
P412 WG 4 summary

Summary

1 Meeting Objectives

- What's happened since the last Workgroup meeting?
- Cost/Benefit Analysis scope
- Next steps

2 What's happened since the last Workgroup meeting?

- 2.1 National Grid ESO (NGESO) explained that since the last WG Meeting, a decision paper had been presented to NGESO senior leadership to discuss the progression of P412 and the potential solution options, with the view that P412 should be integrated into a larger piece of work on a 'single market' which would be a number of years in design and delivery. NGESO are exploring what should be done in the interim to ensure compliance with the relevant articles of the Clean Energy Package.
- 2.2 Preliminary analysis by NGESO had suggested that all short-term P412 solution options (Options 1-4) would be detrimental to consumers as £100k per annum of actions would be affected, but cost in the region of £2m (NGESO, Elexon and industry cost), which would ultimately be funded by consumers.

3 Cost/Benefit Analysis scope

- 3.1 NGESO will be carrying out further analysis on the costs and benefits of Options 1-4 in order to be able to provide this Cost/Benefit Analysis to Ofgem to inform further discussions. NGESO may also cover the wider Option 5, but likely to a lesser degree of detail as all information to form a thorough cost-benefit analysis for this option may not yet be available.
- 3.2 NGESO explained that they are seeking input from WG Members to provide quantitative information on Options 1-4 to feed into the assessment of industry costs. A number of WG Members were happy to support this request.
- 3.3 Elexon asked questions about assumptions and the data needed to make assessment of costs i.e. the amount of under-delivery that's happening. NGESO explained that further analysis would be carried out to breakdown the £100k amount.
- 3.4 Option 5 (Non-BM BSPs move to the BM) would be a wider piece of analysis which would involve others outside of the P412 WG. The first stage is to assess the short-term options.
- 3.5 NGESO will co-ordinate and lead on the scoping of the CBA and will endeavour to issue a request by the end of April. NGESO had first wanted to see if the WG were amenable to supporting the CBA and as they are, NGESO can now consider the questions to retrieve the required information from WG Members.
- 3.6 It was noted that [Issue 94 'Assessing barriers to entry to the Balancing Mechanism for sub 1MW providers and decimal bids'](#) was raised by NGESO on 6 April 2021. NGESO explained that this was exploratory to look at current barriers to entry to the Balancing Mechanism, but there could be some synergies with the work to consider Option 5.

4 Progression Plan and Next steps

- 4.1 Elexon explained that, as discussed at the last WG meeting, the current Progression Plan is to present the Assessment Report at the May Panel meeting.
- 4.2 However, a six month extension to the P412 Assessment Procedure is to be requested at the April Panel meeting, to allow time for the CBA activity to take place and for NGESO to explore the next steps with Ofgem.
- 4.3 Elexon explained that the work on P412, in terms of Workgroup meetings, etc. will pause in the interim.