

Report Phase Consultation Responses

P402 'Enabling reform of residual network charging as directed by the Targeted Charging Review'

This Report Phase Consultation was issued on 16 February 2021, with responses invited by 1 March 2021.



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	Role(s) Represented
Electricity North West	Distributor
Energy Assets Networks Ltd	Distributor
Northern Powergrid	Distributor
ESP Electricity Limited	Distributor
BUUK Infrastructure	Distributor
National Grid ESO	System Operator

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Question 1: Do you agree with the Panel's initial unanimous recommendation that the P402 Alternative Solution should be approved, and the P402 Proposed Solution should be rejected?

Summary

Yes	No	Neutral/No Comment	Other
5	1	0	0

Responses

Respondent	Response	Rationale
Electricity North West	Yes	The Alternative Proposal is the simplest approach and provides greatest value to customers.
Energy Assets Networks Ltd	Yes	<p>Yes, Energy Assets Networks Ltd (EAN) agrees with the Panel's recommendation that the Alternative Solution should be approved and the Proposed Solution be rejected.</p> <p>The Alternative Solution delivery costs are significantly lower than the Proposed Solution and therefore better meets BSC Objective (d) – 'Promoting efficiency in the implementation of the balancing and settlement arrangements'. The costs that would be borne by industry, and ultimately the end-consumer, to support the Proposed solution far outweigh the benefits and intent of the modification and therefore the Alternative Solution should be approved.</p>
Northern Powergrid	Yes	We believe that both the P402 Proposed and Alternative Solution better facilitates Applicable BSC Objective (a), as NGESO has been directed to implement the TCR. We believe that the P402 Alternative Solution also better facilitates Applicable BSC Objective (d), as it offers a more efficient solution (cost and time, compared to the P402 Proposed Solution) to enable NGESO to deliver the TCR as directed by the Authority. Therefore, we agree that the P402 Proposed Solution should be rejected and the Alternative Solution approved.
ESP Electricity Limited	Yes	<p>Yes, the Alternative Solution brings higher cost efficiencies overall across the industry than the Proposed Solution.</p> <p>We agree that the Alternative Solution better facilitates BSC Objective A.</p>
BUUK Infrastructure	Yes	The cost benefit analysis clearly shows that the original proposed solution is lot more expensive to

Respondent	Response	Rationale
		the industry as a whole than the alternative proposal. It is with this in mind that we are supportive of the alternative solution.
National Grid ESO	No	We disagree with the panel and believe that the Proposed Solution should be recommended for approval; our justification is detailed in Q6.

Question 2: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P402?

Summary

Yes	No	Neutral/No Comment	Other
6	0	0	0

Responses

Respondent	Response	Rationale
Electricity North West	Yes	None provided
Energy Assets Networks Ltd	Yes	EAN has only reviewed the legal text for the Alternative Solution as we do not believe the Proposed Solution should be approved. However, we do agree with the Panel's view that the draft legal text delivers the intent of the Alternative Solution.
Northern Powergrid	Yes	We are comfortable with the P402 Alternative Solution legal text. However, should the P402 Proposed Solution be preferred by the Authority (despite the Panel recommendations) then we believe that there should be a consistent requirement to provide billing data within five working days of the Initial Volume Allocation Run for the Last Settlement Day of each calendar month. The P402 Proposed Solution currently stipulates this to be three working days, and distributors have raised concerns that this is not sufficient hence why it is five working days in the P402 Alternative Solution.
ESP Electricity Limited	Yes	Yes, we believe the draft legal text delivers the intent of the Solutions.
BUUK Infrastructure	Yes	None provided
National Grid ESO	Yes	Yes, we believe the legal text changes support the intent of both Proposals.

Question 3: Do you agree with the Panel's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment	Other
6	0	0	0

Responses

Respondent	Response	Rationale
Electricity North West	Yes	It supports the TCR Decision
Energy Assets Networks Ltd	Yes	To achieve the TCR implementation (1st April 2022) EAN agrees with the Implementation Date of 24th February 2022 on the proviso that the Authority decision is received on or before the 24th June 2021.
Northern Powergrid	Yes	P402 needs to be implemented as soon as possible to facilitate the directed requirements to deliver the TCR decision.
ESP Electricity Limited	Yes	Yes we agree with the recommended implementation date.
BUUK Infrastructure	Yes	None provided
National Grid ESO	Yes	Yes, we agree with the implementation date so that Ofgem's Target Charging Review reforms can be implemented on the directed date of April 2022

Question 4: Do you agree with the Panel's initial view that P402 should not be treated as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
6	0	0	0

Responses

Respondent	Response	Rationale
Electricity North West	Yes	The change raises questions on the appropriateness of NGESO imposing costs on other parties through industry change proposals to deliver their licence obligations
Energy Assets Networks Ltd	Yes	EAN agrees with the Panel's view that P402 should not be treated as a Self-Governance Modification on the basis that it materially impacts the level of system change costs borne by the parties involved.
Northern Powergrid	Yes	P402 places significant new obligations on industry parties and systems and therefore should be considered by the Authority.
ESP Electricity Limited	Yes	We agree that P402 should not be treated as Self-Governance due to the material obligations placed on industry parties and the costs associated with facilitating changes to comply with the new obligations.
BUUK Infrastructure	Yes	None provided
National Grid ESO	Yes	Yes, we agree with the Panel in this regard.

Question 5: Do you agree with the Panel's initial recommendation that P402 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

Summary

Yes	No	Neutral/No Comment	Other
6	0	0	0

Responses

Respondent	Response	Rationale
Electricity North West	Yes	None provided
Energy Assets Networks Ltd	Yes	EAN agrees with the Panel's view that there are no impacts on EBGL Article 18 terms and conditions. This view was also stated in both the Working Group and the responses to the industry consultations.
Northern Powergrid	Yes	None provided
ESP Electricity Limited	Yes	None provided
BUUK Infrastructure	Yes	None provided
National Grid ESO	Yes	Yes, we agree with the Panel in this regard.

Question 6: Do you have any further comments on P402?

Summary

Yes	No
3	3

Responses

Respondent	Response	Rationale
Electricity North West	No	-
Energy Assets Networks Ltd	No	No further comments.
Northern Powergrid	Yes	Due to the need to implement system changes to deliver P402, we urge the Authority to make its decision as quickly as possible. The process for implementing any new System changes will not commence prior to a final Authority decision and the TCR cannot be delivered by NGESO otherwise.
ESP Electricity Limited	Yes	<p>We note that meeting the obligations on IDNOs parties could potentially require material system change costs. Where costs are incurred, IDNOs cannot recover these costs in the same approach that a DNO would and question whether these costs should be borne by LDSOs overall for meeting a NGESO obligation. As a point of principle, we would encourage exploration of suitable mechanisms for IDNOs to recover/remunerate this cost on a similar basis as the DNO would. We understand that it is likely that these mechanisms (if any) will likely sit outside the BSC.</p> <p>To add, under the Alternative Solution, we question why data must be aggregated by Charging band instead of LLFC which is likely to be a default data item in most industry systems. This information can be found in the public domain via the LDSO Use of System Charging Statements and can be managed by NGESO upon receipt of LDSO data.</p>
BUUK Infrastructure	No	-
National Grid ESO	Yes	<p>We would like to note the following points to the Panel and to the Authority in respect of the solutions presented by P402;</p> <p>1. The Targeted Charging Review (TCR) creates a new linkage between LDSO billing</p>

Respondent	Response	Rationale
		<p>systems/processes and data provision to industry; specifically, how metering systems are mapped to 'Sites'. Only the LDSOs have this data and so they can be the only authoritative data source to industry. Going forwards, this will be a critical piece of information that needs to be visible to all. The Original Proposal begins to give this visibility whilst the Alternative does not.</p> <p>2. The speed with which this data is provided should be accelerated given its importance. Mandatory Half Hourly Settlement (MHHS) may allow this to happen but the importance of this data needs to be established to ensure this is considered and factored in to future designs; approving the Original would do this.</p> <p>3. Other industry reforms (e.g. BSUoS reforms) are already suffering due to 'Site' data not being more widely available than LDSO billing systems. This creates additional complexity and risk of unintended consequences as these reforms try to determine workarounds for not having this data.</p> <p>4. If this data was contained in Central Systems (e.g. via registration data) then this would provide the most transparent solution for all. Under the Original proposal, this ambition would to be clearly documented whilst under the Alternative proposal, it risks the method of providing 'Site' data created under the TCR becoming enduring. The use of Line Loss Factor Classes (LLFCs) to communicate 'Sites' and 'Site bandings' to industry were only chosen to ensure the directed date was met and are widely seen by industry to be a less effective approach than a dedicated registration item. The Original proposal supports an easier method of continuous improvement for industry development in future.</p> <p>5. It is frustrating that the alternative proposal was raised very late in the process and has forced the workgroup into a specific recommendation from the point of view of implementation timing. We consider that the Original is a stronger proposal and incorporates some of the principles the Panel approved in P399 as it includes more future proofing than the alternative. We believe that it would be odd if the sole rationale for the support of the alternate was concern over time and cost and it did not take into account this additional benefit and enhancement brought through the Original.</p>

Respondent	Response	Rationale
		6. Despite development by the P402 workgroup, both the Original and Alternative solutions have common weaknesses. All LDSOs have different billing processes which interact with the provision of this P402 data (regardless of the option chosen), specifically when this data can be provided once DUoS bills are produced. Any changes which look to accelerate or change when 'Site' data is provided will require some LDSOs to revise their billing processes; which should be reviewed through future industry developments.