

P395 Workgroup 2 Meeting Summary

The group were taken through a high level summary of the P395 Solution as it stands, considered updates to the actions from the 1st Workgroup relating to the treatment of missing data and a member's proposed merit order approach and, finally, stepped through the P395 Business Requirements in detail.

Discussions on treatment of missing/estimated data

At the 1st Workgroup meeting, Elexon took an action to investigate the treatment of missing/estimated data for P375 and P379, noting that assumptions made for these other Modifications may need to be challenged, and that dedicated default rules may be required for P395 to avoid or minimise perverse outcomes.

It was explained to the group that for P375 SVAA would not use default data – but would require HHDCs to submit data for the SF run, and that HHDCs may need to estimate data to meet this deadline. P395 proposes to use the same approach, with the obligation on the VLP to sort out any issues.

Elexon took the group through an initial proposed approach in cases where the HHDC data has not been received by “D+3 WD”, when it is expected for the II Volume Allocation Run (VAR).

The group discussed this approach. The Elexon representative mentioned that he had spoken to a one agent that fulfils both HHDC and HHDA roles who was initially comfortable with this obligation (in relation to P375) and was happy that this didn't seem particularly onerous.

One group member questioned whether it would create more work for Party Agents to deviate away from normal Settlement activity by creating deviations and exceptions to working practices that sit outside the Settlement Runs, explaining that HHDCs, whether dealing with AMSIDs or not, are prepared under current arrangements to make sure data is available for each Settlement date in time for the SF VAR run.

It was pointed out that, technically speaking, HHDC and HHDA are separate market roles, but in the vast majority of the market the HHDCs and HHDAs effectively run as a dual function, and that aligning to current working practices in Settlement seemed to make the most sense by avoiding extra work on the agents, and it would likely be more cost efficient to avoid an extra machine run time and the costs associated with that, (although recognising these costs would probably be pretty small).

Elexon agreed that the vast majority of HHDCs are HHDA in the current market but emphasised that P395 would have to cater for situations where they are not a dual function. Elexon clarified the current situation for boundary point MSIDs - that the HHDC sends the data to the HHDA. The HHDA has the obligation to submit data according to the Settlement Calendar, so while the HHDC will be capable of providing that data to the HHDA, they don't currently submit the data directly to SVAA, which presented a potential gap in governance and additional risk where a new obligation may be suitable.

It was noted that existing processes for HHDCs is to feed meter readings through “as and when” they are collected and not as a batch at a particular timescale. To move to a model where they are doing a complete set of data (be it for the II or SF run) may be moving them more towards them functioning more as a Data Aggregator which seemed quite a big change to their role.

The group acknowledged the need for HHDC to estimate, but in their experience, felt that they would have estimated for the VAR run at that point anyway.

Noting that the data sent to EMRS at II will not be fully representative of what they'll receive at SF, the LCCC representative clarified that they use the II information for some invoicing and for the CM in stress events and that, on occasion, this is the only data used (with no further reconciliation) so it can be important to have it as correct as possible.

It was noted that this would have more impact on Generators than Suppliers, who will get corrected at SF.

LCCC encouraged where possible to have more accurate upfront data to avoid charging suppliers disproportionately highly, and this would be their preference if there was an easy way to have accurate data going forward, but accepted that in reality it would not be a big deal, given reconciliation after 15 days and noting that it would be a diminishing problem once Market Wide Half Hourly Settlement comes in.

Outcome: For now, P395 won't propose a change to current HHDC processes – or those that would be implemented for P375, if approved – for the treatment of missing data as it seems fit for purpose. Exelon reported that a meeting involving HHDCs to discuss how the Party / Party Agent processes would work for P375 will be held in January 2021, and time to discuss the outcomes of this meeting will be scheduled for the next P395 Workgroup meeting.

Discussions on Proposed Merit Order Approach

Exelon had also taken an action to engage with a Workgroup member to better understand their proposal for an alternative approach to aggregating and allocating metered volumes between behind the meter activities at collocated sites.

Following engagement earlier in the month, this member was invited to demonstrate this merit order approach to the Workgroup that takes into account the various sources of generation that are available within a site (the Grid/licensed storage/onsite generation) and the destination of the demand (licensed generation/imports/licensed storage charging/metered demand/exports).

The member presented several examples of an assumed merit order that shows where electricity from Grid imports flows to first on a site, and then sequentially allocates it to various buckets, ultimately ending up with a more realistic picture of activities on a site and a more complete picture of which flows should be chargeable.

It was suggested that, by excluding buckets where, e.g., it's not possible for storage discharge to end up charging itself or for licensed generation to serve itself, over time you can also see when the storage discharges, how much of that has actually gone to final demand, ultimately ending up with a better view of where the various flows of electricity had gone and building a more complete picture of which of those should be chargeable.

The group wondered whether the merit order the member described would be used for all sites or whether each site would specify its own merit order based on the contractual arrangements in place between the parties on site.

The group considered whether a single merit order could be used for all sites, noting that allowing choice on the merit order would potentially add a lot of complexity to the solution that may not

be scalable or proportionate. It was noted that, in reality, you might find that everyone selects the same merit order that was recognised to be the most advantageous anyway.

The member who had presented the merit order noted that there was unlikely to be a perfect answer and by making assumptions about a merit order you change the answer based on what those assumptions are. He also stated that the examples were based on dummy scenarios and that longer term metered data would be needed to better understand the full effect of this over a period of time.

This would not only be helpful to assess the allocation of volumes but also the percentage that is considered to be used for final consumption. His view was that use of longer term metered data would be invaluable in order to demonstrate material differences and which answer the question of whether this better reflects the intention of both P395 and the BEIS Smart Systems and Flexibility Plan, and to get a better sense of how the two proposals work over multiple time periods.

It was felt that a good next step would be to see if the model can be applied for longer period of time on real data and it was noted that, if actual metered data was unable to be sourced, it may be possible to synthesise some.

This would help to demonstrate which methodology gives you the correct answer the most times, i.e. which is the most effective approach. It would also help to establish the time period over which to apportion imports to storage from the Grid.

Elexon noted that if the Workgroup had views on what kind of business models this is likely to be used for (in terms of how storage is likely to be operated) then Elexon could use that as basis for synthesising some data over a period of time.

Additional data for the modelling of various business models and additional metered data may also shed some light on how much energy is going to need to be apportioned. If it becomes apparent that there is not much energy, then the issue of apportionment would be shown to be less material.

Outcome: Action on Workgroup members to source some examples of the types of storage business models to simulate and then Elexon and/or Workgroup members to try and use that to synthesise some data.

P395 Business Requirements

Elexon had prepared “straw man” Business Requirements for the proposed P395 Solution in advance of the 2nd meeting and stepped through these with the Workgroup. During the presentation, Elexon clarified that AMSIDs and Boundary Point MSIDs are all HH systems and that, to calculate customer demand, P395 proposes to meter the other pre-registered assets on a P395 Site in order to arrive at this figure.

A Workgroup member questioned whether it would be possible to move an asset during a Settlement Period. Elexon explained that, to move an asset from behind one Boundary Point to a new position behind a different Boundary Point, it would be necessary to re-declare each affected Boundary Point due to the change in the configuration which would materially affect the resulting calculation. It was noted that this was expected to be an unlikely scenario to occur often, but the member was satisfied that this scenario had been accounted for within the P395 Solution.

It was also clarified for the group that a site could be registered as a P395 Site and also other types of sites, as P395 does not aim to affect the Settlement calculation, enabling sites to be registered for different purposes.

Outcome: The group were initially comfortable with the Business Requirements as they stand, but note that an opportunity for greater review would likely result in more questions and challenges at the next Workgroup meeting.

Actions from the 2nd P395 Workgroup Meeting

1. Action on Workgroup members to source some examples of the types of storage business models to simulate and then Elexon and/or Workgroup members to try and use that to synthesise some data.
2. Elexon to issue Business Requirements for Workgroup review in January. Please endeavour to provide comments, queries or suggestions ahead of the next Workgroup so that they can be considered.

Next Steps

We are aiming to issue the P395 Business Requirements to the Workgroup to review in January 2021, giving members plenty of time to digest and provide any comments or questions back before the next Workgroup meeting. We will aim to meet again in mid-to-late February 2021.