

# P379 MEETING 2 SUMMARY

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| <b>MEETING NAME</b>    | P379 Workgroup Meeting  |
| <b>Meeting number</b>  | 2   |
| <b>Date of meeting</b> | 3 April 2019  |
| <b>Venue</b>           | Pink Room<br>ELEXON Ltd, 4 <sup>th</sup> Floor, 350 Euston Road, London, NW1 3AW/Teleconference |
| <b>Classification</b>  | Public  |

## MEETING SUMMARY

### 1. Meeting Objectives

- 1.1 The Chair noted that the purpose of the meeting was to:
- Clarify P379 issue and scope;
  - Discuss Workgroup views and feedback on Use cases 1 (Electric Vehicle) and 2 (Exempt supply); and
  - For Ofgem to provide an overview on Network Access and Forward-Looking Charge Arrangements Significant Code Review.

### 2. P379 Issue and Scope

#### Problem Statement

- 2.1 ELEXON provided an overview of P379 Problem statement noting that currently the BSC does not allow for the splitting of meter volumes supplied by two or more different suppliers though a single meter without the concerned suppliers having to enter into an agreement.
- 2.2 For the purposes of the P379 solution, the term supplier is as defined under the Electricity Act and not the BSC. Which means a licenced or licence exempt supplier.
- 2.3 The group noted that the P379 solution could have a set of suppliers with different arrangements and a default Supplier that remains on the premises. The solution implies that there will always be a default Supplier however, it is important to explore what happens if a default Supplier opts out of the multiple supplier arrangements.
- 2.4 A member pointed out that the use of the term 'default supplier' can be confusing when discussing the P379 solution and it is important to clarify what this means. The proposer clarified that all settlement meters will have a party they are registered with. The idea is to maintain the existing Supplier as meter registrant. Any change will be at the premises. The group agreed to use the terms 'primary' and 'secondary' Supplier rather than 'default' Supplier.
- 2.5 Within the current arrangements, the primary Supplier has to know who the secondary Supplier is, as they have to enter into an agreement for settlement purposes. The proposer contends that this is not practical, and seeks to address this in the proposed solution. The aim is to remove the need to negotiate settlement arrangements on a case by case basis. The question is whether this will be through a contract of law or as obligations within the BSC. The proposer clarified that there is no intention to remove existing, negotiated, options from the BSC; the proposal is trying to achieve something different from the current arrangements. The key is to put in place a workable mechanism that does not require negotiation with Parties that may not

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want to enter into an agreement. There should be a way to negotiate the calculation of volumes within the BSC arrangements.

- 2.6 On the view that the solution should *'ensure any code provisions and procedures are not an obstacle to participation and must ensure that each meter registrant's imbalance position is not materially and adversely impacted by other suppliers operating across the meter'*. **The WG requested that the term 'materially' be clarified. The undermentioned items should also be clarified:**

- **Imbalance risks and position**
- **Contract Notification – to specify who is responsible for what.**
- **Exempt Supplier notification process**
- **What could happen if a Supplier of Last Resort (SoRL) occurred? Primary and Secondary Suppliers will have different responsibilities. Neutralisation could be an issue because an exempt Supplier may not be impacted by SoLR.**
- **Battery storage or generators arrangements**

### ACTION 1

- 2.7 It is important to ensure that the BSC processes can facilitate the proposed arrangements. There should be a common understanding of the proposed solutions as NHH settled customers introduce a number of potential challenges. The focus is on smaller sites that do not currently have an arrangement for allowing innovative Supplier services around the meter. The proposer clarified that they accept NHH being out of scope, and that the proposals could serve as an incentive on the uptake of HH capable meters.
- 2.8 **On potential new business models, the WG requested that ELEXON clarify the proposed nature of the CNA, whether it will be a Party Agent, central Agent or BSC Party. The proposer noted that the functional role of the HHDC and CNA is not very different. Fundamentally, someone will perform the data collection role. It is important to know the different party responsibilities.**

### ACTION 2

## 3. Use Case 1 – Electric Vehicle

- 3.1 ELEXON provided an overview of Use Case 1 (Electric Vehicle) and the WG discussed the proposed solutions. On Network Charges, members questioned who would be responsible for paying the use of systems charges. ELEXON clarified that in the proposed solution each Supplier would be expected to pay their own volumetric charges, with the primary Supplier responsible for passing through capacity-based charges. However, this could depend on the premises arrangements. Changes may be required under the [Distribution Connection and Use of System Agreement \(DCUSA\)](#) and the [Connection and Use of System Code \(CUSC\)](#). This will be discussed separately under the DCUSA and CUSC codes.

***Note:** As part of the P379 solution development, we are maintaining a log of potential cross code/policy changes. (Changes outside the BSC). This will be updated based on meeting discussions and shared at future meetings.*

- 3.2 The proposer noted that primary and secondary Supplier charges should be clarified. There will need to be a secondary process to allocate charges on settlement meters. Cashflow and payments need to include billing of non-industry charges. In addition, there is a probability of significant changes out of Ofgem's Targeted Charging Review (TCR), these will be considered when putting forward the P379 solution.
- 3.3 The group considered whether the primary Supplier should know the secondary Supplier's volumes. ELEXON explained that the key is for each Supplier to know the volume they supplied to the consumer and not necessarily what each other Supplier has supplied. There may be commercial implications to be considered

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when sharing information across Parties. Parties could use this to an advantage i.e. the primary Supplier being notified of the EV usage volumes. Also, if one MOP is assigned it should be clear who owns the meter information.

3.4 **The WG advised that with multiple readers on site it is important to clarify the below on meter information:**

- **Who owns the meter information**
- **Who the information is relevant to**
- **Who will receive information**
- **Who is responsible for reading the meter**

### ACTION 3

3.5 Concerning EV charging, WG members questioned how the measuring device will be installed and whether it is accurate and in line with BSC requirements. The WG agreed that the EV device measuring process will need to be clarified as part of the solution. The P375/376 solution outcome will also be considered.

3.6 A member asked what would happen if a customer opts out of HH settlement with the Primary Supplier. The WG is to address potential risks if a customer opts out of HH settlement.

### Use Case 1 - P379 Proposed Solution

3.7 The proposed solution suggests that the SVAA would validate MPAN and identify default Supplier, HHDA, request MPAN level data from HHDA (D0354<sup>1</sup>). **The WG asked for clarification on how the D354 flow notification process would work with the proposed solution. Currently there may be a 1-day gap in DA notification to SVAA as the flow could be gate closure limited.**

*Post Meeting Note: ELEXON have checked and confirmed that the D0354 flow is not gate closure limited.*

### ACTION 4

3.8 A member questioned how discrepancies will be flagged and who will be responsible for making corrections to settlement. There should be rules in place for dealing with discrepancies. The key is having correct data at settlement. When an error occurs it is likely to affect all Suppliers, however if a secondary Supplier is not licenced the cost for making the corrections may be picked up by the primary Supplier. ELEXON explained that in line with current arrangements notification agents will be subject to a performance assurance regime to ensure errors are detected and corrected. The P379 framework has to address how the correction costs will be picked up.

3.9 The WG considered whether a pseudo MPAN would be created for the secondary Supplier, as there could be a problem in allocating charges. It was clarified that under the P379 solution the only MPAN is the Boundary MPAN. As long as SVAA is able to identify all suppliers operating via a particular boundary meter, the proposed solution should work. Multiple Customer Notification Agents (CNA) could use the same MPAN. Allocating additional MPANs may not be practical, particularly if a premises has multiple secondary Suppliers.

3.10 The WG discussed the role of the CNA, noting that it will be similar to the HHDC in this use case. The solution should clarify whether the CNA would be a signatory to the BSC and how compliance would be enforced. **The WG will need to look at the CNA governance process. There needs to be effective monitoring of the CNA/HHDC.**

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<sup>1</sup> Metering System Reporting Notification

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### ACTION 5

#### Pros and Cons

- 3.11 On the solution pros and cons the group advised for the discrepancies and disputes process items to be added to the cons. The solution could be simpler with one CNA agent. Currently there is one agent for a premises, the CNA is additional. However, the use of one agent for a primary Supplier limits competition.
- 3.12 On the suggestion that an EV does not require an MPAN, as a result the DNO overhead is avoided, a member pointed out that overhead is needed when you have shared SVAA arrangements. ELEXON clarified that the reduced overhead in the proposed solution is realised by avoiding the need for a DNO to issue multiple MSIDs. **The WG asked for clarification on DNO overhead process and how this could work.**

### ACTION 6

- 3.13 A member asked if the secondary Supplier needs to be Party to the [Master Registration Agreement \(MRA\)](#). It was noted that this depends on what is stated within the licence conditions.

#### Use Case 1 – Proposed with P375 HHDC

- 3.14 The P375 proposed with HHDC solution is similar the P379 proposed solution in that the CNA and HHDC will perform similar roles. A member questioned how the secondary Supplier would appoint an agent as they will not have an MPAN. It was explained that it is envisaged that under P375 there would be pseudo accounts to allow for agent appointment. Meters will have similar DC processes, P375 is taking existing processes and rolling out to behind the meter.
- 3.15 The P375 solution is still under development and has not yet been approved. **The WG requested that ELEXON look at the P375 and P379 assessment timelines.**

### ACTION 7

#### Shared SVA Meter Arrangement

- 3.16 Members noted that the Shared SVA arrangements currently work for large sites but might not work for domestic customers. Also, the proposer is keen to avoid duplicating the current arrangements at a lower level.
- 3.17 Member discussed the below points on Shared SVA arrangements:
- The MOP could be removed from the solution, with the primary and secondary Supplier deciding on the split. However, Suppliers may not want to be committed to the arrangements. It was noted that Shared SVA Arrangement would address the problem if BSCP550 was updated in terms how the process will be managed.
  - Arrangements could be made more centrally, and work under an umbrella agreement. The governance will be based on licence requirements and not in the BSC. Licence changes would be required.
  - The solution is not designed for domestic meters, it does not apply to COP 10 meters.

#### Difference Metering

- 3.18 Members noted that this solution depends on perspectives in that cons could be developed into positives. However, bilateral agreements will be required between Suppliers and their agents. Shared SVA arrangements and Difference Metering might not work for some use cases, as there may only be one meter.

## 4. Exempt Supply

- 4.1 ELEXON provided an overview of Use case 2 (Exempt Supply) and the group raised the below points:

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- Exempt Suppliers are only allowed to supply self-generated electricity under the Class A Exemption of Schedule 4 of The Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 ("Exempt Supplier"). A member asked what happens if an Exempt Supplier generates more electricity, who would be responsible for the imbalance. While there is a notification process for volumes generated for licenced Suppliers, there is no physical notification for Exempt Suppliers. Licenced Suppliers may be responsible for the shortfall.
- The scenario looks at export on public wires. On public wires imbalance settlement can be achieved through arrangements with the licenced Supplier. Currently the Exempt Supplier does not report into settlement, this is often done through sleeving arrangements. The WG asked ELEXON to write up risks associated with generator sleeving arrangements, looking at net energy left over. The impact could be significant if the imbalance cost is passed on to customer.
- A member queried that there should be a way for a Exempt Suppliers to demonstrate how much energy they have generated. They should operate under the same rules as licenced suppliers if accessing the public wire network. This needs to be considered as part of the solution because secondary Suppliers should have liability for the imbalance they cause.

4.2 The proposer raised the below points:

- It would be useful to develop the use case looking at large and small generator differences.
- Consider what Community energy level arrangements could look like under the BSC. Currently it's difficult for community energy to be part of the BSC arrangements. It was suggested that Community schemes could go through an existing licenced Supplier to avoid risk although this requires some form of "sleeving" or white-label arrangement if the supply is undertaken over public wires.
- It might be difficult for existing Suppliers to change their models.
- If renewable generation can carry out balancing then they can be part of the arrangements.

4.3 **ELEXON took an action to further develop the Use Case considering how Exempt Suppliers forecast what they are going to generate so they can mitigate exposure to imbalance costs. The secondary Supplier should have liability for imbalance, the nature of this liability to be determined in future workgroup discussions. The solution should also:**

- **Include a number of functions the Exempt Suppliers would need for arrangements to be fulfilled**
- **Be clear on what the Exempt Suppliers is being classified as under the BSC.**
- **Specify how contract notifications could work.**

**ACTION 8**

## 5. Ofgem Presentation

5.1 Ofgem presented the initial scope of review on Network Access and forward looking charges. On the options for DUoS and TNUoS demand, the WG considered how fixed charges would be assigned to multiple Suppliers. **In considering the P379 solution, Ofgem is to clarify whether different signals should be sent to the different Suppliers at a premise.**

**ACTION 9**

## 6. Conclusions

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- 6.1 The Workgroup discussed potential solutions for Use Case 1 and requested further clarification to certain parts of the solution. The group also looked at the pros and cons of the solutions considering the different Party roles and responsibilities. ELEXON took a number of actions to clarify key elements of the proposed solution.
- 6.2 The WG briefly discussed the Exempt Supply Use case and is to complete discussions on the proposed solutions. ELEXON agreed to further develop the Use Case considering how Exempt Suppliers forecast what they are going to generate so they are exposed to imbalance costs. The secondary Supplier should have some liability for imbalance, the nature of this liability to be determined in future workgroup discussions.
- 6.3 A teleconference meeting to finish the Exempt Supply Use discussions will be scheduled within the next two weeks (8 – 18 April 2019). ELEXON will then look into developing the Workgroups preferred solution and business requirements.

### 7. Next meeting

- 7.1 The next P379 Workgroup meeting is scheduled for 18 April 2019.