

P395 Microsoft Teams Meeting

- Welcome to the P395 teleconference – we'll start in a moment
- 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 2022

Meeting Objectives and Agenda

- Consider updates to P395 Business Requirements and Legal Text;
- Consider indicative impacts and costs; and
- Provide updated views against the BSC Objectives.

Agenda Item	Lead
Welcome and meeting objectives	Lawrence Jones (Chair)
Summary of 5th Workgroup Meeting	Ivar Macsween (Lead Analyst)
Updates to P395 Business Requirements	Colin Berry (Elexon)
P395 Legal Text	Colin Berry, Barbara Lisgarten (Elexon)
P395 Terms of Reference: <ul style="list-style-type: none">• Impacts and costs• Benefits• Implementation• Views against the BSC Objectives	Ivar Macsween, Workgroup
P395 Next Steps	Ivar Macsween
Meeting Close	Lawrence Jones



SUMMARY OF 5TH WORKGROUP MEETING

P395 5th Workgroup Summary

Aligning the P395 Solution to P419

- Group agreed to aligning the P395 Solution to P419 for declarations processes.

Identified Assessment Consultation Questions

1. Do you agree with the Workgroup that there is an insufficient business case for separating out co-located activities at CVA level? What is the rationale for your answer?
2. The Workgroup's proposal is that the Supplier should register the Asset Metering system under P395, do you agree? What is the rationale for your answer?



P395 BUSINESS REQUIREMENTS

P395 Business Requirements

- No significant change to BRs presented to Workgroup 5
- More detail added around SVAA activities
 - To facilitate Service Provider Impact Assessment
- Requirements re Reports are “could have”, not “must have”
 - Workgroup to decide on whether to retain
- Requirement re access to BSC Party-level P395 data
 - BSC Party-level data will be generally available from New SAA before November 2023, so no specific requirement for P395 data needed

P395 Business Requirements

SVAA provides quarterly reports to EMRS

- Does a quarterly 'FCL Supplier Report' that covers only Import Metering Systems for P395 Sites and contains non-chargeable Volume need to be sent to EMRS?
- 'FCL Supplier Report' contains the following details and covers only Import Metering Systems for P395 declared sites:
 - Generation Licence Holder
 - Site Address
 - Postcode
 - Generation Technology Type
 - Import MSID
 - EFD
 - ETD
 - Settlement Date
 - Settlement Period
 - Settlement Run Type
 - Non-chargeable Volume
- Elexon were asked to separately cost this requirement. We have identified a ROM cost of approximately £400K to implement this requirement. If included, this would likely result in a later delivery of P395 than otherwise.

P395 Business Requirements

BSC Systems Publish Market-wide report

- Regular monthly report that aggregates the total volumes of chargeable and non-chargeable Imports related to sites declared under P395?
- The requirements to be fulfilled by the Elexon Portal – dependent on details but the process would include:
 - New page to hold the reports, for users to view/download
 - Script to gather data connecting to SVAA/SAA and storing/processing data
 - Script to generate report if not done directly from above
 - Archiving and/or deletion of old reports if required
- Elexon were asked to separately cost this requirement. We have identified a ROM cost of approximately £20 - 50K to implement this requirement.
- If included, what outcomes will it deliver and what benefits will it bring?



P395 LEGAL TEXT

P395 Legal Text – details of P395 changes (1 of 3)

- Section J – Party Agents and Qualification under the Code
 - ‘Party Agent’ includes ‘Asset Metering Party Agent’
 - A Supplier must appoint ‘Asset Metering Party Agents’ to a “Asset Metering System” (AMS) for which they are the registrant
 - A Supplier must ensure that its ‘Asset Metering Party Agents’ are Qualified
 - A Supplier must register its Asset Metering Party Agents in the AMS Register
- Section K – Classification and Registration of Metering Systems and BM Units
 - A Supplier must register its Asset Metering Party Agents in the AMS Register
 - A Supplier may register an AMS by for the purposes of inclusion in an EMR AMSID Declaration
 - A Supplier may submit an EMR MSID Declaration or an EMR AMSID Declaration to SVAA
 - A CVA Registrant may submit an EMR CVA BM Unit Declaration to CRA
 - Notification by CRA of CVA BM Unit in CVA BM Unit Declaration to the SAA

P395 Legal Text – details of P395 changes (2 of 3)

- Section L – Metering
 - P395 change to 2.3.2A – needs to be amended to clarify that Assets only need to be registered for EMR AMSID declarations
- Section S – Supplier Volume Allocation
 - A Supplier may register a generator and / or Battery Storage) facilities operated by Generation Licensees as an Asset(s)
 - A Supplier will receive an AMSID Pair for each Asset registered
 - A Supplier may submit an EMR MSID Declaration or an EMR AMSID Declaration to SVAA
 - A Supplier must include an AMSID Pair(s) in an EMR AMSID Declaration
 - Responsibility of a Supplier to appoint Asset Metering Party Agents to AMSID Pairs
 - A Supplier must ensure that a HHDC submits HH AMS Metered Data to SVAA for an AMSID
 - A Supplier's responsibilities re Performance Assurance for AMSs
 - Determination & provision by SVAA of Supplier "Non Chargeable BM Unit Demand" to SAA
 - Obligations on SVAA in relation to Supplier registration of Assets and Supplier Declarations

P395 Legal Text – details of P395 changes (3 of 3)

- Annex S-2: Supplier Volume Allocation Rules
 - Supplier can be the registrant of an Asset Metering System
 - Supplier's responsibility re HHDC activities for AMSIDs
 - Virtual Lead Party's Asset Meter Register Consumption
 - Calculation of Period BM Unit Non Chargeable Demand
- Section T: Settlement And Trading Charges
 - Receipt of Supplier BM Unit non-chargeable volumes from SVAA
 - Receipt of 'eligible' CVA BM Units from CRA
 - Calculation of BM Unit Chargeable Demand for BM Units
- Section V: Reporting
 - New BM Unit Chargeable Demand Report



P395 TERMS OF REFERENCE

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?

P395 Terms of Reference

P395 Term of Reference	Conclusion
Which Imports should be chargeable?	The P395 Solution identifies how Elexon works out the non-chargeable aspect and pass that on the EMRS and the SAA-IO42
How should Imports to Licensed Generation be calculated?	The calculations are set out the Business Requirements
Should the HHDC report both Boundary Point and Asset Metering Systems' Metered Data to SVAA?	No, the HHDC should only report the asset metering system metered data to SVAA and continue to report the boundary point metering system data to the HHDA who will then pass it on to SVAA.
What are the costs and benefits of the method for apportioning the electricity Imported to a storage facility between chargeable and non-chargeable Imports?	Provisional cost benefit identified, seek further views via consultation
How best to transition from the interim to the enduring solution?	Big bang solution endorsed - on the day before P395 Implementation, EMRS will cease performing the Interim Solution and transfer responsibility to Elexon.

P395 Terms of Reference

P395 Term of Reference	Conclusion
What changes are needed to BSC documents, systems and processes to support P395 and what are the related costs and lead times?	Assessed
Are there any Alternative Modifications?	None identified
Should P395 be progressed as a Self-Governance Modification?	No, it should be considered by Ofgem
Does this Modification Proposal better facilitate the Applicable BSC Objectives than the current baseline?	Provisional yes. Proposer strong against (b) (c) and (f), Workgroup strong on (f). Neutral on others.

P395 Costs

Costs

- System changes required for this Modification are estimated to cost between £2-2.5 million, with changes required to SAA, SVAA, CRA and Elexon Kinnect to enable P395.
- Implementation estimates are based on rough order of magnitude costs in the context of a complex pipeline of change over the next 2-3 years that must factor in the assumed implementation of P375, P376, P419 and Market Wide Half Hourly Settlement.
- Estimated ongoing cost of approx £2-4K/month for Elexon operations to support P395 ongoing following implementation. Managing and resolving additional queries, exceptions, escalations and incidents, analysis of P395 data and identifying site checks.
- We will be aiming to refine these estimates over the course of assessment of P395.
- £4-5k for Elexon to make the necessary document changes

P395 Impacts

Impacts

- P395 will allow Suppliers and CVA Registrants to receive benefit from more accurate Final Consumption Levy charges from EMRS that have been calculated in accordance with BEIS & Ofgem's Joint Regulatory Framework. In order to achieve this, P395 will put in place a process to allow a Supplier or CVA Registrant to declare the Generators and / or Storage Facilities behind one or more SVA Boundary Point Import Metering Systems or CVA BM Units.
- Detailed descriptions of processes and interfaces necessary to support the proposal are in the BRs.
- Elexon impacts include updating LWIs & training materials and communicating the change to Parties. Exception handling and escalation management. Providing assistance and guidance to VLPs registering AMSID pairs.
- Positive impact on EMRS following migration of interim solution to BSC Systems.

P395 Benefits

- The primary benefit associated with P395 is compliance with BEIS Regulations. However, P395 is expected to have the following benefits:
 - Removing artificial and unintended barriers to the use of Storage by allowing a Registrant to be charged appropriate levies for electricity provided to licensed Generation.
 - Improving competition as Registrants will be charged less than they are currently being charged. As such, Registrants may be able to share profits with Licensed Generators and Storage Facility Operators.
 - Introducing processes for Asset Metering Systems at CVA-connected sites.
 - Resolving issues of EMRS not being able to levy CfD and CM charges on Suppliers and CVA Registrants correctly, thereby allowing EMRS to operate consistently with BEIS legislation.
 - Allowing EMRS to base its charges on data received from BSC Systems and discontinue the onerous Interim Solution.
- EMRS estimate (based on analysis carried out in Q4 2020 while readying delivery of automated aggregation rules) that approximately £7.5m of FCL could have been erroneously charged to Suppliers in the period between April 2018 to September 2020.

P395 Benefits

- What level of benefit do Suppliers expect to get from this change?
 - Additional consultation question?
 - Are there are additional consumer benefit areas to consider?
-
- 1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?
 - 2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?
 - 3) Will this proposal support:
 - i) new providers and technologies?
 - ii) a move to hydrogen or lower greenhouse gases?
 - iii) the journey toward statutory net-zero targets?
 - iv) decarbonisation?
 - 4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.
 - 5) Are there any other identified changes to society, such as jobs or the economy.

P395 Implementation

- The earliest P395 can be implemented is 2 November 2023 if the Authority's decision is received on or before 6 October 2022
- This would allow the Modification to be implemented at the earliest opportunity that allows sufficient time for Elexon to amend its systems following an approval of P395
- We are aware that there is no alternative option presented for implementation should Ofgem fail to make a decision by 6 October 2022. Should Ofgem be unable to make a decision in enough time to realise implementation of P395 in November 2023, it is unlikely that P395 would be able to be implemented before Market Wide Half Hourly Settlement, potentially a year (or later) after November 2023.
- Elexon are working closely with Ofgem to make sure that they understand the timelines involved and have all the necessary information to facilitate a timely decision



VIEWS AGAINST THE BSC OBJECTIVES

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.
- Have the Proposer’s views changed?

Applicable BSC Objectives

Previous Workgroup views on BSC Objectives

- Workgroup previously believed neutral against everything but (f), at the time believing insufficient cost/benefit case to justify strength against (b) or (c)
- Have Workgroup views changed?

Assessment Consultation Questions

- Default Assessment Consultation questions ask for views on whether P395 will impact organisations, better facilitate BSC Objectives and seeks views on implementation approach and any Alternative Modifications.
- WG previously identified 2 additional questions:
 1. Do you agree with the Workgroup that there is an insufficient business case for separating out co-located activities at CVA level?
 2. The Workgroup's proposal is that the Supplier should register the Asset Metering system under P395, do you agree?
- Are there any questions the Workgroup believe should be included?
 - anything that would help the Workgroup to complete assessment of P395?
 - previous suggestion "What level of benefit do Suppliers expect to get from this change?"



NEXT STEPS

P395: Next Steps

- Elexon are aiming to issue P395 for industry consultation shortly after this meeting
- If possible, we'll aim to return the Assessment Report to the BSC Panel's April meeting. This will involve holding a further Workgroup meeting in late March/early April so that the Workgroup can consider responses and, if appropriate, make their final recommendations

Event	Date
Present IWA to Panel	12 November 2019
Workgroup meetings 1 -5	31 March 20 – 1 October 2021
Workgroup meeting 6	25 February 2022
Assessment Procedure Consultation	1 March – 21 March 2022
Workgroup meeting 7	W/C 28 March 2022
Present Assessment Report to Panel	14 April 2022
Report Phase Consultation	18 April –29 April 2022
Present Draft Modification Report to Panel	12 May 2022
Issue Final Modification Report to Authority	16 May 2022

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THANK YOU

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25 February 2022