

P395 Meeting Summary

The third P395 meeting was held on 25 February 2021, where the group discussed comments raised on the Business Requirements and considered potential solution expansions to address risks identified by EMRS.

Stakeholder observations:

Shortly prior to the third meeting, LCCC shared some observations and suggestions for the P395 Solution for discussion at the meeting, based on their experience of running the process of excluding Imports provided to a Licensee-operated generator for generation-related activities from Final Consumption Levies for simple sites.

Noting that the BSC will inherit this process and related responsibilities, EMRS conducted a risk based review of the solution proposed for P395 in comparison with the current interim workaround supplied by EMRS and presented this to the group.

The Workgroup considered whether the P395 solution manages these risks and, if not, what mitigations could be included within P395, and which additional requirements would need to be included in a separate change to the BSC.

While LCCC strongly preferred for all suggestions to be 'wrapped up' within P395 in order to minimise the costs incurred by multiple system changes, the Workgroup established that several of these are demonstrably out of scope for P395, and would therefore need to be covered by another change to the BSC.

Identified Risks:

EMRS has no clear and defined method of identifying Licensed and Licence Exempt Generators or Suppliers via BM Units. Under the interim solution, EMRS receive a list of MPANs via a Director's letter from a Generator or Supplier and have to manually validate whether each has a License or not against a PDF file on the Ofgem website.

There is an additional issue identified for E_, T_ or M_BMU types that have to be checked with Ofgem and LCCC to make sure they are still License Exempt or Licensable - import consumed by Exempt Export BM Units should be subject to FCL so shouldn't be excluded from the values sent to EMRS. LCCC felt that the P395 solution would not adequately address that element and proposed that the solution should be expanded in this regard – with this information included in an industry data flow, with EMRS' initial recommendation being to include it in the Operations Registration Report CRA-I020 or alternatively within the SAA-I042 data flow.

EMRS have a regulatory requirement to report FCL data derived from Metered Volumes to BEIS, but upon P395 implementation they will be faced with a gap in that they will not be able fulfil this obligation, as they will no longer receive the data at the MSID level to then pass on to BEIS and Ofgem.

The group considered whether a report from BSCCo to LCCC to give them the necessary information was suitable to include within the P395 solution.

This was felt to be a question of scope and cost, noting that additional requirements would likely increase the cost of delivering P395.

To allow EMRS to fulfil this obligation, a quarterly report from BSCCo to EMRS would be required, containing each Licensed Generation entity which should not be subject to FCL. Elexon will have access to the required component data (data at MSID level for complex sites and at BMU level for simple sites) upon P395 go live. The Workgroup have requested greater clarity on the specific cost of providing this report to help them come to a decision, asking that it be separately costed so that they better understand the incremental cost of providing this report.

The Proposer confirmed that he had raised P395 to deliver an enduring solution to allow EMRS to collect Contract for Difference (CFD) and Capacity Market (CM) levies from licensed Suppliers in a manner consistent with EMR Regulations and the BEIS/Ofgem Smart Systems and Flexibility Plan.

Several Supplier representatives stated that they would want a level of transparency so that the report is available to all interested parties in some form.

Elexon will further develop the requirements and update the Business Requirements after the meeting for scrutiny by the Workgroup.

Legal Responsibility:

Members of the Workgroup challenged LCCC and EMRS on their rationale for suggesting that the P395 solution be expanded to cover these areas, questioning why this was a BSC issue that the BSC community would have to pay to solve.

An LCCC representative stated his belief that responsibility lies with the BSC, as it owns the BMU registration process. While LCCC/EMRS receive data relating to this and are currently operating the interim requirements on behalf of the BSC) they do not have any relationships with the persons who set these up and view the responsibility as sitting with the BSC under Section H.

A Workgroup member challenged this view, believing that it is incumbent on the BSC to provide EMRS with gross demand data for the purposes of EMR charging, but questioned the existence of any obligations to provide granular and specific nuances of which data must be sent, in this case related to the classification of assets.

The LCCC representative responded that the BSC has to provide gross demand data for the purposes of EMR charging, which means any FCL adjustment must have been predetermined and provided to EMRS.

Elexon took an action to confirm the BSCCo legal view on responsibility for determining "Supply" by a Licensed "Supplier", as the basis for EMRS charging Suppliers their EMR Final Consumption Levies.

Expansion of the Interim Solution:

P395 will migrate the EMRS Interim Solution to BSC Systems and the group discussed whether to expand the scope in respect to previous discussions.

The Workgroup did not agree that the scope of P395 should include the Exempt BM Units and this element will therefore not be accounted for within P395, recognizing that an additional Modification may need to be progressed to implement this aspect.

The group agreed that the solution should be expanded to include CVA connected Generation (inc. Storage) operated by Generation Licensees (no customer consumption) as well as SVA-connected Generation.

Merit Order Approach:

Shortly prior to the third meeting, a Workgroup member and the Proposer had provided several examples of the types of storage business models as a basis by which to evaluate the most effective way to apportion flows coming to and from storage for the purposes of charging.

Examples of storage co-located with behind-the-meter solar and demand (including general consumption and/or EV charging) and storage co-located with final demand were felt to be the most useful to take forward for analysis as they accounted for a large majority of existing real world business models.

A Workgroup member agreed to collate and send some data for these examples so that the originally proposed calculation and more complex merit order model can be applied to each data set to see what the difference in outcome is.

It was noted that there is unlikely to be a perfect answer and that this exercise would hopefully demonstrate what the most efficient allocation method is, but feasibility and practicality would also need to be taken into account when the time comes to decide on which method to adopt.

Actions:

1. A Workgroup member took an action to send sample data for two business models for consideration at the next meeting.
2. Elexon took an action to confirm the BSCCo legal view on responsibility for determining "Supply" by a Licensed "Supplier", as the basis for EMRS charging Suppliers their EMR Final Consumption Levies.
3. Elexon took an action to investigate the incremental cost of a quarterly report from BSCCo to EMRS containing each Licence Exempt SVA-registered entity.

Next Steps:

Another meeting will be needed to consider the expansion of the solution and consider outcomes to the actions taken at the last meeting. Elexon will further develop the requirements and update the Business Requirements.