ELEXON

P376 ‘Utilising a Baselining Methodology to set Physical Notifications’

Workgroup 9

15 February 2021

Agenda and meeting objectives

1. Solution clarification points
   - Processes for applying Performance Assurance Techniques
   - Treatment of asset FPNs
2. Consideration of Assessment Procedure Consultation responses
3. Finalising the Proposed Solution and decision on raise an Alternative
   - Alignment of the P375 and P376 solutions
4. Confirmation of initial Workgroup views
5. Next steps

SOLUTION CLARIFICATIONS

Introduction

- Elexon has a register of 34 Settlement Risks – these are Risks that we have identified as having the potential to impact the accuracy of Settlement in various ways.

- These Risks are managed by the Risk team (which sits within the wider Assurance team at Elexon). The role of the Risk team is to monitor and evaluate the Settlement Risks that exist in the market place.

- Elexon has a suite of 16 Performance Assurance Techniques (PATs) which can be deployed to monitor and manage the Risks to Settlement that exist in the market place.

- Elexon takes a risk-based approach to determine which areas to focus these PATs on, which is verified through internal experts, Risk Analysts, Risk Owners, and the Performance Assurance Board (PAB).

- Any changes (whether they are formal BSC Modifications/Change Proposals, or informal 'situational changes' in the marketplace) are accounted for through a Risk Assessment process, which is also the trigger for the deployment of PATs to mitigate those Risks.

- This process ensures that the 'most risky' areas are being focussed on, with the most appropriate PAT being used to deliver the most effective Assurance processes with the best overall value to the whole market.

Risk Evaluation & Technique Deployment Process

Impact of S13.1(c) on Grid Code operational metering and FPNs

At meeting 8, the Workgroup agreed a new requirement, which we added to BSC S13.1(c) :

> *where a Baselined BM Unit contains no Baselined MSID Pairs, the Submitted Expected Volume sent to the SVAA by a Party must be the same as the Final Physical Notification*

The implication is that Settlement baselines (Submitted Expected Volumes, Settlement Expected Volumes) should remain comparable with FPNs.

Since then we have been thinking through the implications (informed by market entry discussions with potential VLPs):

1. Lead Parties must provide Submitted Expected Volumes that match the Settlement Metering (i.e. include everything behind the Settlement Meter, not just the controllable assets), because it's a P376 requirement, and because it avoids spurious Non-Delivery Charges
2. BSC S13.1(c) requires the Physical Notifications to match the Submitted Expected Volumes
3. NGESO needs the Physical Notifications to reflect the assets that are operationally meterered (we believe)
4. Therefore, Grid Code operational metering must measure everything behind the Settlement Meter (not just the controllable assets)

P376 could have decoupled settlement baselines from Physical Notifications, allowing Lead Parties to install Grid Code operational metering close to the assets delivering the balancing service (potentially helping NGSEO balance the System) – but S13.1(c) closes down this possibility. Is that the intended consequence?

CONSULTATION REPONSES OVERVIEW

Consultation responses: Quantifying the defect

	Yes	No	Neutral/No Comment	Other
1. Do you perceive that the current arrangements provide a barrier to you participating in the provision of balancing services?	5	1	4	0
2. If P376 were to be implemented, would it improve your ability to provide balancing services to NETSO?	5	1	4	0
3. 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?	2	1	7	0

- Most respondents expressing a view did believe the current arrangements presented a barrier to participation
- Respondents who believed the current arrangements to be a barrier believed that P376 would improve their ability to provide balancing services
- Two VLPs believed that baselined MSID Pairs would be new registrations. One noted that customers can participate in other markets such as the CM and ancillary services, but not the BM currently

Consultation responses: legal text drafting

	Yes	No	Neutral/No Comment	Other
4. Are there any other uses for baselining methodologies not considered by this Modification?	4	2	4	0
5. Do you agree with the Workgroup that the draft legal text in attachment A delivers the intention of P376?	5	0	4	1

- Respondents identified other potential uses including:
  - asset independence checks for P375; and
  - other services such as dynamic containment and BTM demand assets
- Most respondents agreed that the legal text would deliver the intent of P376
- HHDAs did not believe that the draft redlining contained enough clarity on the responsibilities and processes required of HHDAs
- The Proposer suggests an amendment to deal with an ‘edge case’ of when there is unexpectedly enough data to calculate a baseline for the MSID Pair. The current drafting would just leave this MSID Pair out, which could lead to an error when comparing QME and QM. They suggest that where an MSID Pair finds itself in this position, it should be removed from secondary BM Unit calculations altogether and treat it as it delivered nothing. Two approaches to achieve this are to treat the MSID Pair as if it were inactive for this period, or to set the MSID Baseline value to equal the Metered Consumption for this interval

What happens if there is insufficient data to calculate a baseline?

If a Lead Party (Supplier or VLP) knows in advance that there is insufficient data to calculate a baseline (for an MSID Pair in a Baselined BM Unit), they can:

- Notify SVAA to treat the MSID Pair as not baselined (so its delivery is judged against the Submitted Expected Volume calculated by the Supplier or VLP): or
- (for VLPs only) notify SVAA to treat the MSID Pair as “Inactive”, effectively excluding it from the BM Unit

The Enel X response raises the question of what happens if the Lead Party doesn’t do this, and there is insufficient data to calculate a baseline for a Baselined MSID Pair. Our legal text is not that clear on this point, but by implication:

- The MSID Pair will still be included in the metered volume for the BM Unit
- The MSID Pair will make a zero contribution to the Settlement Expected Volume
- So all the metered volume will be treated as delivered volume (benefitting an Exporter delivering an Offer, or disbenefitting an Importer delivering an Offer)

Enel X propose that the MSID Pair should be treated as delivering nothing (baseline = metered)

They suggest two options for doing this (one of which would work for both Suppliers and VLPs)

Consultation responses: Alternative solutions

	Yes	No	Neutral/No Comment	Other
6. Do you believe there are any alternative solutions that have not been considered?	3	5	2	1
7. Do you believe that in the absence of any other alternative solutions, the above P376 extension should be raised as an Alternative Modification?	5	0	5	0
8. 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?	6	0	4	0

- One software provider believed that Supplier Agents should have a more active role in the process. They believed that HHDCs already have the capability and are best placed to calculate estimated data through baselining. They believed that extending the services of HHDCs to deliver a baselining solution would better distribute the implementation costs among the beneficiaries rather than shared among the whole industry
- Respondents who expressed a view agreed that the suggested Alternative Solution should be raised
- Respondents who expressed a view agreed that the P375 and P376 solutions were complimentary

Would it be better for Supplier Agents to do the baselining?

How would the different Agents be coordinated?

- Calculating a baseline requires data from both the Import and Export Metering Systems (which may have different Suppliers)
- Could we require the Import Supplier, Export Supplier and VLP to use the same HHDC? Currently Import and Export Supplier must appoint same MOA (but not HHDC)
- Could the VLP appoint a different HHDC? It means the baseline (and In Day Adjustments) might be calculated from different metered data to that used in Settlement

Would the HHDCs still be required to implement a rigorously-defined Methodology?

- Or would HHDCs be allowed to use site-specific knowledge (as they can when estimating missing data)?

Would the baselining requirement be mandatory or optional for HHDCs?

- Mandatory could increase overall costs
- Optional could create a ‘chicken and egg’ situation in which P376 can’t be used because HHDCs don’t want to risk making the investment

Consultation responses: Governance

	Yes	No	Neutral/No Comment	Other
9. Do you agree with the Workgroup's assessment that P376 does impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC and is consistent with the EBGL objectives?	6	0	4	0
10. Do you have any comments on the impact of P376 on the EBGL objectives?	3	4	3	0
11. Do you agree with the P376 Workgroup's unanimous view that P376 should not be progressed as a Self-Governance Modification?	7	0	3	0

- Respondents that expressed a view agreed with the Workgroups assessment against the EBGL objectives, noting that P376 would foster effective competition
- Any other comments respondents had on the EBGL Objectives were supportive of the Workgroups assessment
- Respondents that expressed a view agreed that P376 should not be a Self-Governance Modification for the reasons given by the Workgroup

Consultation responses: Impacts and Costs

	High	Medium	Low	None/No Comment	Other
12. Will P376 impact your organisation?	1	5	1	2	1
13. Will your organisation incur any costs to implement P376?	1	1	2	3	3
14. Will your organisation incur any ongoing costs in relation to P376?	0	1	2	5	2

- Impacts on participants varied. The highest impacts were on VLPs, who would have better access to the BM from P376.
- HHDAs and software providers that responded indicated a medium impact, but noted that the lack of clarity around the HHDA responsibilities and processes to be followed made it hard to fully quantify the impact. In particular, they sought clarity on:
  - The appointment process
  - Provision and timing of historical data
  - How ongoing data will be provided
  - Treatment of estimated data
- Most impacted respondents that were able to quantify implementation costs believed these would be medium
- Most respondents who would incur ongoing costs estimated these to be low to medium

Consultation responses: Implementation and Objectives

	>12 months	6-12 months	0-6 months	None/No Comment	Other
15. How long (from the point of approval) would you need to implement P376?	0	4	0	4	2
	Yes	**No**	**Neutral/No Comment**	**Other**	
16. Do you agree with the Workgroup's recommended Implementation Date?	8	1	1	0	
17. Do you agree with the Workgroup's initial unanimous view that P376 does better facilitate Applicable BSC Objectives (b), (c) and (e) than the current baseline?	8	0	2	0	

- Respondents who would need to make changes for P376 estimates that this would take in the region of 6 months
- Most respondents agreed with the proposed Implementation Date and commented that the changes should be delivered as soon as possible for the benefit to be realised
- All respondents who expressed a view on the Applicable BSC Objectives agreed with the Workgroup's assessment

Consultation responses: Other comments

Other comments from respondents included:

- Affirming support for P376 and echoing the belief that it will be beneficial for the industry
- Noting similarities between the intent of P376 and processes used managing demand side response in other markets
- Expressing the importance of engaging HHDAs in the development of Configurable Items and processes to ensure Supplier Agents have the clarity to ensure the solution can be delivered efficiently

USING P376 WITH P375

Approach to aligning the P375 and P376 solutions

- The Workgroup previously discussed a solution that would align the P376 solution with the P375 solution to allow baselining methodologies to be applied to asset level metering
- We are expecting the Authority to make a decision on P375 before the P376 Assessment Report is presented to the Panel. This gives us two possibilities:

1. P375 is approved

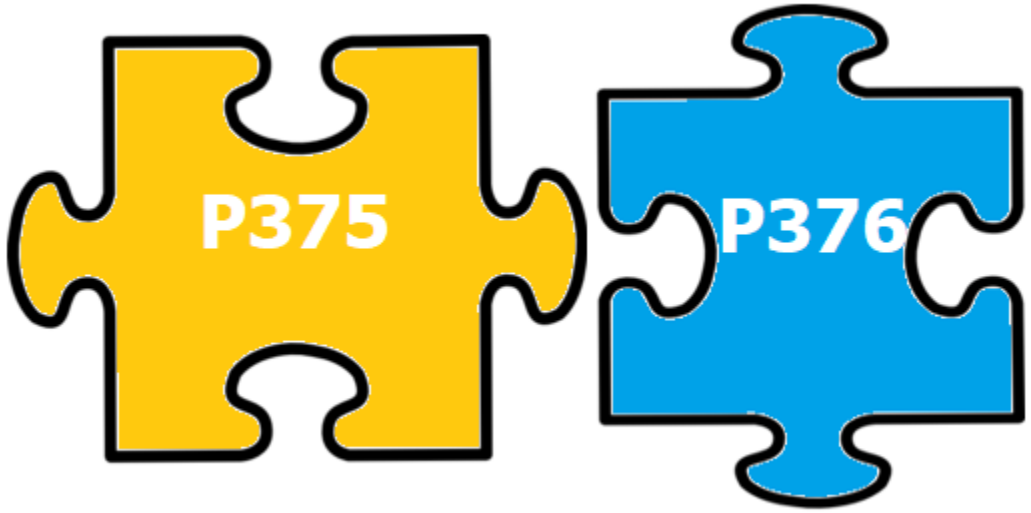
   Then we will be able to build the P376 proposed solution on top of the approved P375 solution. This will not require the Workgroup to use its Alternative Solution to do the alignment as previously discussed

2. P375 is rejected

   Then there is no alignment work to be done and P376 can be delivered as a stand alone Modification

- We believe it is most efficient for the Workgroup to make recommendations for these two scenarios, which can be confirmed offline when a P375 decision is received.

Supporting Baselining (P376) with Asset Metering (P375)



The responses to Q7 indicate support for allowing VLPs to choose, for each site, whether to use:

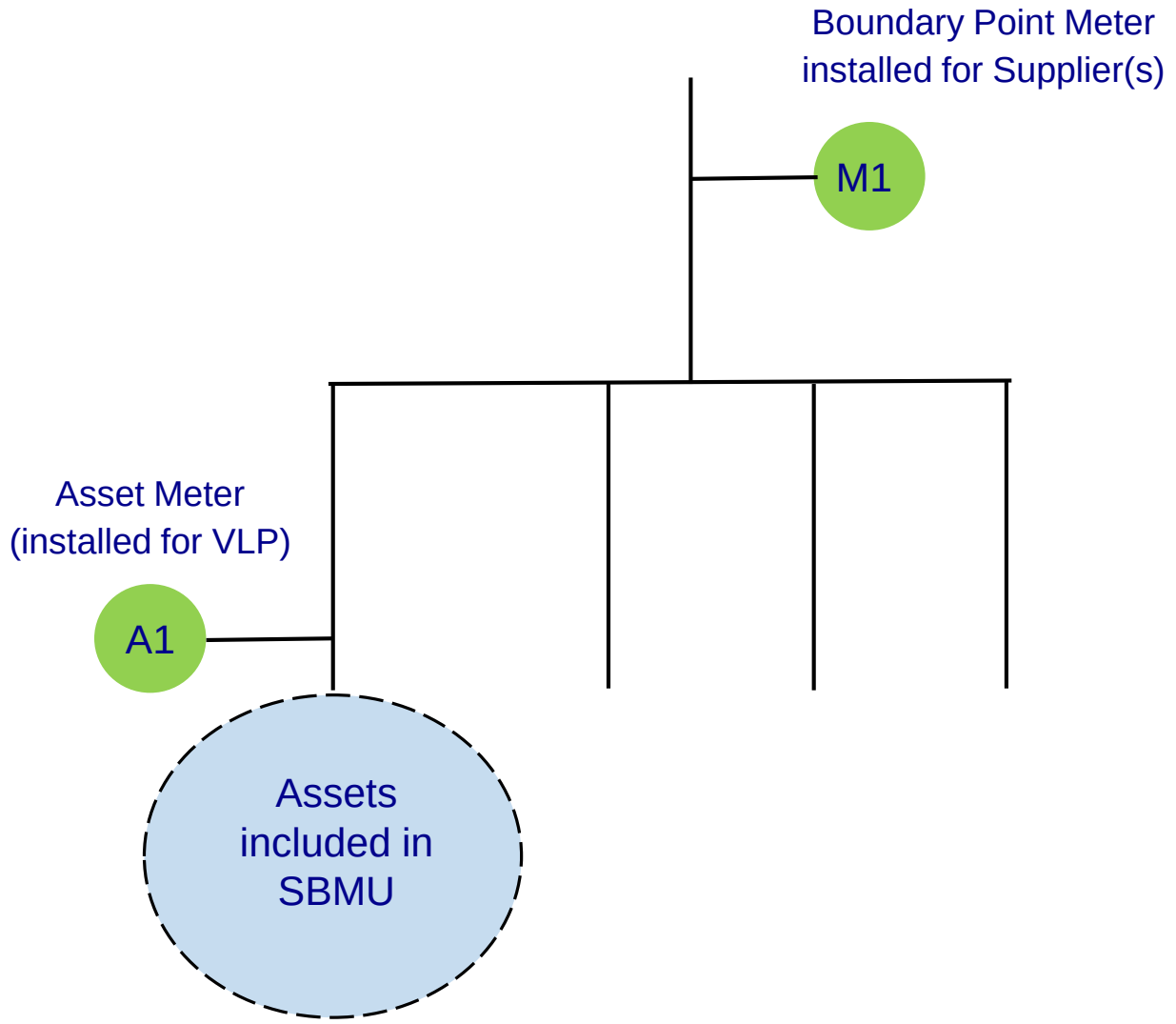
- A P375 option ("**Asset Metering**" or "**Asset Differencing**")
- Baselining (P376); or
- Baselining with a P375 option

We have therefore been looking into any issues that need to be resolved when using P375 and P376 together

Asset Metering + Baselining (one MSID Pair)

Baseline is calculated for AMSID Pair A1, in order to calculate:

- Baseline Expected Value (at the SBMU level)
- AMSID Pair Delivered Volume



Asset Differencing + Baselining (one MSID Pair)

The Proposer suggests calculating a single net baseline for (M1 – A1 – A2), rather than individual baselines

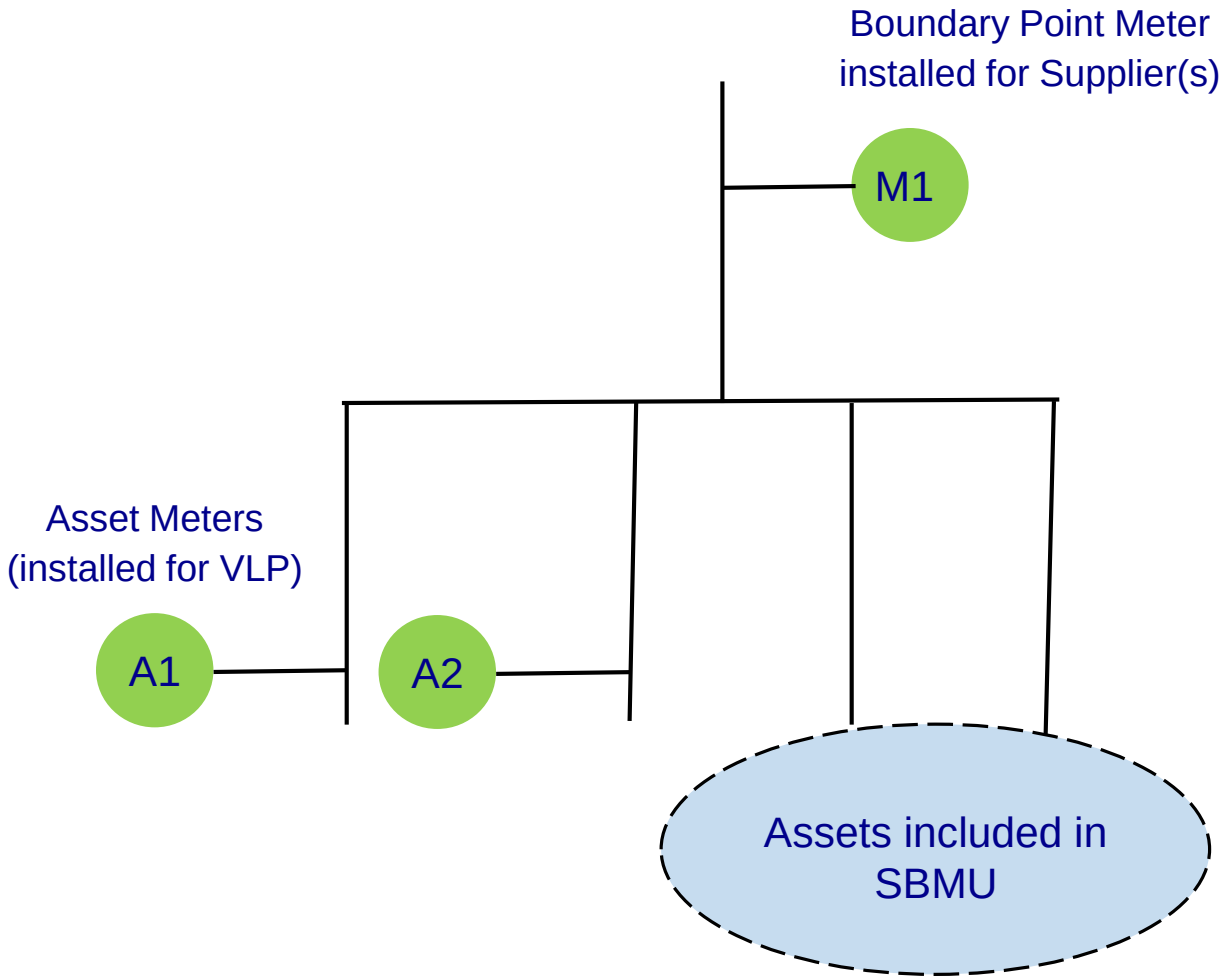
This allows us to calculate:

- Baseline Expected Value (at the SBMU level)
- MSID Pair Delivered Volume (at M1)

The VLP has to choose the same P376 option for all three – it wouldn't work if M1 and A2 were baselined, but A1 was not

But multiple VLPs are not constrained to choose the same P376 option. We could allow:

- VLP1 to use Asset Differencing (with Baselining for M1, A1 and A2)
- Another VLP to use A1 for Asset Metering (with no Baselining i.e. pure P375)



Asset Metering + Baselining (multiple MSID Pairs)

Baseline is calculated for AMSID Pair A1, in order to calculate:

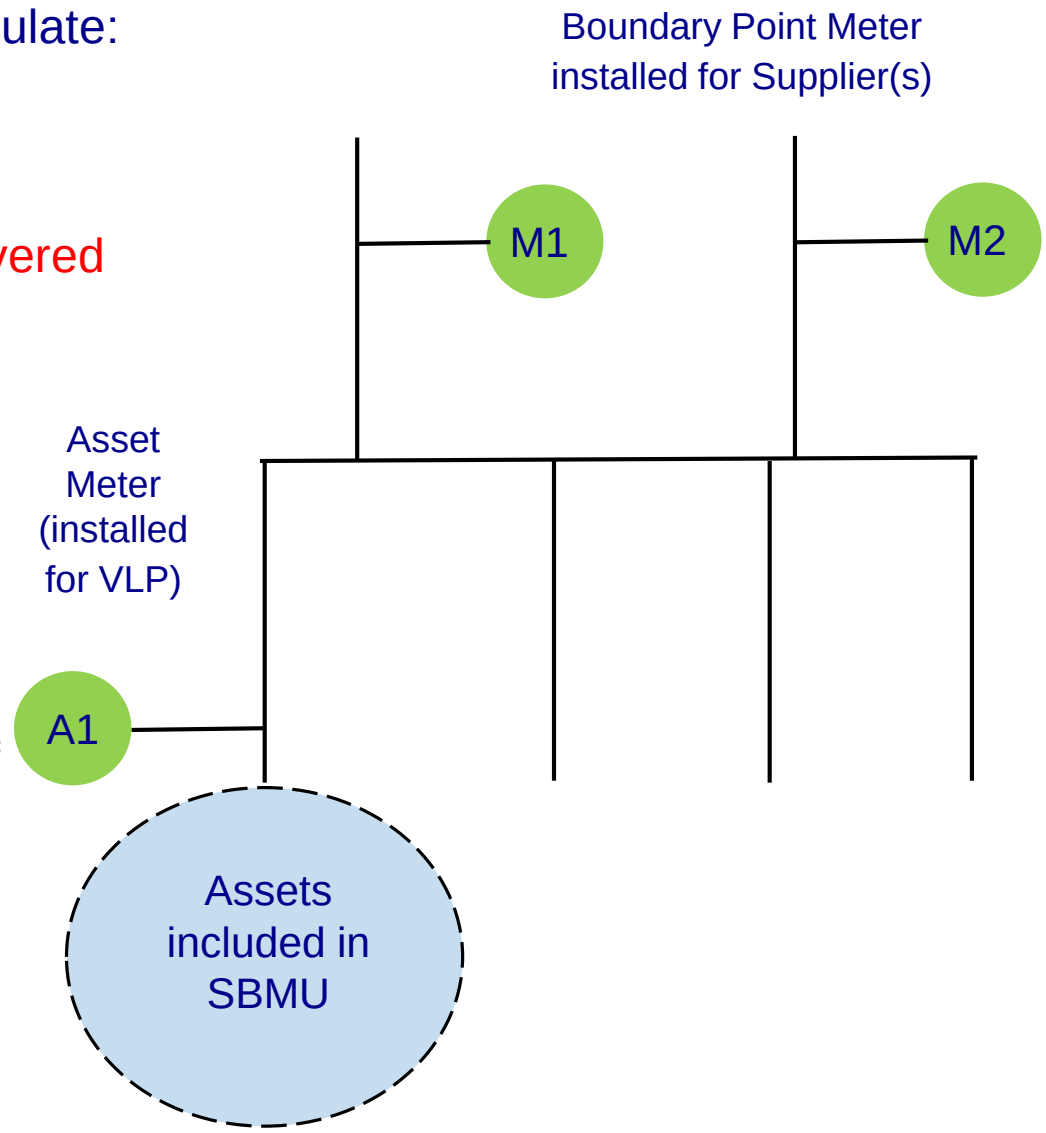
- Baseline Expected Value (at the SBMU level)
- AMSID Pair Delivered Volumes

But there is an issue with allocating the AMSID Pair Delivered Volume between the MSID Pairs M1 and M2

Possible options include:

1. Don't allow an AMSID Pair with multiple Associated MSID Pairs to be Baselined
2. Allow it to be Baselined, but only if the Import and Export Suppliers at M1 and M2 are the same
3. Allow the AMSID Pair to be Baselined for purposes of calculating the BEV, but not for Delivered Volume purposes (i.e. revert to the VLP providing Delivered Volumes)

Option 1 would minimise complexity in the implementation, but would it constrain VLPs too much?

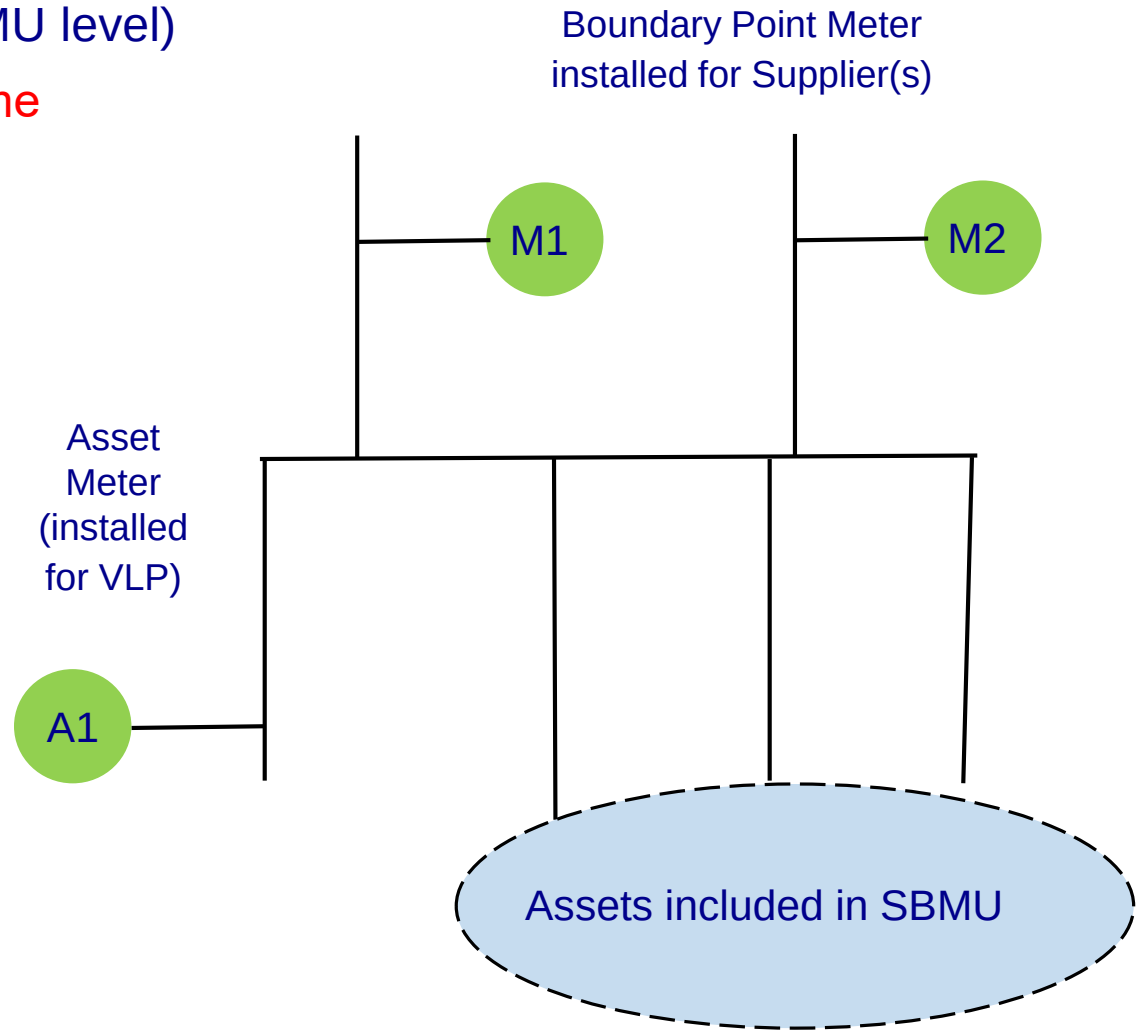


Asset Differencing + Baselining (multiple MSID Pairs)

We can calculate a Baseline Expected Value (at the SBMU level)

But again we don't know how to split the Delivered Volume between M1 and M2

Same options as on the previous slide



WORKGROUP VIEWS AND VOTING

Workgroup views from meeting 8

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
Rick Parfett	Neutral	Positive	Positive	Neutral	Positive	Neutral	Neutral
Alessandra De Zottis	Neutral	Positive	Positive	Neutral	Positive	Neutral	Neutral

Workgroup views from meeting 8

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

NEXT STEPS

Next steps

We will draft the Workgroup's Assessment Report and circulate for review by 22 February 2021

Workgroup members to review and return any comments by 26 February 2021

The Panel will consider the Assessment Report at its meeting on 11 March 2021

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 8 April 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

A.O.B.

ELEXON

THANK YOU

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