ELEXON

P376 ‘Utilising a Baselining Methodology to set Physical Notifications’

Workgroup 7

6 November 2020

Agenda and meeting objectives

1. Update on actions from meeting 6
2. Discussion of solution changes
3. Position on raising an Alternative Solution
4. Comments on draft legal text
5. Review of Terms of Reference
6. Initial Workgroup views and voting
7. Next steps

ACTION UPDATES

Actions

#	Action	Update
1	Elexon to investigate the implications of whether the Alternative Solution is raised or not	We can revisit after consultation
2	Confirm the system impacts of adding delivered volumes to the solution	This will be done while the Assessment Consultation is out.
3	Amend legal text so that where an MSID Pair is registered for baselining and data isn't available, it doesn't get added to the SBMU	This is reflected in the latest BRs and legal text
4	Ensure Event Days are well defined	We will discuss options for how best to do this today
5	Update legal text with criteria for materiality checks on event days nominated ex post	The Proposer has suggested an alternative approach and we do not believe these actions are still relevant
6	What analysis can be done to support a post event materiality threshold for validating event days	

UPDATE ON SOLUTION

Delivered Volumes

Under current P344 Baselines VLPs are required to send to SVAA Delivered Volumes per MSID Pair
SVAA shall allocate MSID Pair Delivered Volumes between the composite MSID Pairs to create Metering System Delivered Volume
If a MSID Pair Delivered Volume cannot be allocated in full to the component MSIDs the SVAA System will report an exception to BSCCo and the Virtual Lead Party (i.e.)

Proposal

For Baselined MSID Pairs, Delivered Volumes will be calculated by SVAA
MSID Delivered Volumes = Actual Volumes per MSID Pair less MSID Baseline Value
Still a requirement for VLPs to send Delivered Volumes for MSIDS in BMU not Baselined

Event days

Split event days into two categories:

Days where an asset has been dispatched

- These will have an auditable paper trail associated with them
- Can be from BM/TERRE or other markets (e.g. Capacity Market)

Days where other abnormal behaviour has occurred

- Allow a period rather than individual days to be nominated
- Can be nominated up to [30] days after the event
- The Supplier will be informed of sites where an event day has been nominated [legal question]
- Limit the number of event periods that can be declared

Approach to defining event days

Approach one:

Define Event Days in the BSC as days where a balancing service has been provided.

- This will make all Event Days objective and auditable
- A Modification would be needed to alter the definition of Event Days, thus providing certainty to industry
- This would eliminate any gaming opportunities associated with declaring Event Days, but would miss instances of abnormal energy flows for other reasons

Approach two:

The BSC Defines Event Days as given in the Baseline Document (to be created for P376)

- Event Days can still be split by balancing service and other reason
- This would make the definition of event day less rigid and would allow other reasons to be captured
- We do not believe there would be material gaming opportunities, but event days created for reasons other than balancing service provision would be harder to audit

Assurance for submitting Event Days

We proposes that a Technical Assurance of Performance Assurance Parties (TAPAP) check is deployed 6 months after implementation.

This will consider event days declared by Parties and assess whether any event days have been declared for illegitimate reasons, and the effect these have had.

This will provide the Panel with either evidence that the P376 solution is robust and working well, or evidence that can be used to place restrictions on event days to remove any gaming opportunities.

We do not believe that allowing Parties to nominate event days will provide any significant gaming opportunities, but the use of a TAPAP will confirm this and inform any decisions the Panel may take.

ALTERNATIVE SOLUTION

P376 Alternative Solution

When it considered the IWA, the Panel added a Workgroup Term of Reference:

- What is the association with P375 and how would they both work together if Ofgem approved both Modifications)
  - It is therefore in scope of the P376 Workgroup ToRs to consider aligning the P376 and P375 solutions

All voting members of the P376 Workgroup have attended and provided views at P375 Workgroups

- The P376 Workgroup is therefore in a position to make an informed decision on the alignment of P375 and P376

We believe it is within the P376 Workgroups vires to raise an alternative solution to P376 which would align the P375 and P376 solutions

Although such a solution would be dependent on the approval of both P375 and P376, it would not fetter the Authorities discretion on approving either Mod as the P376 Proposed solution will not overlap with P375

COMMENTS ON DRAFT LEGAL TEXT

Legal text by exception

No Workgroup members have provided comments on the draft legal text ahead of this Workgroup meeting.

TERMS OF REFERENCE

Terms of Reference (1 of 4)

Areas to consider	
How will the Baseline PN be created and by whom?	BY the SVAA using an approved baseline methodology as selected in advance by the Party providing balancing services
Can the Baseline Methodology be used for other purposes other than providing the PN for Settlement purposes?	This Modification limits the scope at how expected Metered Volumes are used in the Settlement Calculations, in particular the calculation of Non Delivery charges. However the Workgroup note that similar changes to the Grid Code could improve the quality of data used by the NETSO to dispatch assets
Consider how the new service will be funded? i.e. should only those who benefit from this service pay for the service?	The expected annual service fee is ~£80k. We believe this can reasonably by absorbed into other BSC Costs and charges

Terms of Reference (2 of 4)

Areas to consider	
Which Parties will be allowed to use a Baseline Methodology for their PN used in Settlement?	VLPs with an SBMU and Suppliers with an ABMU are best suited to using baseline methodologies. Baseline methodologies are most suitable where there is either just controllable demand or a mix of demand and generation at a site. The unbiased nature of the preferred methodology means it is in the Party's interest to only use the baseline methodology where it will provide more accurate data than the Party could predict.
Will there be one Baseline Methodology or will there be different methodologies aligned to Technology type. If so how will this work in practice?	There will be one default baseline methodology to start with (made of a weekday and weekend methodology). Parties will be able to apply to the Panel to permit other methodologies.

Terms of Reference (3 of 4)

Areas to consider	
What is the association with P375 and how will the Modifications work together if Ofgem approve both?	Each Modification can be delivered independently. To maximise the benefit the solutions should be aligned to allow baseline methodologies to be applied to asset metering. We believe it is possible to facilitate this through an alternative solution to P376.
what kind of data would be published for Final Physical Notifications (FPNs) at the Boundary Point and how this data interacts with National Grid ESO's dataflows and systems.	The obligations and publication of FPNs will not be affected by P376. P376 seeks to decouple the counterfactual used in Settlement from the NETSO FPN.

Terms of Reference (4 of 4)

Areas to consider	
What changes are needed to BSC documents, systems and processes to support P376 and what are the related costs and lead times?	The cost to implement P376 into BSC Systems is estimated £1.4M - £1.8M. The lead time is approximately 50 weeks
Are there any Alternative Modifications?	Yet to be determined
Should P376 be progressed as a Self-Governance Modification?	P376 should not be a Self-Governance Modification
Does P376 better facilitate the Applicable BSC Objectives than the current baseline?	The Proposer believes that P376 will better facilitate Objectives (b), (c) and (e)
Does P376 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?	P346 does impact the EBGL provisions. We believe it is consistent with the EBGL Objectives as it will increase competition and remove barriers to providing balancing services

INITIAL WORKGROUP VIEWS AND VOTING

Workgroup views from meeting 6

WG Member	BSC Objective						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Paul Troughton	Neutral	Positive	Positive	Neutral	Positive	Neutral	Neutral
Andy Colley	Neutral	Positive	Positive	Neutral	Positive	Neutral	Neutral
Bill Reed	Neutral	Positive	Positive	Neutral	Positive	Neutral	Neutral
Grahame Neale	Neutral	Positive	Positive	Neutral	Positive	Neutral	Neutral

Workgroup views from meeting 6

WG Member	EBGL Impact	Consistent with EBGL objectives	Self-Governance	Implementation Date	Legal Text
Paul Troughton	Yes	Yes	No	Yes	
Andy Colley	Yes	Yes	No	Yes	
Bill Reed	Yes	Yes	No	Yes	
Grahame Neale	Yes	Yes	No	Yes	

NEXT STEPS

Next steps

If the Workgroup agree, we will update the Assessment Procedure Consultation for the Workgroup to review w/c 16 November before it is issued for Industry consultation w/c 23 November

Following consultation we will convene the Workgroup to consider any responses and prepare the Workgroups Assessment Report which will be presented to the Panel at its meeting on 14 January 2021. This meeting could be just before Christmas, or early January depending on Workgroup preference

As P376 will impact parts of the BSC which constitute the EBGL Article 18 Terms and conditions, it will be issued for a one month Report Phase Consultation before the Panel made its recommendation on 11 March 2021

If P376 is approved we will arrange some industry workshops to develop the new Baseline Methodology document and any other relevant CSDs in the following months

Additional Consultation questions

- Do you perceive that the current arrangements provide a barrier to you participating in the provision of balancing services?
- If P376 were to be implemented, would it improve your ability to provide balancing services to NETSO?
- Are there any other uses for baselining methodologies not considered by this Modification?
- If you intend to register any MSID Pairs to use the baselining solution, are these new sites that have not been used to provide balancing services before?
- Is the commercial incentive to only use a Baseline Methodology on appropriate MSIDs sufficient, or should pre-registration checks be applied to sites before baselining is allowed?
- Where it is possible to economically install asset level Metering (under the P375 solution), should a registrant be required to use this solution rather than the P376 baseline solution?
- To what extend and for which type of sites do you intend to use the P376 solution if approved?
- Do you agree that the P375 and P376 solutions are complimentary and can work together to deliver the maximum benefit or should a Party be required to choose which solution to use?

A.O.B.

ELEXON

THANK YOU

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