

P395 Microsoft Teams Meeting

- Welcome to the P395 teleconference – we'll start in a moment at 09:30
- No video please – conserve bandwidth
- All on mute – use IM if you can't break through
- Talk – pause – talk
- Lots of us are at home – be mindful of background noise and connection speeds

ELEXION

P395

Aligning BSC Reporting with EMR
Regulations - an enduring solution

25 February 2021

Meeting Objectives and Agenda

- Step through Business Requirements for the P395 Proposed Solution;
- Consider updates to the actions from the previous Workgroup meeting;
- Consider questions to include within the Assessment Procedure Consultation; and
- If solution is agreed, provide initial views against the BSC Objectives.

Agenda Item	Lead
Welcome and meeting objectives	Claire Kerr (Chair)
Summary of 2nd Workgroup Meeting	Ivar Macsween (Lead Analyst)
Stakeholder observations	Kathryn Gay (EMRS), Ross Haigh (LCCC)
Action Updates	Colin Berry
Review of comments on the Business Requirements	Colin Berry
Updated Business Requirements following Workgroup review	Colin Berry
P395 Terms of Reference and Next Steps	Ivar Macsween



SUMMARY OF 2ND WORKGROUP MEETING

P395 2nd Workgroup 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.
- 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).
- Outcome: we propose P395 should adopt the HHDC processes for the treatment of missing data that would be implemented for P375, if approved, as they seem fit for purpose. A meeting involving HHDCs to discuss how the Party / Party Agent processes would work for P375 was held in January 2021 and will be discussed at this P395 Workgroup meeting.

P395 2nd Workgroup Summary

- The group considered an alternative approach to aggregating and allocating metered volumes between behind the meter activities at collocated sites.
- Merit order approach 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 group considered 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.
- Longer term metered data would be needed to better understand the full effect of this over a period of time.



P395 STAKEHOLDER OBSERVATIONS

P395: Stakeholder views

- On behalf of LCCC/ESC, EMRS has conducted a risk based review of the solution proposed for P395 in comparison with the current interim workaround supplied by EMRS.
- Subsequently, it is LCCC/ESC's view that additional requirements may need to be included within P395 or considered for an additional modification by the workgroup.

P395: Stakeholder Risk Identification

Risk No.	Risk	Interim Workaround	P395	Recommendation
1	EMRS has no clear and defined method of identifying Licence / License Exempt Generators via BMUs	E_, T_ or M_BMU types are checked by an operator manually, utilising the registration information published by ELEXON and Licence Information published by Ofgem.	Registration of E_ (Embedded), T_ (Transmission Connected) and M_ (Miscellaneous) BMUs would still need to be checked for inclusion in CVA Calculations for FCL. This also includes a check on Trading Units - and the disparity of how these should be treated - as Generation BMUs or as their component parts? Each component part made be licensable, or the whole may be licensable if taking direction from the trading unit total GC / DC, rather than the individual part making up the whole.	It is not clear from the proposed solution, how or if P395 adequately addresses or recognises this issue. Further clarification upon this point should be provided. Proposed solution: Additional clarification should be sought concerning regulatory intent Extended solution: Should additional regulatory clarification be provided, it is recommended that this information be included in an industry data flow. It is EMRS' initial recommendation that this be included in the Operations Registration Report SAA_I020 or alternatively within the I042 data flow.
2	EMRS has no clear and defined method of identifying Licence / License Exempt Suppliers via BMUs	EMRS checks the licensed status of Suppliers; The dates during which they held that license; and Supplier Party ID manually	The scope for P395 centres around the Supply of energy to Licenced Generation from Licenced Suppliers.	Recommendation as per Risk 2.

P395: Stakeholder Risk Identification

Risk No.	Risk	Interim Workaround	P395	Recommendation
3	Use of Self Declaration	The legal responsibility for determining “Supply” by a Licensed “Supplier”, as the basis for EMRS charging Suppliers their EMR Final Consumption Levies (FCL), lies with BSCCo and not with EMRS	P395 utilises the same process of self-declaration as EMRS – specifically for MSIDS and AMSIDs. Therefore there remains the issue of the ability of the SVAA (or other actor / agency) to ensure compliance with the regulations.	Not clear how the current solution may address this risk, however, it is noted that SVAA will be responsible for determining "Supply" via the assessment of “reasonable evidence”. It is assumed therefore, that this verification will form part of the SAA Responsibilities, and that Code or regulatory guidance will be provided concerning what constitutes “reasonable evidence”.
4	Other Types of Supply	As per BSCCo paper 284/07 from 18/11/18 other volumes that may be subject to Exclusion from “Supply” a) “behind the settlement meter” generation, and b) “exempt Supply”, eg community generation assets under Class A exemption for small suppliers, but they use a Licensed Supplier’s metering services so that volume is included in the Licensed Suppliers’ BMUs and hence “Supply”	As per Risk 1	For note: There is a dependency upon the development and deployment of P375 to address this issue.
5	Disputes	When a Supplier disputes a “Supply” volume generated by BSCCo they have to do so through the BSCCo processes and cannot raise a Dispute over those volumes with LCCC.	Not addressed / out of scope.	Clarification and re-assurance sought from BSC / regulatory clarification required to address this risk – Specifically should additional clarification concerning BMU type and licensing regulations be provided. Further assessment required.

P395: Stakeholder Observations

ESC / LCCC recommend the following potential additions to the P395 solution, however it is recognised that these additions could be perceived as out of scope for P395, thus may need other Mods to be raised and aligned to P395 delivery date. Ideally we would prefer P395 to incorporate these for a more cost effective delivery solution.

1. A separate (additional) report to be provided to LCCC/ESC/EMRS detailing the Metered Volumes, by BMU, AMSID and MSID, Settlement Date and Period utilised by SVAA to calculate the Net of the Gross Data for use in Invoice Backing Data.
2. An additional data item to be included in the I020 (or alternative data flow), detailing the licence status of the BMU/Party owner. This will require clarification of the regulations, with linked updates required of the BSC and CUSC to fully implement these clarifications.
3. Clarifications (of the regulations) concerning the treatment of Trading Units comprising of licences and licence exempt Generation and licensed and license exemptions and other types of BMU.

P395: New & amended BRs for EMRS Interim Solution

P395 will migrate EMRS Interim Solution to BSC Systems and expand scope:

- Current scope is exclude BM Units for SVA Simple Sites from SAA-I042
 - Where the site only contains SVA-connected Generation (inc. Storage) operated by Generation Licensees (no customer consumption)
- New scope 1 - for CVA Simple Sites from SAA-I042
 - Where the site only contains SVA-connected Generation (inc. Storage) operated by Generation Licensees (no customer consumption)
- New scope 2 - exclude BM Units for Exempt Supply from SAA-I042
 - Where a Licensed Supplier is facilitating the supply by an Exempt Supplier

P395: New & amended BRs for EMRS Interim Solution

Ref	Requirement Area
BR24	Migrate EMRS interim solution to BSC Systems as the 'SVA P395 Simple Sites' process
BR25	Extend 'P395 SVA Simple Sites' process to include CVA Simple Sites to create the 'P395 Simple Sites' process
BR26	Extend the <u>'P395 Simple Sites' process</u> to include BM Units relating to Exempt Supply
BR27	BSC Systems to exclude BM Units relating to P395 Simple Sites and Exempt Supply from SAA-I042
BR28	SVAA to provide details of BM Units relating to Simple Site Declarations to EMRS
BR29	SVAA to provide a quarterly metered volumes report to LCCC



P395 ACTIONS UPDATE

P395 Actions Update 1

- Outcome from meeting 2: 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.
- As detailed in the following slides, P395 Workgroup asked to agree to adopt P375 arrangements.
- Elxon 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.
- Elxon would like to present an update on the outcomes of this meeting to the P395 Workgroup.

P395 Actions Update 1

- P395 solution will build on P375 solution (if approved)
 - HHDCs to submit HH AMSID Metered Volumes to SVAA
- P375 Industry Expert Group held on 21 January 2021 agreed:
 - HHDCs should issue Metered Volumes ASAP
 - New 'DTC' Data- flow (Dxxxx)
 - Must submit data for SF VAR
 - Use "DA Run Date" from SVAA Settlement Calendar
 - Use estimated data if no actuals available
 - Once actuals submitted for a VAR
 - No requirement to submit data for subsequent VARs
 - Unless new data has become available
 - If HHDC hasn't sent data, SVAA issues P0034 "Missing Data" to HHDC and Registrant
 - For each subsequent VAR until data has been received

P395 Actions Update 1

- SVA Asset Metering Systems
 - New “VLP Hub” processes based on Supplier Hub processes
 - VLP replaces Supplier in hub – Suppliers not impacted
 - VLP Agents: HHDC and MOA – but no HHDA
 - AMSID in J0003 ‘MPAN Core’ instead of MSIDs
 - AMSID – 13 digits with unique short code to distinguish from MSIDs
 - Registration of Asset Metering Systems with SVAA - in BSCP602
 - Submit details of Asset Metering Systems to SVAA
 - SVAA generates AMSIDs & notifies VLP
 - VLP appoints VLP Agents & registers them with SVAA
 - VLP completes registration by submitting Asset Meter Details
 - New CoP11 for Asset Meters
 - 5 classes of Asset Meter

P395 Actions Update 1

- VLP Agents:
 - Fully Qualified HHDC and MOA
 - required for classes 1-3 and some class 4 meters
 - New “lite” version of Party Agents – AMHHDC & AMMOA
 - may be used for class 5 and some class 4 meters
 - If AMHHDC appointed, HHDC also required
 - Fully Qualified HHDC and MOA required to use DTN
 - VLPs, AMHHDCs & AMMOAs not required to use DTN
 - Difference between P395 & P375
 - For P395, the Registrant of an Asset Metering System is not a VLP...
 - Will include CVA Asset Metering Systems
 - Will not impact Settlement

P395 Actions Update 2

- Elexon took an action to develop options for apportioning Imports to Storage Facilities, e.g. default profiles and site specific method, including relative pros and cons, and thoughts on how to build and assess the options.

P395 Actions Update 3

- 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 synthesize some data.

Storage business models	Comments from submittor
Storage co-located with behind-the-meter solar and demand (including general consumption and/or EV charging)	Operating model would aim to maximise the utilisation of the generation on-site, in order to minimise FCLs for the consumption
Storage co-located with final demand; so charges from the grid and either offsets consumption or exports on discharge	Operating model would be to charge/discharge the battery in response to a range of service signals, eg FFR, w'sale & BM opportunities Battery is always charging from the grid, but discharge may lead to either export to grid, or just reduction in load at the boundary – both situations should probably be included in any simulated data, to observe the impact on the application of the FCLs (which should not be charged in respect of the exports to grid..)

P395 Actions Update 3

Storage business models	Comments from submittor
Standalone battery	-
Battery and on-site demand	Battery is likely to be focused on providing balancing services (e.g. frequency response). If prices are high, the battery may fulfil site demand or even export. There are other use-cases where part of the battery is for resilience (UPS) and another part is for balancing services.
Battery, on-site demand and solar	Solar fulfils demand, then battery whenever possible. Battery likely to be there for balancing services.
Battery, on-site demand, solar, dispatchable gas generator	Solar meets demand first, then fills battery. Gas generator may be there to support balancing services
EV used for V2G (balancing services provision)	-
Battery + wind	should be simple as no demand, so would all be exempted
There are different types of batteries (flow batteries vs Li-Ion.)	if high power, low energy more suited for balancing services

The challenge is that there are many iterations that could be used. These business models are changing all the time, P395 may struggle to define standard business models



COMMENTS ON P395 DRAFT BUSINESS REQUIREMENTS

P395: Comments on Business Requirements

Comment No.	Comment	Elxon Response
1	In BR5.1 it states “Once a P395 Registrant has received AMSIDs from the SVAA and has appointed a MOA and, where appropriate, a HHDC, the P395 Registrant may submit a ‘P395 Site Declaration’, which shall include:”, when would it be inappropriate to appoint a HHDC?	This is intended to cover CVA AMSIDs, where a SVA HHDC wouldn’t be appropriate. I will change the wording to read “Once a P395 Registrant has received AMSIDs from the SVAA and has appointed a MOA and, for SVA AMSIDs, a HHDC...” if you agree that this clarifies the point.
2	BR18 – the P375 group are working on the principle that data will be submitted either as soon as available, at or before SF or as soon as revised data becomes available, whichever is first. If data is not available at SF an estimate (which may later be improved on) is made following a specific AMSID ruleset. I guess P395 will align to these requirements?	Yes, I have an agenda item to go through what has been (or is likely to be) agreed for P375 and I expect to obtain agreement from the w/g that this would also be appropriate for SVA AMSIDs for P395.

P395: Comments on Business Requirements

Comment No.	Comment	Elexon Response
1	<p>I have read the Business Requirements and would like to express my appreciation to Colin for producing something that was clear, or at least as clear as it is ever going to be, and readable.</p> <p>The observation I made was that in the example the Generator (Solar Farm) is Licensed. Does it therefore follow that we need something in the "registration" process that confirms whether the Generator is Licenced or Exempt and if it is Exempt, presumably the calculations would work a slightly different way. In the specific example we have here the Generator Import is 0 anyway.</p>	<p>Thank you!</p> <p>Exempt Generation should not be excluded from FCLs.</p>
2	<p>The other aspect I have thought about, which I believe should be included in the proposed, is transparency / reporting on what the gross and net chargeable volumes are</p>	<p>LCCC report containing volumes added to BRs</p>



P395 BUSINESS REQUIREMENTS



P395 TERMS OF REFERENCE

P395: Implementation

Which Code Subsidiary Documents (CSDs) should be developed as part of the Assessment phase for P395 (i.e before a decision is made whether to approve)?

- **BSC Procedures**
 - BSCP508 'Supplier Volume Allocation Agent'
 - BSCP602 'SVA Metering System Register'
 - BSCP06 'CVA Meter Operations for Metering Systems Registered in CMRS'
 - BSCP537/SAD 'Qualification Process for SVA Parties, SVA Party Agents and CVA MOAs'
- **Supporting documents**
 - SVAA Service Description
 - SVAA User Requirement Specification
 - SVA Data Catalogue
 - Interface Definition Document
 - SAA Service Description
 - SAA User Requirement Specification
 - CDCA Service Description
 - CDCA User Requirement Specification

P395 Terms of Reference

- a) Which Imports should be chargeable?
- b) How should Imports to Licensed Generation be calculated?
- c) Should the HHDC report both Boundary Point and Asset Metering Systems' Metered Data to SVAA?
- d) What are the costs and benefits of the method for apportioning the electricity Imported to a storage facility between chargeable and non-chargeable Imports?
- e) How best to transition from the interim to the enduring solution?
- f) What changes are needed to BSC documents, systems and processes to support P395 and what are the related costs and lead times?
- g) Are there any Alternative Modifications?
- h) Should P395 be progressed as a Self-Governance Modification?
- i) Does this Modification Proposal better facilitate the Applicable BSC Objectives than the current baseline?

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

Applicable BSC Objectives

The Proposer had initially identified a positive impact on Objectives (b), (c) and (f)

Applicable BSC Objective (b) ‘The efficient, economic and co-ordinated operation of the National Electricity Transmission System’

- By removing artificial and unintended barriers to the use of Storage, this Modification may also allow additional Storage to be integrated into the electricity system, which may positively impact Applicable BSC Objective (b): the efficient, economic and co-ordinated operation of the National Electricity Transmission System.

Applicable BSC Objective (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’

- By removing a perceived barrier to the financial viability of operating Storage, this Modification may promote effective competition in the generation of electricity.

Applicable BSC Objectives

Applicable BSC Objective (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’.

- In the opinion of the Proposer, the primary benefit of this Modification Proposal is in relation to Applicable BSC Objective (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’
- Currently the EMR SSP is not able to levy CfD and CM charges on Suppliers in a manner consistent with EMR Legislation, because the EMR Settlement Data provided to the EMR SSP by SAA does not correctly identify the volume of electricity supplied to sites with Licensed Generation or Storage. Resolving this issue will allow the EMR SSP to operate these arrangements consistently with EMR Legislation.

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

Assessment Consultation Questions

- Default Assessment Consultation questions ask for views on:
 - whether P395 will impact organisations;
 - if it better facilitates BSC Objectives; and
 - views on implementation approach and Alternative Modifications.
- Are there any questions the Workgroup believe should be included?
 - anything that would help the Workgroup to complete assessment of P395?



NEXT STEPS

P395: Next Steps

- If no other Workgroups required to develop a working solution, Elexon to begin impact assessing P395.

Event	Date
Present IWA to Panel	12 November 2019
Workgroup meeting 1	31 March 20
Workgroup meeting 2	4 December 2020
Workgroup meeting 3	25 February 2021
Workgroup meeting 4 (if needed)	W/C 15 March 2021
Assessment Procedure Consultation	12 April – 29 April 2021
Workgroup meeting 5	W/C 10 May 2021
Present Assessment Report to Panel	10 June 2021
Report Phase Consultation	14 June – 28 June 2021
Present Draft Modification Report to Panel	8 July 2021
Issue Final Modification Report to Authority	12 July 2021

ELEXON

THANK YOU

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