implemented in two phases](#). The first phase established 'Wider Access' in December 2019 for the GB market and the second phase is expected to go-live in October 2020 to deliver the TERRE aspects.

P344 opens-up the BM to BSPs (EBGL term) that historically have only participated in the non-BM market, and as such have not been involved in Settlement. However, given that BSPs will only participate in Settlement in relation to P344, it was felt that they should not have the full range of Settlement obligations. To that end, a new type of BSC Party was created – Virtual Lead Party (VLP) – which may be the customer themselves or an independent aggregator acting on their behalf. Similarly, the BM Unit associated with a VLP need not meet all the criteria of other physical BM Units and as such the SBMU was created. P344 allows Balancing-related activities to be separated out from Imbalance-related activities where previously the BSC required a single party to be responsible for both.

Imbalance-related activities broadly correspond to the role of Balance Responsible Party (BRP) as defined in the EBGL. These activities remain the responsibility of the customer's Supplier, even if the customer has contracted separately with an independent aggregator. Balancing-related activities broadly correspond to the role of BSP as defined in the EBGL. P344 allows these activities to be undertaken by a VLP.

The P344 solution facilitates participation in TERRE and the BM for end-users, either on their own or through an independent aggregator. Unlike traditional power stations, customer sites are often complex and contain assets capable of participating in Balancing activities (like RR and the BM) as well other equipment that is inflexible or operates independently of the asset delivering the Balancing Service. Many industrial sites have large consumption requirements as well as generation and often these are operated entirely separately. Additionally, the growing consumer uptake of flexible assets like EVs and heat pumps is rapidly increasing the complexity of domestic demand.

## FPNs and VLPs

The FPN is the last PN submitted prior to Gate Closure (one hour before the start of the Settlement Period). If the FPN does not reflect actual Metered volumes at the point of measurement the VLP will incur charges, even if volumes delivered were as expected. The inverse may happen where a VLP may not incur non delivery charges even if delivery according to Instructions was not fully achieved.

An inaccurate FPN may lead to incorrect Trading Charges but also create problems for NGESO in Balancing the System efficiently.

The potentially complex composition of consumer Sites and assets within the sites can make it difficult for VLPs to submit accurate FPNs. While the P344 Workgroup acknowledged this issue, it was agreed that it could not be addressed within the limited

timescale to ensure compliance with the EBGL. However, in order to address the matter, Issue 70 was raised, and subsequently, P375 was raised.

## Desired outcomes

P375 will amend the BSC to allow Meters behind the Boundary Point to be used for Settlement purposes. This additional precision will open up opportunities for entry into the industry, increasing competition. It will, in addition, help to facilitate some of the most significant changes to the Electricity industry since privatisation e.g. smarter grids and the transition from Distribution Network Operators (DNOs - Licensed Distribution System Operators (LDSOs) in the BSC) to Distribution System Operators (DSOs).



P375 proposes to allow asset meters to be used for Settlement purposes, and the BSC and associated systems should be updated to reflect this.

While the P375 solution is relatively simple at a high level. However, how it will be delivered and the changes required to BSC Systems and the legal text are fairly complex due to the nuances of how Settlement is calculated. We will explore the different parts of the solution below.

The solution below is the Proposer's proposed solution that has been developed and arrived at with the Workgroup's support and is recommended by the Workgroup.

## Metering

An asset meter will sit between the Boundary Point and the Customer's asset used for the provision of Balancing Services. One of the intents of P375 is to open up the market to as many new participants as possible.

Some assets that will be used post-P375's implementation may have integrated Meters (e.g. Electric Vehicle charging points or domestic storage devices). Similarly, Meters that are already used as operational Meters should be allowed to be asset meters.

Recognising this, a new standard for Metering has been created (and included as part of this consultation).

## New Code of Practice

We have created a new Code of Practice (CoP) – 'Code of Practice for the metering of balancing services assets for settlement purposes' – CoP11.

CoP11 will allow for existing Settlement Metering to be used for P375 Settlement purposes, but will also allow for other types of Metering to be used. In developing CoP11 for P375, we have engaged with existing Meter manufacturers, industry members and future asset operators for their input. Further, we have ensured that CoP11 adheres to standard industry expectations e.g. International Electrotechnical Commission (IEC) standards. As such, we believe that it allows for all existing Metering to be used, all Metering that is envisaged to be able to use P375, as well as allowing for future changes in technology.

The Workgroup realise that to give Meter manufacturers certainty of what will be required, and to allow them time to bring new Meters to market with certainty, we are proposing that CoP11 will be implemented ahead of the remainder of P375. This will also mean that asset owners/operators will not install operational Meters during the implementation phase that will not meet the CoP11 standard, thus reducing the risk of potentially stranded assets.

There will be three types of Metering allowed under CoP11:

- Existing BSC Approved Half Hourly (HH) Meters/Outstations;
- Operational Meters; and
- Meters embedded within a product.

Compliance and testing protocols will be extended to cover CoP11 asset meters and we have proposed changes to [BSC Procedure \(BSCP\) 601 'Metering Protocol Approval and Compliance Testing'](#) as part of this consultation to reflect these changes.

The design of CoP11 is such that, when coupled with the proposed changes to BSCP601, it will be relatively easy to review what is constituted as an acceptable type of Metering. This has been done to future-proof P375 as much as possible and to allow for the expected unknown evolution of Metering in coming years as the industry goes through unprecedented levels of change.

CoP11 has been designed to allow for smart Meters to be used as asset meters should the VLP wish. As such, there is no particular provision for smart Meters. Similarly, it will be possible to use prepayment Meters as asset meters. There will be no provision for prepayment Meters failing mid-Settlement period – the VLP will be aware of the risk and any costs associated from failure to deliver should be considered when electing to use prepayment Meters.

It should be noted that where a Meter may be used for purposes other than Settlement, it will still need to meet the standard pertaining to that service.

## Direct Current Meters

CoP11 will allow for Direct Current (DC) inverter Meters. There are some potential assets that use inverters in conjunction with DC Metering. CoP11 will allow for losses to be taken into account when using DC Metering. There is only one other example of DC Metering in the BSC (for Low-Voltage assets at Offshore wind farms); the DC Metering is not used for customer billing in this case. As DC Meters will not be used for customer billing, the P375 proposed use of DC Metering will be consistent with current use.

## Communications security

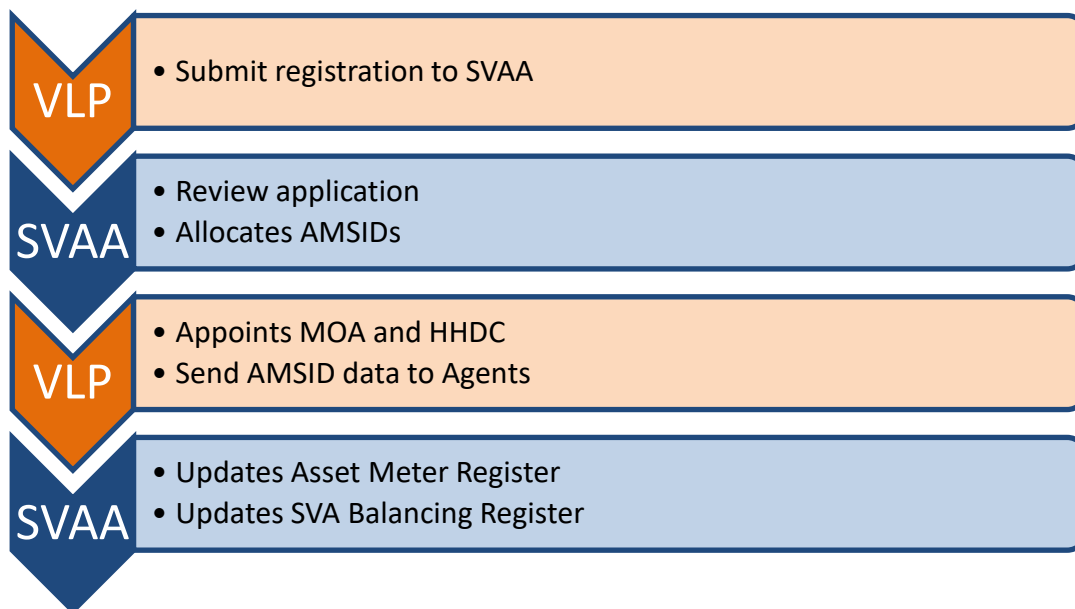
We will not prescribe any particular communications security requirements – this is in line with elsewhere in the BSC. Communication security risks sit between the asset owner and the entity receiving the data. As such, they should both be happy that sufficient arrangements are in place before entering into bi-lateral contracts and as such, there is nothing to be gained by the BSC becoming involved in what is essentially a contractual concern. This aligns with the existing BSC approach to communication security.

Assessment Consultation Questions
Do you agree that the content of CoP11 will enable the P375 solution?
Have we considered all potential Metering types in drafting CoP11? <i>Please provide details and reasoning where you think changes are required</i>
Do you agree that no particular provision shall be made for smart Meters and pre-payment Meters?
Do you agree that DC measuring devices should be allowed to be used and that inverter losses should be accounted for?
<a href="#">The Workgroup invites you to give your views using the response form in Attachment F</a>

## Registration process

As with all other Meters used for Settlement purposes, asset meters will need to be registered. The registration sequence will follow the same sequence, as much as practicable, as the sequence for registering a Supplier Volume Allocation (SVA) Boundary Point Meter; e.g. Meter Operator Agent (MOA) and HH Data Collectors (HHDCs) will be appointed prior to the Meter being commissioned. Further detail is in the proposed changes to the Code Subsidiary Documents (CSDs) included in this consultation.

The simplified registration process will be:



## Assignment of asset meters

Only persons registered as a BSC Party (including VLPs) will be able to register asset meters. Asset meters will only be able to be registered and used as part of a single SBMU, within a single Grid Supply Point (GSP) Group.

Asset meters will sit at a 'level below'/'behind' boundary Meters as such each asset meter will have an associated Boundary Point Metering System – this will need to be identified by the asset meter registrant during the registration phase.

Assigning asset meters to Primary BM Units (Supplier or Additional) would create even more difficult accounting issues to resolve (beyond those already created by P375) and, given that P375 was raised in relation to an issue effecting VLPs and SBMUs, and arising from P344, it was felt that this was out of scope so not pursued further.

### Assessment Consultation Questions

Do you agree that asset meters should only be assigned to a single SBMU at any one time?

Do you agree that asset meters should only be assigned to a single GSP Group at any one time?

The Workgroup invites you to give your views using the response form in Attachment F

## Asset MSIDs

Much like Metering System Identifiers (MSIDs) are used to identify individual Meters, and MSID Pairs are used where there are associated Import and Export, P375 will create the

asset MSID (AMSID). AMSIDs will be used to identify individual asset meters and AMSID pairs where there are associated flows to and from an asset.

Just as each asset meter will be associated with a Boundary Point Metering System, so each AMSID will be associated with a Boundary Point MSID. Again, this will be identified by the registrant during the registration process.

### Registration of asset meters

The Settlement Volume Allocation Agent (SVAA) will be required to create a register of all asset meters – the asset meter register (AMR). The AMR will be similar in content to the SVA Metering System Balancing Services Register and serve a similar function (ad ergo have the same status), but for AMSIDs. The process for registration will be covered in [BSCP602 'SVA Metering System Register'](#), which is included in this consultation for reference.

### Losses and corrections

The SVAA will assign (following calculation where appropriate) a GSP Group Correction Factor and Line Loss Factor Class (LLFC) ID. Generic LLFs will be used as matter of course, unless a Site Specific LLF is created.

### Change of registration and de-registration

It will be possible to change the VLP to which an asset meter is registered as well as being able to de-register an asset meter. Each of these processes will emulate the existing processes for Boundary Point Meters.

Upon change of VLP, the new VLP will inform the SVAA of the change, and by implication request that the asset meter and associated AMSID(s) are registered to them. The SVAA will inform both the old and the new VLP once the AMSID pair re-allocation has occurred, and the old VLP will have the ability to raise a dispute in case of an erroneous transfer.

### Faster Switching and the Retail Energy Code

Ofgem is conducting a [Significant Code Review](#) (SCR) looking at how Switching can be improved as well as introducing a new Industry Code – the Retail Energy Code (REC). There will be aspects of the BSC that will be impacted by this where Metering (e.g. Boundary Point Metering) is covered by multiple Code requirements. e.g. BSC, DCUSA and SEC. Given that asset meters will be for BSC purposes only and will only be governed by the BSC, anything that happens with the SCR will not affect the P375 solution.

### General Data Protection Regulation and Data Protection Act 2018

The General Data Protection Regulation (GDPR) and Data Protection Act (DPA) 2018 lay out how personal data should be handled. Given that there is scope for domestic sites to be included in P375 assets, the Workgroup is conscious of how personal data should be handled.

There are existing arrangements in place for protecting personal data in the BSC and we expect that any VLP and/or their Agents will have their own processes in place to meet GDPR and DPA requirements to protect personal data.

#### Assessment Consultation Questions

Do you agree with the Registration process?

*If there is something that you think needs adding/removing/changing, please explain why, and if possible/appropriate, an alternative*

The Workgroup invites you to give your views using the response form in Attachment F

## BSC Party Agents

HHDCs will be appointed by the VLP in a similar way to the appointment of SBMU HHDCs i.e. with the sending of Data flows as laid out in the relevant BSCPs. However, the workgroup has recognised that the company undertaking the role of MOA may only do so for asset metering.

As discussed above, the types of Meter that will be considered an asset meter may be quite different to those seen elsewhere in Settlement. As such, the companies charged with their operation may well only encounter CoP11 Meters; similarly, existing BSC qualified MOAs may not be familiar and/or comfortable with the operation of many asset meters. Given this, the Proposer, with the Workgroup's support, proposes:

- All Meter Operators with a BSC MOA qualification can be appointed as an asset meter MOA; or
- Meter Operators who will only provide services for asset meters need only complete the BSC Qualification process applicable to asset meters;
- Should the asset meter MOA subsequently wish to be a MOA for non-asset meters (e.g. for SVA Metering), then they will need to complete the full BSC Qualification, but only the bits they did not complete as part of their BSC asset meter MOA Qualification; and
- [BSCP537 'Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators'](#) will need updating during the implementation phase to recognise this.

HH Data Aggregators (HHDAs) are appointed by the Supplier for the Boundary Point Meter. Their only interaction will be the provision of Boundary Point Meter data as they do for Wider Access and TERRE.

#### Assessment Consultation Questions

Do you agree with the proposed roles for BSC Party Agents as described above?

*If there is something that you think needs adding/removing/changing, please explain why, and if possible/appropriate, an alternative*

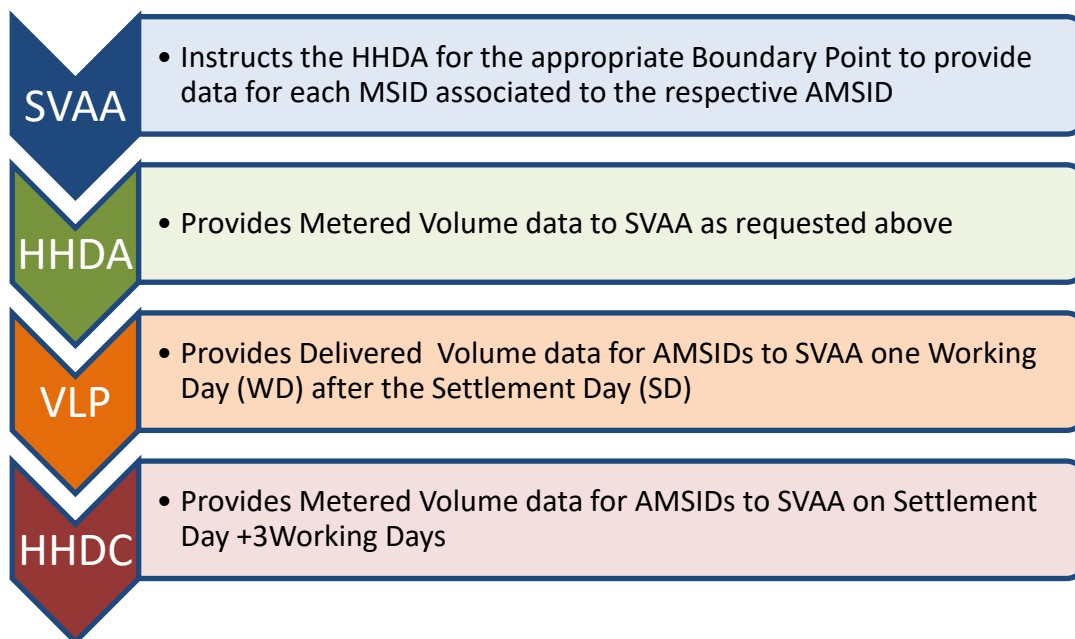
Do you agree with the proposed Qualification route for asset meter MOAs?

*If not, please provide reasons and, if possible, your views on how asset meter MOAs should qualify*

The Workgroup invites you to give your views using the response form in Attachment F

## Sharing of Metered data

The process for sharing of asset meter data between the VLP, HHDC and SVAA, as well as Boundary Point Meter data from the HHDA has been designed to emulate existing arrangements as much as possible. The simplified process will be:



Once the SVAA has received all of the required data, they will then apply the rules in [BSC Sections S 'Supplier Volume Allocation'](#) and [BSC Section S, Annex S-2 'Supplier Volume Allocation Rules'](#) to calculate the respective Settlement positions before passing that data to the Settlement Administration Agent (SAA).

### Assessment Consultation Questions

Do you agree with the process for sharing Metered data as described above?

*If there is something that you think needs adding/removing/changing, please explain why, and if possible/appropriate, an alternative*

The Workgroup invites you to give your views using the response form in Attachment F

As with P344, the registrant of the Boundary Point Meter will not be informed of the data from the asset meter, regardless of the impact on their imbalance position.

## Assurance

The Performance Assurance Board (PAB) has responsibility for ensuring appropriate assurance is undertaken to maintain the integrity of Settlement. As part of the Implementation phase we envisage that the following will need to occur:

- Update Technical Assurance Agent's remit;
- Update Qualification processes;
- Update Settlement Risk Register; and
- Consider P375 implications when setting and reviewing assurance objectives.

Elxon will, as we do currently, provide support, advice and information to the PAB as much as we can and as requested

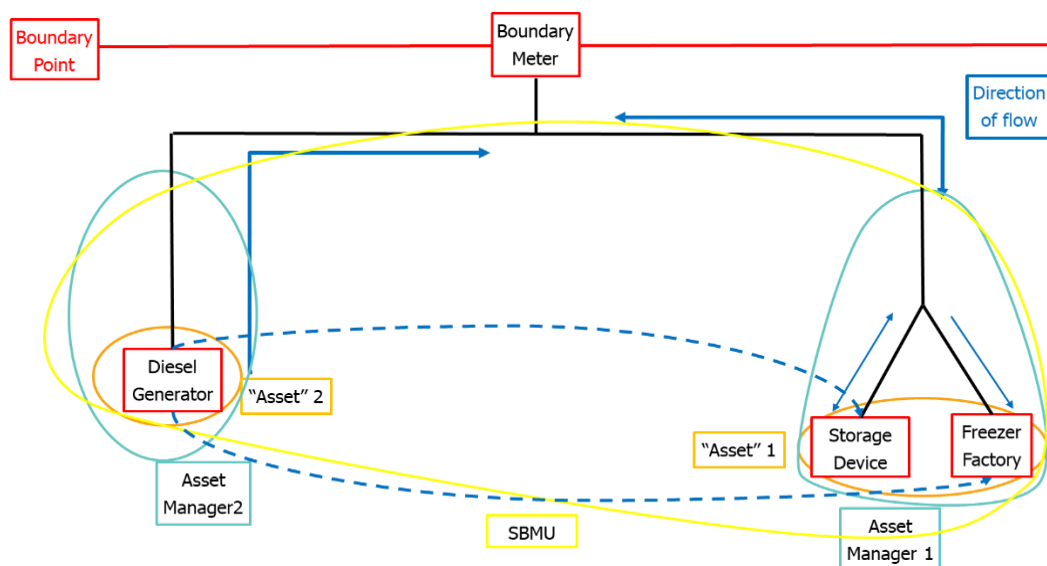
## Multiple points behind the boundary

The solution so far has focused on a single asset and a single VLP behind the boundary. However, the reality is that there may be multiple assets and multiple VLPs associated with a single Boundary Point Meter.

### Existing arrangements

Under the provisions established by P344 all assets behind the Boundary will be collected together in one SBMU. Even where there are multiple asset managers, only one of them will be the VLP associated with that SBMU and subsequent arrangements between the asset managers are outside of the BSC.

### Example of existing arrangements



### Two VLPs and single asset meter

Where there are two asset managers beneath the Boundary Point, P375 will allow each of them to be a VLP so long as one of them installs and commissions an asset meter. The volumes associated with the other VLP(s) will be calculated by the SVAA by applying 'differencing' based on the asset meter reads, the Boundary Point Meter reads and the data submitted by the HHDA, HHDC and the VLP with the asset meter.

The diagram illustrates a smart grid system with the following components and connections:

- Boundary Meter**: A central component at the top, circled in red, connected to a **Boundary Point** (red box) on the left and an **ABMU** (red box) on the right.
- Asset Metering System 1**: A central component on the right, circled in red, connected to the **Boundary Meter** and the **ABMU**.
- Asset Metering System 2**: A central component on the left, circled in red, connected to the **Boundary Meter** and the **ABMU**.
- Assets**: Two assets are shown: "Asset" 1 (yellow box) and "Asset" 2 (yellow box). "Asset" 1 is connected to the **Asset Metering System 1** and the **ABMU**. "Asset" 2 is connected to the **Asset Metering System 2** and the **ABMU**.
- Storage Device** and **Freezer Factory**: Two components connected to the **Asset Metering System 1** and the **ABMU**.
- Diesel Generator**: A component connected to the **Asset Metering System 2** and the **ABMU**.
- VLP1** and **VLP2**: Two components connected to the **Asset Metering System 1** and the **Asset Metering System 2**.
- SBMU**: A component at the bottom connected to the **Asset Metering System 1** and the **Asset Metering System 2**.
- HHDC1** and **HHDA**: Two components connected to the **Asset Metering System 1** and the **Asset Metering System 2**.
- MOA\* installed**: A component connected to the **Asset Metering System 1** and the **Asset Metering System 2**.
- Direction of flow**: A blue arrow indicating the flow of information or power from the **Asset Metering System 1** towards the **ABMU**.

Where there are two asset managers beneath the Boundary Point and two VLPs, each VLP can install and commission an asset meter for each of their assets. As with the above example, they may be in a single SBMU, but as each asset will have its own asset meter, the SVAA will assign volumes accordingly based on data submitted, rather than calculated.

[illegible]

Conversely, if there is only one VLP that has control of asset 1 and asset 2 in this example, then when the SBMU is dispatched by NGE SO, the VLP can determine how best to use their Plant and Apparatus between the two assets to best deliver that instruction.

While the examples above illustrate how sites can be established with two VLPs and/or assets, the P375 solution will allow for multiple assets and multiple asset meters (N). For differencing to be used, the number of asset meters shall be N-1.

The examples above are included for illustrative purposes.



## Legal text

The proposed legal text for P375 is at Attachment A. Additionally, we have also drafted the new CoP11 as well as changes to BSCP601 and BSCP602 as attachments B - D.

### Assessment Consultation Questions

Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P375?

The Workgroup invites you to give your views using the response form in Attachment F

An explanation of the formulas proposed in BSC section S-2 is included in the Workgroup discussion at the end of section six, immediately before the start of section seven.

## Business Requirements

The Business requirements in Attachment E lay out what we consider needs to be delivered in order for P375 to be implemented. These are the basis on which draft legal text and CSD redlining has been undertaken and will form the basis for system requirements during the implementation phase, as well as enabling us to draft any outstanding CSDs.

## Are there any (other) alternative solutions?

The Workgroup has not proposed an alternate solution for P375.

### Assessment Consultation Questions

Do you agree with the Workgroup that there are no potential Alternative Modifications within the scope of P375 which would better facilitate the Applicable BSC Objectives?

*Please provide your rationale and, if 'No', please provide full details of your Alternative Modification(s) and your rationale as to why it/they better facilitate the Applicable BSC Objectives.*

The Workgroup invites you to give your views using the response form in Attachment F

## 4 Impacts & Costs

The Proposer and the Workgroup recognise that the cost of £2m associated with P375 is, on first look, significant. However, they believe that this cost is justifiable given the opportunities they think P375 will create across the industry. These are discussed in more detail below.

### Estimated central implementation costs of P375

The cost to Elexon to implement P375 will be approximately £3,500. This is made up as follows:

In addition, the cost of making the changes to the SVAA software and systems has been estimated by Elexon's Service Provider to be between £1.6m to £2m.

### Indicative industry costs of P375

We have not yet received any indicative costs to industry, though we would welcome such costs as part of the consultation feedback. However, feedback from industry members in the Workgroup is that any costs associated with P375 are recoverable e.g. through increased asset participation in flexibility markets.

The reasoning for this is that implementation of P375 and registering asset meters will be a business decision for VLPs and it is exceptionally unlikely that a VLP will follow this route unless they have already identified that it is in their financial interest. That being said, anecdotal evidence from Workgroup members suggests that P375 uptake will be larger than for other significant BSC changes introduced recently and/or in development e.g. TERRE and/or MARI – however, not all workgroup members were sure this is the case.

#### Assessment Consultation Questions

Will P375 impact your organisation?

*If 'Yes', please provide a description of the impact(s) and any activities which you will need to undertake between approval of P375 and the P375 Implementation Date (including any necessary changes to your systems, documents and processes) and any on-going operational impacts. Where applicable, please state any difference in impacts between the Workgroup's proposed solutions.*

Will you be likely to participate in P375 following implementation?

*Would P375 be preferential to other products being developed/recently introduced?*

Will your organisation incur any costs in implementing P375?

*If 'Yes', please provide details of these costs, how they arise and whether they are one-off or on-going costs. Please also state whether it makes any difference to these costs whether P375 is implemented as part of or outside of a normal BSC Systems Release. Where applicable, please state any difference in costs between the Workgroup's proposed solutions.*

The Workgroup invites you to give your views using the response form in Attachment F

### Associated benefits of implementing P375

P375 will, primarily, allow asset meters to be used for Settlement purposes, thus making the proportioning of balancing responsibility more accurate. However, the use of asset meters for Balancing and Settlement is expected to open up an array of opportunities, whether they be commercial or regulatory. The examples below have all been identified by

the Workgroup as being potential benefits to be considered against the cost of implementation.

## Smart Grids

The transition from Distribution Network Operators (DNOs – known as Licensed Distribution System Operators (LDSOs) in the BSC) to DSOs is well under way – the Energy Network Association’s [Open Networks Project](#) is testament to this. In addition to this, there are numerous other initiatives and projects underway to facilitate the delivery of a smarter grid.

It is anticipated that DSOs will take over a lot of the functions undertaken by TSOs i.e. in the context of the BSC, DSOs will be responsible for taking pro-active actions to manage power flows on their networks in the way that the TSO (NGESO) does now.

The rise of decentralised energy will invariably lead to a far greater number of sites on a Distribution System. These sites will have far smaller capacity than traditional centralised Transmission connected power plants i.e. Megawatts compared to Gigawatts. This will mean that the DSO will need to be a lot more proactive than the TSO to maintain balance. However, they will also be able to balance on a far more local scale. Asset meters will enable DSOs to have far more sight of what is happening on their systems, thus giving them greater flexibility in their planning. Further, it will allow VLPs to offer services to DSOs as well as participating in the Balancing Market.

One analogy that was used was that using the Boundary Meter to manage a local imbalance is like topping up an egg cup from a gallon-drum, where-as using an asset meter is more like using a small glass.

## New avenues to market

Implementation of P375 will allow aggregators to aggregate flows from their assets into a single ‘pot’ to be large enough to enter the wholesale market. One example of how this could work is for an aggregator to engage with multiple home owners to aggregate the export from small scale Solar Photovoltaic (PV) on people’s roofs – whether registered for Feed-in Tariffs (FIT) payments, the Smart Export Guarantee (SEG) or otherwise.

If an aggregator is able to collect together enough volume (either from the PVs direct or connected storage), then they will be able to compete against other, larger Generators in the wholesale markets. This would give home owners and consumers far more control over how they engage with the market, which is democratisation of energy. It would also provide a route for community energy groups and cooperatives to come to market.

A significant proportion of FIT installations are owned and operated by providers of social housing, with the profits being re-invested in the community. Another significant proportion is owned and operated by investment companies that are house-hold names, allowing said investors to add to consumers’ pension pots and the like – as such, individual consumers benefit indirectly. Although the SEG scheme is still in its infancy, it is, arguably, reasonable to assume that it will follow a similar pattern to the FIT scheme.

The data from asset meters would be accessible and it would be relatively easy for investors to analyse the benefits of investing in small scale generation, thus promoting its uptake and growth, leading to further decentralisation of energy (and decarbonisation if such growth is connected to renewable and low-carbon energy).

## Electric vehicles

EVs are essentially, from an energy perspective, mobile storage devices. We have discussed with Workgroup members how vehicles plugged into charging points (when aggregated in a geographical area) can be used to enter the BM market.

At the moment, charging is Metered in a number of ways – it can be via Meters in the charge point or by devices in the charging cables that measure the flow of electricity. There are provisions within the BSC to approve these types of devices on a case-by-case basis, but it requires approval from the Supplier Volume Allocation Group (SVG) and can be quite time consuming and could be perceived as a barrier to entry.

CoP11 will allow for a Meters embedded in charging points/devices to be approved in the same way as any other Settlement Meter, and in the same timescales. This will, it is believed, remove a perceived barrier to entry which will, in due course, help with the growth of Electric Vehicle charging, when coupled with other regulatory measures.

It should be noted, that EV charging growth is predicted to happen in two ways:

- Large scale charging parks (e.g. a whole carpark of charging points) connected at a single boundary point; and
- Individual charging points as part of wider sites where the charging points asset meter can be used to offer services – either individual vehicles, or as part of a wider aggregation

It is the later example that P375 is concerned with and where it will facilitate growth. We have spoken to one organisation that is looking at developing this solution by tying in EV charging points and on-street furniture, with an asset meter in the cabinet, to be able to aggregate volumes in a geographical area, and they have indicated that P375 will make this more commercially viable.

## Renewable energy and storage

It has been widely discussed that renewable technologies will form a significant part of future smart grids. Incorporating this level of renewable energy will require significant investment in flexibility to benefit from zero-marginal cost generation. It is the Proposer's and Workgroup's belief that storage will go a long way, if not all the way, to resolving any concerns around renewables. Their reasoning is that storage (whether in a battery or another form such a heat) and flexible operation (which is analogous to storage) can be used to store energy as the market allows, and the stored energy can be used as an alternative to other energy sources as required.

If a VLP has storage devices as part of the asset alongside renewable generation, then they can offer balancing services independent of the renewable technology. Essentially, being able to dispatch individual storage assets, thanks to asset metering, will give the TSO and/or DSO more options.

N.B. the P375 solution does not itself provide a mechanism through which assets can be dispatched individually (it will allow the VLP to choose which assets to use within a SBMU), but it will pave the way for such a scenario and contribute significantly to the growth of smart grids. It is also believed that allowing asset meters will give increased security for storage owners (amongst others) to enter the market.

## Integrated Energy Systems

It is becoming generally accepted that to achieve 'net zero' targets there needs to be an integrated energy system. At the moment, policy and regulation for the main energy streams (Electricity, gas, heat, carbon fuels and water) exist in isolation. As we move forwards, an integrated energy system will tie each of these energy streams together. As an example, changes to heat policies will consider how they will effect electricity demand to power heat pumps; which in turn will consider the use of gas and water in producing the electricity; or the use of water and gas and/or electricity to create steam for a heat network.

It has been suggested that having heat pumps (for example) as part of a VLP's asset will allow DSOs (once the smart grid is established) to use the heat dump to increase/decrease demand as required.

With the increase in smart appliances in people's homes (which in themselves are more efficient than older appliances), P375 will make it easier for consumers to offer balancing services via an asset meter.

One of the keys to achieving net-zero is achieving integrated energy systems. To achieve this, it is recognised that there is a need for greater flexibility, including an increase in smaller scale service provision i.e. assets. This is explored further in [National Grids Future Energy Scenarios 2020](#).

## Proposed BSC Modifications

The following BSC Modifications may make use of the P375 solution. The Proposer and Workgroup's proposals for P375 do not suggest a position on the following modifications:

- [P379 'Multiple Suppliers through Meter Splitting'](#) aims to use allow consumers to be supplied by multiple Suppliers. It will allow this by allowing more than one Supplier to utilise a single Boundary Point. As part of this, asset meters may be used to identify appropriation of volumes. P379 is still being developed, but early indication is that a lot of the P375 solution will form part of the P379 solution.
- [P383 'Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications CMP280 and CMP281'](#) aims to enable the aggregation of specific Metering Systems Metered data for network charging purposes. Having asset meters on site will allow for greater accuracy in such aggregation.
- [P395 'Excluding generators from BM Unit Gross Demand and the calculation of EMR Supplier Charges'](#) will change how energy is attributed to Generators by the BSC where Suppliers are providing electricity which falls outside of the Electricity Act 1989 definition of 'Supply'. Asset meters on sites where this occurs will enable accurate calculations to be made.

## Community energy

The premise of a community energy group is that member's trade energy between each other. At the moment this is done either via private networks (outside of the BSC's concern) or between sites connected to the Total System. In the latter scenario, Boundary

Point Metering, and therefore Suppliers' Meters, are used to calculate the amount of energy transferred.

In a scenario where two members of a community energy cooperative are both situated beneath the Boundary line, asset meters can be used to identify how much energy flows from one to another. This, in itself, is outside of the concerns of the BSC as this is a private network. However, if one (or both) of those Community assets was used to provide Balancing Services to the Total System in addition to services to their peers, then any income from doing so could be used to benefit the wider energy community.

The growth of community energy could arguably form a central part of the de-centralisation and democratisation of energy. It forms part of almost all forward thinking and is generally accepted as being a key part of future energy policies. As such, it is likely that the BSC will have to change in due course to facilitate developments in community energy trading. By implementing P375, the BSC will be well placed for future market developments as it will already have a solution in place to support further market innovation.

### Data provision

The use of data in energy forms part of the Government's key industrial strategy and this is being led by Ofgem and Energy Systems catapult. From a BSC perspective, we are consulting on P398 '[Increasing access to BSC Data](#)', which will open up BSC data.

By adding an extra layer of data to the mix, i.e. asset meter data, there will be more, and increasingly specific data available. As discussed above, smart Meters will be able to be used as asset meters, so P375 could aid with the government's plans for smart Meter roll-out; particularly when considering SEG Export Meters have to be smart Meters.

### Costs of developing the future energy market

It is not possible to put an accurate cost on a lot of ongoing development projects. Additionally, the Workgroup and Proposer are very aware of the possibility of double counting benefits (e.g. the cost of developing a smart grid could include the cost of developing an EV charging network).

Notwithstanding, the following have been added, at the request of the Proposer and Workgroup, to be indicative of how P375 will contribute to bigger change.

Project	Estimated cost	Timescale (cost/year)	Estimated Benefit
<b>P375</b>	£2m cost	14 months (£1.7m/year)	£50m/year <sup>1</sup>
<b>EV charging infrastructure</b>	£532m <sup>2,3</sup>	15 years (£35m/year) <sup>3</sup>	£8.1bn/year <sup>4</sup>
<b>Demand Side Response</b>	Various – not possible to estimate		£8bn/year <sup>5</sup>
<b>Heat Network Investment project</b>	£1.4bn <sup>6</sup> (mixed Government and private investment)	12 years (£116m/year)	£2.5bn/year <sup>7</sup>

1. Estimated as 50% of the expected P344 benefits for VLPs – see P344 Modification Report
2. [March 2020 budget statement](#)
3. This will be more as we are already seeing significant private investment in addition to the Govt.'s £0.5bn
4. Assumes [£800 - £1,000 \(based on RAC estimates\)](#) saving/vehicle and 9m EVs by 2030
5. [BEIS November 2017 report](#)
6. [BEIS publication 'Clean Growth - Transforming Heating' December 2018](#)
7. Savings vary but 15%/year is a rough consensus. Heat accounts for roughly half of all energy bills - £90/year for 28m homes – does not include industry savings

If we were to make a **very** rough assessment of these three costs, we would expect roughly £18bn/year in consumer savings per year. As previously stated, the Proposer and Workgroup accept that P375 will be a facilitator, not cause of change. Therefore, if we estimate that P375 will account for 0.005% of the above benefits - even from the three areas shown, it could be argued that P375 could save consumers £90m/year by 2030. Please note though, that this is an indicative figure and is not an accurate assessment – it is used merely to illustrate how P375 could contribute towards facilitating greater industry change.

### Workgroup's views on impacts, costs and potential benefits

Regardless of what type of Metering is developed as part of any future smart grid and/or integrated energy system, the way in which CoP11 has been developed, means that almost any type of energy flow measurement device could become an asset meter – so long as they meet the minimum requirements.

While P375 will not solve any of the problems associated with developing a future energy system, it will, as far as the Proposer and Workgroup believe, pave the way and facilitate change. Further they believe that as every-one of us is expected to benefit from smart grids, integrated energy systems, shift to EVs etc. then the cost of £2m amongst 28m consumers (roughly seven pence each) is not significant a cost considered the potential benefits that P375 will help to achieve.

The Workgroup agreed unanimously with the potential impacts on BSC Parties, agents and BSC Systems etc. (see tables below).

#### Assessment Consultation Questions

Do you agree with the potential future benefits of implementing P375 as described above?

*If there is something that you think needs adding/removing/changing, please explain why, and if possible/appropriate, an alternative*

The Workgroup invites you to give your views using the response form in Attachment F

### P375 impacts

#### Impact on BSC Parties and Party Agents

Party/Party Agent	Impact
Suppliers	Will impact on Boundary Meter data and imbalance
Generators	Only if they elect to Implement new process to take advantage of the proposed solution
Virtual Lead Parties	
HHDAs	Will be required to introduce MSID data to SVAA



Impact on BSC Parties and Party Agents	
Party/Party Agent	Impact
HHDCs	If they elect to offer HHDC services for asset meters, they will need to implement new processes
MOAs	If they elect to offer MOA services for asset metering, they will need to implement new processes

Impact on the NETSO
Will need to be aware of P375 and that PNs will, potentially, be more accurate

Impact on BSCCo	
Area of ELEXON	Impact
Customer Operations	Will require changes to customer engagement for Operational Support Managers; new Assurance techniques and risk monitoring; new Metering registration processes
Digital Operations	Testing and roll-out of changes to BSC Systems; new processes for Settlement and Invoicing; additional monitoring by Analysis and Insight; impact on SLAs with Service Provider
Other	Increased communications to raise awareness of P375, its opportunities and implications

Impact on BSC Settlement Risks
P375 will impact on <a href="#">Settlement Risks 001 to 026</a> inclusive as P375 will effect/replicate the processes covered by these risks, therefore there is a risk that if P375 data is not handled/submitted correctly, these risks could become issues. To mitigate this, we will engage with industry (see implementation plan) to ensure that the processes designed by Elexon SMEs are fit for purpose.

Impact on BSC Systems and process	
BSC System/Process	Impact
SVAA	New processes and rules for calculations before sending data to SAA
Technical Assurance Agent (TAA)	Potentially, new Assurance activity if directed by the PAB

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Impact
SVAA	New processes and rules for calculations before sending data to SAA
TAA	Potentially, new Assurance activity if directed by the PAB



Impact on Code	
Code Section	Impact
BSC Sections J; K; L; S; S-2; X-1; and X-2	Amended to reflect the P375 solution

Impact on EBGL Article 18 terms and conditions
Parts of the proposed legal text changes form part of the balancing terms and conditions as per EBGL Article 18 and as such will need to be consulted on as part of the Report Phase. The Workgroup believes that these changes will facilitate the EBGL objectives.

Impact on Code Subsidiary Documents	
CSD	Impact
BSCPs 601 and 602	Amend to reflect changes to BSC Sections and P375 solution
BSCP537	Amend to reflect changes to qualification requirements
BSCP 502	Update HHDC obligations
BSCP514	Update MOA obligations
BSCP537	Update MOA qualification process

Impact on other Configurable Items	
Configurable Item	Impact
CoP11	To be created as part of the P375 solution
User Requirement Specifications	To be amended as identified during System development and testing
Business Definition Documents	
Interface Definition Document	

Impact on Core Industry Documents and other documents	
Document	Impact
All documents	Nil impact

Impact on a Significant Code Review (SCR) or other significant industry change projects
Nil impact

Impact on Consumers
Will pave the way to allow increased consumer interaction in the energy industry

## Impact on the Environment

This Modification is consistent with the net zero target.

As described above, P375 will facilitate other changes that will make positive Environmental changes

## Other Impacts

Item impacted	Impact
Contribution to 'net zero' transition	See Proposer and Workgroups beliefs above
Facilitation of EV charging becoming more commercially viable	
Facilitation of integrated energy systems	
Facilitation of increased flexibility for TSO/DSO when balancing	

## Assessment Consultation Questions

Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?

Do you agree with the Workgroup's assessment that P375 does impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

Do you have any comments on the impact of P375 on the EBGL objectives?

Please provide an explanation of your required lead time, and which of the activities listed in your answer to Q6 are the key drivers behind the timescale. Please also state whether it makes any difference to this lead time whether PXXX is implemented as part of or outside of a normal BSC Systems Release. Where applicable, please state any difference in lead times between the Workgroup's proposed solutions. How long (from the point of approval) would you need to implement P375?

The Workgroup invites you to give your views using the response form in Attachment F

### Recommended Implementation Date

The Workgroup recommends an Implementation Date for P375 of:

- 24 February 2022 if the Authority's decision is received on or before 29 January 2021; or
- 23 June 2022 if the Authority's decision is received after 1 February 2021 but on or before 30 April 2021.

### CoP11 Implementation

Notwithstanding the above recommendation, the P375 Workgroup recommends that CoP11 should be implemented 12 months ahead of P375 to allow Meter manufacturers the opportunity to bring new Meters to market. By implementing CoP11 12 months ahead of P375, there will be certainty that new Meters will be approved and ready to go ahead of P375's implementation and as such, the benefits can start to be realised as soon as practicable.

Furthermore, the longer CoP11 is delayed; the more there is a risk that the number of stranded assets will increase. This is because manufacturers may continue to make and introduce Meters to the market that will not meet the CoP11 requirements and will therefore be of no use once P375 is implemented.

### Code Subsidiary Documents

We intend to work with industry members akin to a workgroup to develop Code Subsidiary Documents during the implementation phase. This will mean that we have expert input when drafting processes and operational rules. The changes to CSDs will be consulted on as part of the standard release process.

We did something similar with P344 and it was successful in allowing industry greater input into developing CSDs.

#### Assessment Consultation Questions

Do you agree with the Workgroup's recommended Implementation Date?

Do you agree that CoP11 should be implemented 12 months ahead of P375?

*If you disagree, you are requested to provide reasons for disagreeing and your view on when CoP11 should be implemented*

Do you agree that convening a group of industry experts during the Implementation Phase will assist with developing P375's CSDs?

*If you disagree, you are requested to provide reasons for disagreeing and your view on how P375's CSDs should be implemented*

The Workgroup invites you to give your views using the response form in Attachment F

The first two Workgroup meetings were held jointly with the P376 Workgroup due to similarities on the proposed solution – P376 is looking to resolve a similar issue by developing a methodology to baseline load, rather than use an asset meter. The Workgroup notes reflect discussions relevant to P375.

### General principles for P375

P375 and P376 seek to ensure that rigour is applied to the way Balancing Services are provided, and that it would be important for the independence of assets to be demonstrated as part of this to ensure that services being delivered were legitimate and not open to abuse. For example, we would want the action to be accurately compensated if that action stopped the Total System being negatively affected. However, it's important to ensure that the action was being undertaken independently and didn't intentionally happen at the same time as other events on site. For example turning on a Generating Unit may automatically switch on a pump. Therefore the Workgroup concluded that moving to Settlement based on flows at the Operational Metering should not be at the expense of calculating the impact on the Total System.

A Workgroup member noted that there was no limit on the number of SBMUs that could be registered and so it would be possible to register each asset in its own SMBU relating to a GSP, as long as it met the volume requirement which is 1MW for Replacement Reserve. However, they noted that this is not economically viable.

### Physical Notifications

The Grid Code requirement is for the PN to represent flows at the GSP Group level, with the data captured at the Boundary Point. The PN should be an accurate forecast of actuals flows for the relevant Settlement Period for when the Balancing Service is delivered. The PN turns into the FPN at gate closure. Even though it may not accurately reflect flows, NGESO use the FPN as a baseline to dispatch the asset and instruct the asset to move away from the FPN. One Workgroup Member commented that ESO are really more concerned about the delta provided and this is what they will aim to deliver. The FPN therefore is more a procedural process. They will concentrate on delivering the delta requested rather than adjusting between defined volumes, as in reality they don't have access to the real time Boundary Metering which would show if this requirement is being achieved.

NGESO confirmed that although theoretically the PN could be changed after Gate Closure, this did not happen in practice as the Maximum Export Limit (MEL) was used to effectively change the PN if the PN was not realistic. The Workgroup noted that ESO has access to data to forecast the expected output of a site, and this could be used to set the FPN for dispatch rather than rely on a potentially inaccurate PN.

A Workgroup member commented that historically many complex sites have been restricted from providing balancing services to NGESO on the basis that they are unable to accurately forecast the change to the volume at the Boundary Point. A member commented that it could be seen as unfair for end users to pay for balancing actions that have no impact on the Total System, as there was no clear benefit to the customer. It was noted that there may be occasions where the Total System will appear to not be affected by an action when looking at flows at the Boundary Meter, as the net effect of actions

behind the Meter may not affect the Boundary Meter, but if the action had not been undertaken then the Total System would have been negatively impacted. This is important to consider when discussing assurance and independence of assets.

The Workgroup considered how FPNs would be calculated: If an SBMU contained one asset then it would be the FPN for that asset; if it contained numerous assets then it would be the sum of FPNs for those assets. The Workgroup noted that it was unclear what granularity of FPN data NGESO would receive. The NGESO representative noted that there was a desire for VLPs to provide GSP level services to aid with system constraints rather than just GSP Group actions. They noted that this wasn't progressed under P344 as it was unclear that aggregators would be able to deliver this.

## Registration of Metering Systems

### Existing process

LDSOs create the 13 digit Meter Point Administration Number (MPAN), and only Suppliers can register MPANs. The Workgroup noted that if new 13 digit MPANs were created under P375, there would need to be coordination with the Master Registration Agreement (MRA). Registering secondary pseudo-MPANs with 13 digit numbers would therefore be preferable so that future data flows are future proofed (for example to avoid longer digits and/or strings being truncated) as many current systems are designed to accommodate 13 digits and already do so for non-Settlement Meters.

**Note** - the original P375 terms of reference used the term 'pseudo MPANs'. As the solution was developed, this term ceased to be used and AMSIDs was developed. It is included here to illustrate the development of the P375 solution by the Workgroup.

This already seems to be common practice for operational non-BM or asset metering on sites. Once a Supplier is the Registrant of a Meter, it is the Supplier that then appoints a MOA and HHDC. This is a requirement under the current process but the Workgroup noted that this may be too onerous for operational Metering. There is already a complex process to ensure seamless data transfer and switching on the Data Transfer Network (DTN). It was noted that some features of the DTN are a good match for possible new pseudo-MPAN flows.

The Workgroup discussed whether the VLP would create the new pseudo-MPAN, and whether the pseudo MPAN should remain linked to the asset if a new VLP took responsibility. A Workgroup Member noted VLPs don't have MPIDs, and would need one to access DTN. Further, it was identified that the key difference between pseudo and normal MPAN is that the normal MPAN needs to be continually 'involved', recording energy use for each half hour all the time.

The Workgroup discussed whether pseudo-MPANs need to be 13 digit codes, can anything be done to link to them to the MPAN permanently. This is so the pseudo-MPANs do migrate across with a Change of Supplier at the Boundary Point and change of VLP control of the asset. It is possible that a repurpose of the Change of Supplier flow using the DTN could be used. There is a possibility of the DTN getting snarled up due to a disconnect between the pseudo and Supplier MPAN.

## **LDSO role**

The Workgroup agreed that although the LDSO was responsible for identifying Boundary Metering, this is not a good match for the P375 solution, as they would have no involvement behind the Boundary Meter, as this would be between the customer and the VLP. A question arose around the anticipated split between DSO and LDSO. LDSOs do not currently actively manage their networks, and the P375 solution shouldn't limit the potential for DSOs to actively manage their network.

The Workgroup discussed whether the registration system is visible to the LDSOs. This could be done under a separate Modification so as not to create blockers, and so it was agreed to keep it out of scope. The Workgroup commented that there would need to be a process to transfer Meter Technical Details (MTDs) between VLPs and a process to deregister operational Metering. It requested that a consultation question should ask views on transferring pseudo MPAN's MTDs, in addition transferring between Secondary BM Units.

A Workgroup Member commented on LDSO charging which relates to things like final demand and residual charging, believing that the issues faced by storage providers using a generation licence would also be applicable to this Modification. They believed that a consultation question should be included to gain further information on this. They commented that as the solution focused on Secondary BM Units, it was inherently relating to Balancing Services. Another Workgroup Member commented that LDSOs recover their costs based on boundary Meter volumes, so they didn't think this was an issue for the Workgroup to consider

## **Link to Boundary Point Metering**

The Workgroup discussed the need to link the operational Metering to the boundary Metering for the purposes of being able to adjust Metered volumes. It noted that there were other industry projects that may require the installation of operational Metering. The Workgroup particularly noted the Targeted Charging Review (TCR), CUSC Modifications CMP280/281, Final Consumption Levy, Multiple Suppliers P379, Electric Vehicles and domestic battery solutions. Although it was deemed outside the scope of this Modification by this Workgroup, they should be taken into account to avoid creating unintentional blockers and to ensure everything was heading in the same direction. For example when registering a Meter, information could also be voluntary provided in relation to the asset such as EV, Storage.

## **Asset meter register**

The Workgroup considered who could create and maintain this new register of operational Meters. It could be the VLPs, DCs, or the SVAA or NGESO. The Workgroup agreed that SVAA was best placed to do this as there was already a well-established registration system in place. It was agreed that a qualified MOA should install and maintain the Meters, but that this could be a different MOA to the one appointed to the Boundary Meter.

It was discussed what data should be provided and how, between the VLPs and the SVAA for both the site and asset. It should include what voltage the operational Meter was connected at (to be able to apply a line loss factor), as well as the Boundary Meter MSID and the asset MSID. The VLP would need to provide information and data about the site

for assurance for example site schematics/line diagrams. Questions arose whether this was a one off process or whether this should be periodically confirmed to provide continued assurance. It was noted that Elexon had developed a Self-Service Gateway under its Foundation Programme, and that the creation of new pseudo MPANs could be managed through this.

## Transfer of registration

P375 should emulate the BSCP602 process for moving MSIDs between VLPs. We discussed if more time is needed for objections to be raised before the Effective from Settlement Date but this needs to be balanced against VLPs retaining customers unjustly. Given the limited chances of objections occurring, and there is a process in place if they do, there is no need to move away from the BSCP602 precedent.

The Workgroup agreed that clarification is required around how the SVAA should make determinations between where SBMUs are used for P344 Balancing services and P375 Balancing services. It was suggested that the determination remains in place until notified otherwise i.e. it will be for P375 until SVAA is notified otherwise – that is, VLPs will not need to notify each Settlement Period what the SBMU is being used for.

## Sites and BM units in scope

The Workgroup identified that P375 related to Secondary BM Units which were not liable for credited energy. For example operational Metering could not be used within a Supplier BM Unit. Checks would need to be put in place to avoid a situation where two VLPs try to register the same operational Meter into their own Secondary BM Unit.

The Proposer asked the commercial relationship between VLPs and Suppliers and noted that sometimes there can be commercial tension or commercial opportunity between supplier and VLP, but that the site owner/operator/manager is best placed to give/have authority on Metering appointing MOAs and balancing decisions, and whether the VLP needs to let supplier know.

The Workgroup agreed in early meetings that domestic sites would be out of scope, but that any solution should not hinder or block operational Metering on domestic sites through the implementation of P375. However, as the solution developed, this changed so that there is now no restriction on domestic sites other than the limitations of the proposed CoP11 and P375.

The Workgroup agreed that more than one asset meter can be installed per site. Other site flows could be determined using a residual methodology which utilises asset metering installed. The Workgroup agreed that the assurance for this could be a declaration from the end customer along with proof of site load independence with line diagrams (as used by Central Volume Allocation (CVA) currently)

The Workgroup agreed:

- Zero, one or many VLPs can use AMSIDs to Meter individual parts of the site
- Zero or one VLP can use the Boundary Point MSID Pair(s). Their Secondary BM Unit Demand Volume will be calculated using the Boundary Point MSID Pair(s), less any AMSIDs used by other VLPs, less zero or more other AMSIDs (representing assets that no VLP wants in their BM Unit)

The Workgroup were concerned when future proofing this modification against other change that we do not just allow VLPs to register AMSIDs. However, P375 will restrict the use of AMSIDs to SBMU's, as the P375 defect is only concerned with VLPs and SBMU's. When drafting legal text we will try to accommodate future change, but changes needed to accommodate AMSID's into Primary BM Unit's will likely be picked up by P379 and other modifications. However, any Party (e.g. Suppliers) can register to be a VLP in addition to their existing Party role(s) and take advantage of asset metering.

## Primary BM Units and P375

P375 will not allow AMSIDs to be registered 'behind' Primary BM Units. Primary BM Units can be used for P344 purposes but there is nothing to stop Suppliers registering as a VLP role and registering AMSIDs as part of a SBMU.

There may be a need to register AMSIDs as part of a Primary BM Unit in the future but it is outside of the scope of P375 and does not address the P375 defect.

## Asset meter definition

The Workgroup agreed that a clear definition of asset metering was needed and should include an aggregate of equipment and/or loads for logical grouping and despatch. The critical principle for an asset meter is that the equipment can be independently controlled and dispatched.

## Communicating data

Communications will be via the DTN or 'by other electronic means as agreed' (e.g. the two companies involved agree to use P-Flows).

## Alternative Meter Operator Agents

The arguments for and against having a suitably qualified MOA were:

- **For qualification** – Settlement integrity is paramount and while initial uptake may be relatively small and not have a huge impact on Settlement, the expectation is that within a few years this will not be the case
- **Against qualification** – P375 was raised to simplify market entry. Some companies installing Meters will not be traditional players in Settlement Metering so requiring them to Qualify could be seen as onerous.

Asset meter MOAs should be required to qualify but only to the extent required to be an AMSID MOA. They will only be qualified to provide MOA services for AMSIDs where they are not already a qualified MOA. This means that existing market participants will continue to provide services without having to endure potentially onerous BSC qualification.

There was a suggestion for VLPs to be responsible for their MOAs in the same way that Suppliers are for theirs (Supplier Hub principle), but this was rejected as the Workgroup believe that asset MOA Qualification should emulate normal MOA Qualification as closely as possible.



## Metering Standards

The Workgroup considered whether there would need to be a dispensation process for operational Metering and noted that many dispensations are due to not being able to put the Meter in the correct location currently judged on a case by case basis by the Imbalance Settlement Group (ISG) and / or SVG.

A Workgroup Member commented that balancing services are done with active power and so questioned the need to keep reactive standards mentioned in the Codes of Practice (CoPs). Elexon noted that there were reactive power markets in other countries and these shouldn't be excluded when deciding the standards for the P375 solution to ensure the solution is futureproofed. The Proposer noted Measurement Transformers can be commissioned using a range of techniques, including injection and prevailing load. A Member was concerned that using primary injection on existing sites would be problematic, as it would require a site shut down. Elexon confirmed that primary injection is typically used on new high voltage sites prior to energisation.

Elexon commented that because of the legal definition of a Supply Meter, some EV charging sites were registered as Unmetered Supplies (UMS), but considered that if the data was accurate it should be used. The Workgroup agreed that the solution should accommodate and future proof governance around EV Meters and assets, and this should be considered in the redlining. It was noted that schedule 7 of the electricity act wouldn't apply as the Meters used for the P375 solution would not be for Supply.

A Workgroup Member thought the same accuracy standards should be maintained for operational Metering, but that removing the requirements for storage, communications, and display would reduce the cost, commenting that storage requirements can increase the cost of Meters. A Member commented that there would be incentive for VLPs to ensure Metering was functional as they would not be paid for any services if the relevant Meters were broken or communications were down. The Workgroup decided to investigate standards for Metering available and used, through impact assessment or consultation. The Workgroup agreed that standards for Metering under P375 should sit in a new document, and Elexon agreed to create a straw man document to consult on. The Workgroup noted the desire to do this sooner rather than later so that industry could be aware of what standards would likely be required under P375.

A Member questioned whether it would be possible to revert back to the boundary if the P375 asset meter became broken or problems with the communications. Elexon commented that it would be unlikely to be able to use the Boundary Meter to determine delivery, as the P375 issue is that you can't use the Boundary Meter due to uncontrolled assets behind the Boundary Meter. However, if the operational Meter was down, the VLP would be treated as not having delivered, and so would be strongly incentivised to rectify an issue or fault as soon as possible.

That there should be a size threshold for appointment of MOAs: where the capacity of the circuit that is being Metered would require CoP3 Metering (broadly used by Industrial and Commercial (I&C) sites).

For sites where the capacity of the circuit that is being Metered would require CoP3 Metering and above, the VLP can choose to be the MOA (by completing BSCP537) or appoint a MOA.

Where the capacity of the circuit that is being Metered is below CoP3 a MOA need not be appointed, and that VLPs can subcontract technical services.

In this case any Metering (or Metering System) would need to be CoP11 compliant, and there would need to be a qualification process for the use of these technical services set out in a BSCP (to be discussed at a future Workgroup meeting).

That the functionality of this 'asset meter MOA' should be defined in the BSC. This would be different to that as defined by supplier hub, which could be perceived as a barrier to entry (i.e. does not have to be a traditional MOA).

That the Modification can be future-proofed by including recognised standards (e.g. IEC, CE) in the new CoP11, and the minimum requirements of functionality for the new Meters or Metering systems being approved in BSCP601.

That the VLP is ultimately responsible for passing on data into Settlement.

The Workgroup discussed the new Code of Practice that has been developed as part of the P375 solution. Iain Nicoll stepped the meeting through the key points as per the meeting slides.

A question was asked whether we need to differentiate between Active and Reactive energy and whether there is a need to report the latter. It was agreed that, based on how energy is measured elsewhere for Settlement purposes, there is no need to measure Reactive energy.

We discussed the provisions around security measures. There is a wider BSC matter around security measures and P375 is not the forum to resolve them and Elexon is looking into them elsewhere. For the purposes of P375, it was agreed that wording should be something along the lines of 'appropriately secure'

The Workgroup discussed inverters and whether they should be considered in terms of Meter locations. It was discussed that while it is possible to measure Direct Current (DC) flow and convert into an Alternate Current (AC) equivalent rate i.e. the amount of energy that effects Balancing and/or Settlement, this wasn't particularly easy from a technical point of view and probably wouldn't be needed. It was agreed that inverters is more of an issue for storage devices rather than Electric Vehicles. It was agreed to include this in the Assessment phase consultation

## Losses

The Workgroup considered how line losses should be accounted for. The P375 Proposer noted that the [Issue 70 'Settlement of Secondary BM Units using metering at the asset'](#) group thought this could be linked to the voltage of the Meter. Elexon noted that when calculating non Delivered volumes it uses actual Settlement Metered data. This Metered data will include losses up until the GSP Group. If the FPN is calculated based on flows at the Boundary or at the Operational Meter and is not adjusted for losses then there will always be a difference between actual Metered data used for Settlement and Expected flows (which equals FPN plus Accepted Volumes) if the FPN and Accepted volumes do not take losses into account. Elexon committed to provide further examples at the next workgroup to illustrate this further.

The Workgroup decided that it should consider the role of agents and the need for registration flows in its next meeting, and consider where any Baseline Methodology would best sit under the BSC as well as associated charging. The Workgroup considered that as the Modifications were similar and the membership was almost the same, Elexon should continue to try and combine Workgroups for the two Modifications and noted that this would mean having more frequent Workgroups to ensure things were fully considered.

The Workgroup agreed that it would be appropriate to use the LDSO calculated Line Loss Factors for BSC Settlement Meters for operational Meters. The relevant Line Loss Factor (LLF) would be applied based on the voltage difference. This would keep the solution simple by using the existing values, and the Workgroup did not believe that the distance from the operational Meter to the boundary would need to be considered. The Workgroup decided that the VLP would need to declare LLF for each pseudo MPAN, but questioned how unusual voltage configurations could be handled. Elexon confirmed it would use the LLF that was the best fit and also noted this approach is used for private wire arrangements in the Contracts for Difference scheme.

The Workgroup agreed that SVAA will apply the Boundary Meter LDSO LLFs according to the voltages used by referencing the asset and Boundary Meter. The default position will be to use Generic LLFs, but Site Specific LLFs could be used if required. Furthermore, it was discussed that CoP11 will allow for Meters to apply corrections to the reading, or for them to be done as part of aggregation process – this is consistent with existing processes and will allow for the very few rare occasions where Generic LLF may not be used.

## Performance Assurance

The Workgroup noted Elexon's suggestions that appropriate Assurance techniques should include Technical Assurance of Metering (TAM), BSC Audit, and Material Error Monitoring. They commented that there should be an automated technique using statistical methods to identify gaming. Further, they recognised that it is the PAB's role to direct assurance as they see fit and it will be up to the PAB to determine if asset metering should be included in their assurance priorities.

The Workgroup considered who would be best placed to provide assurance for any solution. One Member commented that this could be best achieved under the Grid Code rather than BSC as ESO need to be confident that the delivered volumes are accurate. ESO commented that it believed assurance should be a BSC process. The Workgroup questioned what sanctions could be applied to non-compliance. It also commented that there would need to be a robust definition for independence of control and site configuration, so that sanctions could be appropriately applied.

## Appointment of Agents

The first AMSID Registrant will appoint Agents. We discussed if some technologies would be able to switch from one Agent to another. There was concern over how to deal with proprietary software and if this could be a cause for Switching objection but, BSCP601 requires that Metering Systems should be able to be switched. This is a wider issue outside of the remit of P375 and should not be considered by the P375 Workgroup.

## Differencing

The Workgroup agreed that a 'metering by difference' approach (which is distinct from 'difference metering' and 'net metering') should be incorporated into the P375 solution. This will work for site configurations where an asset without a Meter uses Metered data from other Meters on the site to determine its volumes.

## Impact assessments

Elxon explained that the Impact Assessment form CGI has given an initial estimate of £1.6m to £2m to implement over 50 – 60 weeks. This is very much an initial estimate and is subject to change.

Elxon went on to explain that this is commensurate with other changes of a similar nature such as P344 and P354.

## Cost Benefit Analysis

Elxon explained that, given the amount involved, precedence suggests that the Workgroup should make a case for why the cost is justified. The Workgroup agreed that reference should be to the following points in the Assessment consultation and Report:

- Facilitation of P379 (multiple Suppliers), P383 (aggregation of demand for complex storage Sites) and P395 (final demand on-site)
- Facilitates uptake of Flexible assets, including Electric Vehicles, batteries and heat pumps
- Transition to DSOs – DSOs will have better understanding of capacity within their networks
- Potentially, wholesale market access for aggregators
- Carbon capture that could be enabled – we should try and estimate potential benefit, particular in relation to use of smart Meters and encouraging use of EVs and heat pumps
- Will add to the 'big data' available – we discussed P398 and how that too will enable big data. It was agreed that P375 should not 'do' anymore and follow the P344 precedence in terms of data sharing.
- Will facilitate aggregators being able to enter the wholesale market
- P375 will be able to make use of smart Meters and their data in respect of aggregation and as such, will add value, and be a validation/realisation to the smart Meter programme

It was agreed that we should avoid 'double counting' benefits i.e. they should only be logged as a benefit for the primary beneficiary.

It was agreed that P375 would be a facilitator for other changes across the industry and this should be drawn out but not necessarily counted as a 'benefit' as each of these individual initiatives have their own 'benefits' already identified and this could lead to a double counting of benefits.

## Assessment Phase Consultation

The workgroup discussed whether the P375 Assessment Phase consultation should be extended beyond the proposed standard three weeks.

The proposer's concern is that any delay to the Modification process will delay the roll-out of CoP11 and increase the risk of there being 'stranded assets' i.e. Meters that are of no use following the implementation of P375. Furthermore, they were of the opinion that

three weeks is more than sufficient time to liaise with colleagues internally and discuss a response.

On the other hand, it was represented that given the enormity of what we are proposing, particularly as it is ground-breaking and will apply to people who may not have a great base-knowledge of the BSC, three weeks may not be long enough to understand the concept and respond.

It was suggested that the VLPs that will be impacted, may need more than three weeks to identify what changes will be required to their systems to comply with P375; but this was countered with the fact that the use of the P375 solution will be voluntary and implement necessary changes to internal systems will be a commercial and business decision.

We also discussed that P375 is one of a number of potentially complex BSC Modifications due to have implementation work start in 2021 and its final implementation date could be subject to change. The P375 Workgroup were absolutely dead-set against this and one even suggested that as part of the Assessment Phase consultation, we should seek views on how likely P375 is likely to be taken up and how that take-up will be relative to other large scale recent/upcoming changes such as TERRE and MARI. The workgroup thought this would be a good idea, with one member suggesting that their anecdotal evidence to date being that P375 is highly anticipated and VLPs would be more likely to participate in P375 than other products i.e. TERRE or MARI.

Following discussion, the Workgroup agreed that the three week Assessment Phase consultation should remain and acknowledged that should a respondent not be able to respond in time, their response may still be considered by the Workgroup and/or BSC Panel, dependant on when it is submitted and that there would be an opportunity to submit views as part of the Report Phase consultation.

## Draft Legal text

The Workgroup discussed how the formulas in BSC Section S-2 have been derived and folded into the BSC.

## Section S-2 General

SVAA receives aggregated consumption figures in accordance with BSC Section S-2 paragraph 3.1. However, for P344 the SVAA requires disaggregated consumption figures per MSID Pair. This means that the HHDA's are therefore instructed under P344 to send MSID standing data to SVAA for relevant Boundary Meters.

For P375 the SVAA will receive disaggregated data from the HHDC for asset metering Systems. However, the SVAA will need to perform the role of the HHDA to turn the data received from HHDCs into the equivalent of what they receive from HHDA's.

Suppliers ensure HHDCs enter Meter Register Consumption into the relevant systems (SMRC) and then turn this into Metering System Metered Consumptions (SMMC). The equivalent needs to be done by HHDCs for asset metering systems who will now send the equivalent data, which is normally sent to HHDA's, but will be sent to the SVAA instead.

BSC Section S-2 paragraph 3.3.2A, and paragraph 3.5.1A (which creates AMRC), which is turned into the equivalent of SMMC for asset metering systems in paragraph 3.5.3A AMMC.

HHDA's will turn the Metering System Metered Consumptions (SMMC) received from HHDCs into Allocated Metering System Metered Consumption (AVMMC) by assigning a GSP Group, Line Loss Factor and Consumption Component Class to the data.

For asset metering systems, the SVAA will undertake this role and turn the AMMC into the equivalent of AVMMC for Boundary Meters by assigning a GSP Group, Line Loss Factor and Consumption Component Class to the data to AMMC; turning this into AAVMMC – this will be covered by BSC Section S-2 paragraph 3.9.2A

*Note: To create a CCC, SVAA will need to know a Measurement Class.*

The SVAA has so far performed a role similar to the HHDA for this new data. We now start mirroring a lot of the existing processes as this is the point, where the SVAA will receive this data from HHDA's for Boundary Meters.

In BSC Section S-2 paragraph 7.1.1B, the Allocated Metering System Metered Consumption is turned into Metering System Metered Consumption VMMC HZaNLKj i ) by dividing the data by 1000.

The same therefore has to be done with the new Allocated Asset Metering System Metered Consumption creating a new paragraph - this will be paragraph 7.1.1B.

Both the Metering System Metered Consumption's VMMC are then allocated to the SBMUs. These will have slightly different subscripts for the Asset Metering Systems in paragraph 7.1.1C.

## Secondary Half Hourly Consumption (Non Losses)

The SVAA shall determine the Secondary Half Hourly Consumption (Non Losses) ( $V_{i2Nj}$ ) in paragraph 7.1.4.

$$\bullet \quad V_{i2Nj} = \sum_{aK} (A) \text{VBMMC}_{i2aNLKji} + (B) \sum_{aK}^{\text{NonDiff}} \text{VBMMC}_{i2NLKj} - (C) \cdot \sum_{aK}^{\text{Diff}} \text{VBMMC}_{i2NLKj}$$

The ' $\text{VBMMC}_{i2NLKj}$ ' from asset metering systems now feeds into the existing equation.

Within the SBMU, consumption values come from asset metering systems, which have been allocated like any other Metering System. However, there are asset metering systems allocated to the SBMU for the purposes of Differencing.

Boundary Meters volumes selected for Differencing will be included in the existing (A), and asset Metering Systems selected for Differencing within the new ' $\text{VBMMC}_{i2NLKj}$ '.

By deducting the asset metering systems selected for Differencing but leaving the volumes for the Boundary Meters selected for Differencing, the 'difference' between the two values creates the correct values for the Differencing AMSID. i.e. Boundary has flows of 10, all other AMSIDs have flows of 6, the differencing AMSID has flows of 4 included in the consumption volumes.

## Secondary Half Hourly Consumption (Losses)

The SVAA shall determine the Secondary Half Hourly Consumption (Losses) –  $V_{LOSSi2Nj}$ .

$$\bullet \quad V_{LOSSi2Nj} = S^{(vv)}_{LK} ((LLF_{Lj} - 1) * \text{VBMMC}_{i2aNLKji}) + S^{(vv)}_{LK} ((LLF_{Lj} - 1) * \text{VBMMC}_{i2NLKj}^{\text{NonDiff}} - S^{(vv)}_{LK} ((LLF_{Lj} - 1) * \text{VBMMC}_{i2NLKj}^{\text{Diff}}))$$

Similar to what happens for Non Losses, the losses for differencing have to take account of differencing which is done in paragraph 7.2.4.

Now we have fed the asset metering systems volumes into the Settlement process and calculated  $V_{i2Nj}$  and  $VLOSS_{i2Nj}$ , taking account of Differencing, the process continues as normal.

The next process adjusted in S-2 is the calculation of Delivered Volumes.

### **Determination of Metering System Delivered Volumes**

Paragraph 3.10 will deal with Delivered Volumes.

The VLP now needs to send in Delivered Volumes for AMSID Pairs adjusted to take account of Losses between the AMSID and the Associated MSID Pairs 3.10.1A.

As there may be a number of VLPs operating behind the same Meter, the Delivered Volumes for an Associated MSID Pair needs to be totalled – this will be in the paragraph 3.10.1B.

These new Total Delivered Volumes feed into the allocation of delivered volumes in paragraphs 3.10.3 and 3.10.4.

As noted earlier, there may be a number of VLPs operating behind a Boundary Meter. Therefore, the calculated Delivered Volumes above may need to be allocated to each VLP based on their contribution – this will be covered in paragraph 3.10.4A.



## 7 Workgroup's Initial Conclusions

The workgroup agreed unanimously that P375 should be implemented.

### Applicable BSC objectives

P375 will be **positive** for **Applicable BSC Objective (b)**. P375 will increase the options for RR providers to come to market, so will allow NGESO more options for the efficient, economic and coordinated operation of the National Electricity Transmission System. One Workgroup member added that it would provide greater confidence and continuity for NGESO as they will have increased visibility of what is happening beneath the Boundary Point.

P375 will be **positive** for **Applicable BSC Objective (c)** because allowing more providers to come to market as an inherent positive effect on competition.

P375 will give further opportunities for Aggregators to enter the market, so is in line with the EBGL's principles and objectives. As such is **positive** for **Applicable BSC Objective (e)**. One Workgroup member believed that there is a mildly positive effect as it is in the spirit of the EBGL, but not directly related. Another was neutral as they believe there is no direct link between P375 and the EBGL.

P375 will make Settlement more efficient as there will be greater granularity and determination of Balancing responsibility. However, the P375 solution, include the complexity of changes to BSC Section S and BSC Section S, Annex S-2, will make settlement calculations more complicated; as such, P375 is **neutral** for **Applicable BSC Objective (d)**.

The Proposer and Workgroup were neutral about all other Applicable BSC Objectives.

#### Does P375 better facilitate the Applicable BSC Objectives?

Obj	Proposer's Views	Other Workgroup Members' Views <sup>1</sup>
(a)	• Neutral	• Unanimous agreement
(b)	• Positive	• Unanimous agreement
(c)	• Positive	• Unanimous agreement
(d)	• Neutral	• Unanimous agreement
(e)	• Positive	• Majority - one member thought this was neutral
(f)	• Neutral	• Unanimous agreement
(g)	• Neutral	• Unanimous agreement

### Assessment Consultation Questions

Do you agree with the Workgroup's initial unanimous view that P375 does better facilitate the Applicable BSC Objectives than the current baseline?

The Workgroup invites you to give your views using the response form in Attachment F



#### What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

(g) Compliance with the Transmission Losses Principle

P375  
Assessment Procedure  
Consultation

24 August 2020

Version 1.0

Page 40 of 49

© ELEXON Limited 2020

<sup>1</sup> Shows the different views expressed by the other Workgroup members – not all members necessarily agree with all of these views.



## Self-Governance

Given the impact on the market and competition, and the potential to contribute to wider change, the Proposer and Workgroup unanimously agreed that P375 should not be a Self-Governance Modification, with one adding that P375 will change the 'normal state' and the concept of how the market could operate.

### Assessment Consultation Questions

Do you agree with the Proposer's and Workgroups view that P375 should not be a Self-Governance Modification

The Workgroup invites you to give your views using the response form in Attachment F

## P375 Workgroup Terms of reference

The Proposer and all Workgroup members agreed that the Workgroup Terms of Reference have been met.

## Appendix 1: Workgroup Details

### Workgroup's Terms of Reference

Specific areas set by the BSC Panel in the P375 Terms of Reference	Conclusion
What standard of Metering will be required? Note any differences between the standards of Metering used for other Balancing Services such as STOR (the use of Secondary BM Unit's may be extended further than the use of Replacement Reserve under TERRE).	A new standard for Metering will be created – CoP11
Consider appropriate ways to demonstrate independence of the asset if required? How can we appropriately provide assurance of the impacts of the balancing service on the Total System?	SVAA will assure independence as part of the registration process. The SVAA will calculate impact on the Total System
How will pseudo MPANs be registered and linked to the asset and how will these MPANs be subsequently be linked to the Settlement Meter?	AMSIDs (not pseudo MPANs) will be registered with the SVAA and the VLP will be responsible for linking the AMSID to the Boundary Point MSID
Is the solution, or can it be future proofed against potential future Industry developments, for example domestic assets providing Balancing Services or operating in the Balancing Mechanism.	CoP11 will allow for all future types of Metering. We have also identified how P375 will help facilitate future industry change
What changes are needed to BSC documents, systems and processes to support P375 and what are the related costs and lead times?	See Impacts section
Are there any interactions (complements and conflictions) between P375 and P376?	The P376 legal text will draw on P375's
Will any new data flows or amendments to data flows be required?	They will and will be identified during the Implementation process
Are there any Alternative Modifications?	Non were put forward by the group
Should P375 be progressed as a Self-Governance Modification?	The Workgroup's recommendation is that P375 is not Self-Governance
Does P375 better facilitate the Applicable BSC Objectives than the current baseline?	See Workgroup's conclusions

### Assessment Procedure timetable








P375 Assessment Timetable	
Event	Date
Panel submits P375 to Assessment Procedure	18 December 2019
Workgroup Meeting 1	24 January 2019 (with P376)
Workgroup Meeting 2	19 March 2019 (with P376)
Workgroup Meeting 3	16 May 2019

P375 Assessment Timetable	
Event	Date
Workgroup Meeting 4	4 July 2019
Workgroup Meeting 5	20 August 2019
Workgroup Meeting 6	6 November 2019
Workgroup Meeting 7	19 March 2020
Workgroup Meeting 8	14 August 2020
Assessment Procedure Consultation	18 August 2020 to 9 September 2020
Workgroup Meeting 9	w/c 24 September 2020
Panel considers Workgroup's Assessment Report	8 October 2020

## Workgroup membership and attendance

P375 Workgroup Attendance									
Name	Organisation	24 Jan 19	18 Mar 19	16 May 19	04 Jul 19	20 Aug 19	06 Nov 19	19 Mar 20	19 Aug 20
Members									
Douglas Alexander	Elxon ( <i>Chair</i> )	✓	✗	✗	✓	✓	✓	☎	✗
Lawrence Jones	Elxon ( <i>Chair</i> )	✗	✓	✓	✗	✗	✗	✗	✗
Chris Wood	Elxon ( <i>Lead Analyst</i> )	✗	✗	✗	✗	✗	✓	☎	☎
Tom Darwen	Elxon ( <i>Lead Analyst</i> )	✗	✓	✓	✓	✓	✗	✗	✗
Steven Bradford	Elxon ( <i>Lead Analyst</i> )	✓	✗	✗	✗	✗	✗	✗	✗
Alastair Martin	Flexitricity ( <i>second Proposer</i> )	✗	✓	✓	✓	✗	✓	☎	☎
Saskia Barker	Flexitricity ( <i>original proposer</i> )	✓	✗	✗	✗	✗	✗	✗	✗
Claire Addison	Flexitricity ( <i>alternate Proposer</i> )	✗	✗	✗	✗	✓	✗	☎	☎
Alessandra de Zottis	UKPR	✓	✓	✓	✓	✗	✗	✗	✗
Andrew Colley	SSE	☎	✓	✓	✗	✓	✗	☎	☎
Bill Reed	RWE	✓	✓	✓	✓	✗	✓	☎	✗
Grahame Neale	National Grid	✓	✓	✓	✓	✓	☎	✗	☎
Graz MacDonald	Green Frog	✗	✗	✗	✗	☎	✗	✗	✗
Ian Hall	IMServ	✗	✗	✗	✗	✓	☎	☎	☎
James Murphy	Stark	✗	✓	✓	✓	✓	✓	☎	✗
Jo Manship	RWE	✗	✗	✗	✗	✓	✗	✗	✗
Lisa Waters	Waters Wye	✓	✗	✓	✗	✗	☎	✗	☎
Meg Wong	Stark	✓	✓	✓	✓	✓	✗	✗	☎
Nik Wills	Stark	✓	✓	✓	✓	✓	✗	☎	☎
Paul Bedford	Opus Energy	✗	✗	✗	✗	✓	✗	✗	✗
Paul Farmer	Shell Energy	✗	✗	✗	✗	☎	☎	✗	✗
Paul Troughton	Enel	✓	✓	✓	✓	✗	✓	☎	☎
Rick Parfett	ADE	✓	✓	✓	✓	✓	✓	☎	☎

P375 Workgroup Attendance									
Name	Organisation	24 Jan 19	18 Mar 19	16 May 19	04 Jul 19	20 Aug 19	06 Nov 19	19 Mar 20	19 Aug 20
Steve Taylor	Quorum	x	x	x	✓	x	x	x	x
Attendees									
Damian Clough	Elxon ( <i>Design Authority</i> )	✓	✓	✓	✓	☎	✓	☎	x
John Lucas	Elxon ( <i>Design Authority</i> )	x	x	x	x	x	x	x	x
Matt Roper	Elxon ( <i>Design Authority for P344</i> )	x	x	x	x	✓	x	x	x
Peter Frampton	Elxon ( <i>Design Authority for P379</i> )	x	x	x	x	x	☎	x	x
Aditi Tulpule	Elxon ( <i>Lead Lawyer</i> )	x	x	x	x	x	✓	☎	x
Nick Brown	Elxon ( <i>Lawyer</i> )	✓	x	x	x	x	x	x	x
Iain Nicoll	Elxon ( <i>Metering</i> )	x	x	x	x	✓	✓	✓	x
Roan Chavez	Elxon ( <i>Market entry and Qualification</i> )	x	x	x	x	x	✓	x	x
Matthew Woolliscroft	Elxon ( <i>lead Analyst for P376</i> )	✓	✓	✓	✓	x	x	x	x
Alexander Kelly	Ofgem	x	x	x	x	x	✓	☎	x
David Beaumont	Ofgem	✓	✓	✓	x	x	x	x	x
Kirsten Nazareth	Ofgem	✓	✓	✓	x	x	x	x	x
Alex McLellan	Indra	x	x	x	x	✓	x	x	x
Ben White	Ovo Energy	✓	x	x	x	x	x	x	x
Chris Proudfoot	Centrica	x	✓	✓	✓	x	x	x	x
Colin Gentleman	SSE	x	x	x	✓	✓	x	x	x
Conor Maher McWilliams	Kaluza	✓	x	✓	✓	✓	x	x	x
David Graves	Quorum	✓	✓	✓	✓	✓	x	x	x
Genna Boyle	Limejump	x	x	x	x	☎	x	x	x
Jack Abbott	Centrica	✓	x	x	x	x	x	x	x
James Atkinson	Centrica	x	x	x	x	x	☎	x	x

P375 Workgroup Attendance									
Name	Organisation	24 Jan 19	18 Mar 19	16 May 19	04 Jul 19	20 Aug 19	06 Nov 19	19 Mar 20	19 Aug 20
John Porro	Flexitricity	x	x	x	x	x	x	x	
Michael Ayres	Flexible Power Systems	x	x	x	x	x	x	x	
Mike Schooling	Kaluza	x	x	x	x	✓	x	x	x
Rupert Redesdale	Energy Managers Association	x	x	x	x	x	x		
Simon Lord	Engie	x	x	x	x	x		x	x
Thomas Clarke	Verv	x	x	x	x	✓	x	x	x
Valts Grintals	Kaluza	x	x	x	x	x	✓		

## Appendix 2: Glossary & References

### Acronyms

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

Acronyms	
Acronym	Definition
AC	Alternate Current
AMR	Asset meter register
AMSID	Asset MSID
BEIS	Department for Business, Energy and Industrial Strategy
BM	Balancing Mechanism
BOA	Bid-Offer Acceptance
BRP	Balance Responsible Party
BSC	Balancing and Settlement Code
BSCP	BSC Procedure
BSP	Balancing Service Provider
CHP	Combined Heat and Power
CoP	Code of Practice
CSD	Code Subsidiary Document
CUSC	Connection and Use of System Code
CVA	Central Volume Allocation
DC	Direct Current
DCUSA	Distribution Connection Use of System Agreement
DSO	Distribution System Operator
DSR	Demand Side Response
DTN	Data Transfer Network
EBGL	Electricity Balancing Guideline
EMR	Energy Market Reform
EV	Electric Vehicle
FIT	Feed-in Tariffs
FPN	Final Physical Notification
GB	Great Britain
GSP	Grid Supply Point
HH	Half Hourly
HHDA	HH Data Aggregator
HHDC	HH Data Collector
ISG	Imbalance Settlement Group
I&C	Industrial and Commercial
LDSO	Licensed Distribution System Operator
LLF	Line Loss Factor



Acronyms	
Acronym	Definition
LLFC	LLF Class
MEL	Maximum Export Limit
MOA	Meter Operator Agent
MPAN	Meter Point Administration Number
MRA	Master Registration Agreement
MSID	Metering System Identifier
MTD	Meter Technical Details
NETA	New Electricity Trading Agreement
NETSO	National Electricity Transmission System Operator
NGESO	National Grid Electricity System Operator
PAB	Performance Assurance Board
PV	Photovoltaic
SAA	Settlement Administration Agent
SBMU	Secondary BM Unit
SCR	Significant Code Review
SEC	Smart Energy Code
SEG	Smart Export Guarantee
STOR	Short-Term Operating Reserve
SVA	Settlement Volume Allocation
SVAA	SVA Agent
SVG	Settlement Volume Allocation Group
TAA	Technical Administration Agent
TAM	Technical Assurance of Metering
TCR	Targeted Charging Review
TERRE	Trans-European Replacement Reserve Exchange
TSO	Transmission System Operator
UMS	Unmetered Supply
VLP	Virtual Lead Party

## 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
6	European Balancing Guideline (EBGL)	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2195">https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2195</a>
6	P344 'Project TERRE'	<a href="https://www.elexon.co.uk/mod-proposal/p344/">https://www.elexon.co.uk/mod-proposal/p344/</a>

P375  
Assessment Procedure  
Consultation

24 August 2020

Version 1.0

Page 48 of 49

© ELEXON Limited 2020

External Links		
Page(s)	Description	URL
6	TERRE implementation plan	<a href="https://www.elexon.co.uk/about/trading-electricity-market/terre-wider-access/">https://www.elexon.co.uk/about/trading-electricity-market/terre-wider-access/</a>
8	BSC Procedure (BSCP)601 'Metering Protocol Approval and Compliance Testing'	<a href="https://www.elexon.co.uk/csd/bscp601-metering-protocol-approval-and-compliance-testing/">https://www.elexon.co.uk/csd/bscp601-metering-protocol-approval-and-compliance-testing/</a>
11	BSCP602 'SVA Metering System Register'	<a href="https://www.elexon.co.uk/csd/bscp602/">https://www.elexon.co.uk/csd/bscp602/</a>
11	Switching Programme Significant Code Review	<a href="https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/smarter-markets-programme/switching-programme">https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/smarter-markets-programme/switching-programme</a>
17	Open Networks Project	<a href="https://www.energynetworks.org/electricity/futures/open-networks-project/open-networks-project-overview/">https://www.energynetworks.org/electricity/futures/open-networks-project/open-networks-project-overview/</a>
19	P379 'Multiple Suppliers through Meter Splitting'	<a href="https://www.elexon.co.uk/mod-proposal/p379/">https://www.elexon.co.uk/mod-proposal/p379/</a>
19	P383 'Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications CMP280 and CMP281'	<a href="https://www.elexon.co.uk/mod-proposal/p383/">https://www.elexon.co.uk/mod-proposal/p383/</a>
19	P395 'Excluding generators from BM Unit Gross Demand and the calculation of EMR Supplier Charges'	<a href="https://www.elexon.co.uk/mod-proposal/p395/">https://www.elexon.co.uk/mod-proposal/p395/</a>
20	'Increasing access to BSC Data'	<a href="https://www.elexon.co.uk/mod-proposal/p398/">https://www.elexon.co.uk/mod-proposal/p398/</a>
20	March 2020 budget statement	<a href="https://www.gov.uk/government/publications/budget-2020-documents/budget-2020">https://www.gov.uk/government/publications/budget-2020-documents/budget-2020</a>
20	BEIS November 2017 report	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/657144/DSR_Summary_Report.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/657144/DSR_Summary_Report.pdf</a>
20	BEIS publication 'Clean Growth - Transforming Heating' December 2018	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766109/decarbonising-heating.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766109/decarbonising-heating.pdf</a>
32	Issue 70 'Settlement of Secondary BM Units using metering at the asset'	<a href="https://www.elexon.co.uk/smg-issue/issue-70/">https://www.elexon.co.uk/smg-issue/issue-70/</a>