

P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'

Extending the Virtual Lead Party (VLP) arrangements so that they allow customers to access the wholesale electricity market through this route, independent of their supply arrangements, in a similar manner to the Balancing Mechanism and TERRE.



ELEXON recommends P415 is progressed to the Assessment Procedure for an assessment by a Workgroup



ELEXON consider it likely that P415 will impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Suppliers
- Virtual Lead Parties
- Elexon as the BSCCo



Contents

1	Summary	3
2	Why Change?	5
3	Solution	9
4	Areas to Consider	12
5	Proposed Progression	13
6	Likely Impacts	15
7	Recommendations	17
	Appendix 1: Glossary & References	18

Contact

Ivar Macsween

020 7380 4270

bsc.change@elexon.co.uk

ivar.macsween@elexon.co.uk



About This Document

This document is an Initial Written Assessment (IWA), which ELEXON will present to the Panel on 8 October 2020. The Panel will consider the recommendations and agree how to progress P415.

There are two parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress, including the Workgroup's proposed membership and Terms of Reference.
- Attachment A contains the P415 Proposal Form.

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 2 of 19

© ELEXON Limited 2020

1 Summary

What is the issue?

Under current BSC arrangements there is no mechanism for flexibility volumes instructed by a VLP to be allocated to the VLP's Energy Accounts (rather than the Supplier's Energy Accounts), except where the dispatch is instructed by the National Grid Electricity System Operator (NGESO).

As a result, customers can only access power exchanges (and other markets that require notification of contracts under the BSC) through their Supplier. This contrasts with Balancing Services, the Balancing Mechanism, and the Capacity Market, all of which allow a customer's flexibility to be offered by an aggregator without the involvement of the Supplier.

The Clean Energy for All Europeans package ([EU Directive 2019/944](#)), Article 17, Clause 1 states:

"Member States shall allow final customers, including those offering demand response through aggregation, to participate alongside producers in a non-discriminatory manner in all electricity markets."

The same article goes on to clarify that the Supplier's permission must not be required.

What is the proposed solution?

P415 proposes to amend BSC systems and processes to allow flexibility delivered by a Secondary BM Unit to be allocated to that VLP's Energy Account. Currently the BSC only allows that in the context of a Bid Offer Acceptance (BOA) or Replacement Reserve (RR) Activation from NGESO.

In order to facilitate an electricity consumer's participation in wholesale markets with no involvement from their Supplier, P415 would separate dispatched flexibility volumes from normal supply volumes and assign responsibility for each to different Parties.

Workgroup assessment of the eventual methodology will be required, however the P415 Proposer recommends adopting elements of the solutions for BSC Modifications [P375 'Metering behind the Boundary Point'](#) and [P376 'Utilising a Baseline Methodology to set Physical Notifications'](#).

At a high level, P415 aims to adopt or use:

- Processes being developed by P375 for collecting and processing data from asset metering (meters behind the Boundary Point Meter) by enabling SVAA to request and receive metered data for asset meters from HHDCs; and
- Methodologies for establishing baseline values introduced by P376 for calculation of delivered volumes.

Impacts

We expect P415 to impact:

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 3 of 19

© ELEXON Limited 2020

- VLPs who may be subject to new obligations and Qualification Processes and Performance Assurance activities in order to be able to offer flexibility on the wholesale market without the involvement of a Supplier;
- Suppliers whose permission or involvement will no longer be necessary for the trading of customers' flexibility by an aggregator; and
- BSCCo who will need to apportion and record separate dispatch and supply volumes, update the Qualification Process and Performance Assurance Framework (PAF) to reflect new Trading Party obligations for VLPs.

P415 will be subject to impact assessments for ELEXON and market participants as part of the Assessment Procedure.

Implementation

It is proposed that this Modification should be implemented as soon as reasonably possible after the implementation of P376. P376 is currently in the Assessment Procedure with no approved release date as yet, but may not be implemented until early 2022. Therefore P415 is initially suggested for implementation in November 2022, to be confirmed during assessment.

Recommendation

The Panel is invited to agree that P415 is submitted to the Assessment Procedure for assessment by a Workgroup.



What is the issue?

Customers (consumers of electricity) who are able to be flexible about their consumption cannot currently obtain any value from that flexibility from the wholesale energy market, except if they work with their Supplier to do so. This is because the BSC assigns all flexibility delivered by a customer to their Supplier, with the exception of flexibility instructed by National Grid in the Balancing Mechanism or Replacement Reserve market (TERRE), which can be assigned to a third party (referred to in the BSC as a “Virtual Lead Party”).

As a result, customers can only access power exchanges (and other markets that require notification of contracts under the BSC) through their Supplier. This contrasts with Balancing Services, the Balancing Mechanism, and the Capacity Market, all of which allow a customer’s flexibility to be offered by an aggregator without the involvement of the Supplier.

This anomaly should be fixed primarily because it will remove a barrier to customers offering flexibility, and hence should increase participation and the level of effective competition the demand side can bring.

In addition, it is a requirement of the Clean Energy for All Europeans package ([EU Directive 2019/944](#)). Article 17, Clause 1 states:

"Member States shall allow final customers, including those offering demand response through aggregation, to participate alongside producers in a non-discriminatory manner in all electricity markets."

The same article goes on to clarify that the Supplier’s permission must not be required.

Background

Wholesale Electricity Market

The competitive wholesale market is where electricity is traded (bought and sold) by suppliers, generators, traders and customers before being delivered to end consumers (individuals, households or businesses) via the electricity transmission network.

Trading can take place bilaterally or on exchanges, and contracts for electricity can be struck over timescales ranging from several years ahead to on-the-day trading markets.

The BSC does not explicitly define a concept of a wholesale electricity market, but facilitates the operation of all such markets by providing the mechanism (Energy Contract Volume Notifications) that allows trades to be taken into account in Energy Imbalance.

Trading Parties

As described in [BSC Section A ‘Parties and Participation’](#), each BSC Party may have one or more different participation capacities under the BSC.

Parties trading within the energy market, other than the Transmission Company, and which hold Energy Accounts are known as Trading Parties.

Trading Charges

Each Trading Party is liable to pay or receive Trading Charges for each Settlement Day. These charges are calculated in relation to Imbalance Settlement and Balancing Mechanism activity.

The Settlement Administration Agent (SAA) determines the trading charges.

Trading Parties must hold two Energy Accounts, a Production Energy Account and a Consumption Energy Account.

BSC Section A provisions allow a VLP to become a Trading Party, and hence trade in wholesale markets. [BSCP65 'Registration of Parties and Exit Procedures'](#) requires Parties registering as Trading Parties to do so in one or more Trading Party roles:

- Non Physical Trader - Non Physical Traders buy and sell electricity from generators, Suppliers and other Trading Parties operating in the market to make a profit but do not produce electricity or supply electricity directly to a metered customer;
- Generator - Generators are licensed by Ofgem to generate electricity. Generators sell this energy to Suppliers and to other Trading Parties in the market. Generators own the plant and apparatus used to produce the electricity and are responsible for the Meters that record the amount of electricity that they produce and consume; or
- Interconnector User - Interconnector Users are Trading Parties that import and export electricity across an Interconnector. Interconnector Users buy and sell electricity from Generators, Suppliers and other Trading Parties operating in the market. Interconnector Users are responsible for the metering systems that record the amount of energy that they are importing and exporting.

Wider Access and Project TERRE

Implemented in 2019, Wider Access is the term used for changes to the BSC and to the National Electricity Transmission System Operator (NETSO) processes to enable customers and independent aggregators – known in the BSC as Virtual Lead Parties (VLPs) - to participate in the Balancing Mechanism (BM).

BSC arrangements have always allowed customers to participate in the BM through their electricity supplier, but Wider Access allowed them to do so through an independent aggregator, or directly themselves (if they accede to the BSC), allowing Balancing-related activities to be separated out from the supply of electricity for other purposes; and ensuring that imbalance arising from either of those activities is allocated to the correct Party.

The Wider Access changes also removed BSC barriers to customers and independent aggregators participating directly in the Replacement Reserve (RR) market.

Wider Access changes to the BSC were implemented under Modification [P344 'Project TERRE implementation into GB market arrangements'](#) and provided a means for the registration and qualification of VLPs.

Virtual Lead Parties

Implemented as part of the P344 solution, a VLP is a distinct type of Party to the BSC that only participates in Settlement by offering balancing energy.

If a market participant solely signs up to the BSC framework as a Virtual Lead Party and does not explicitly request Energy Accounts, they will not be classed as a Trading Party. A BSC Party who qualifies only in the role of VLP (and not in any of the Trading Party roles



Independent Aggregators under the BSC

Independent aggregators are parties who bundle changes in consumer's loads or distributed generation output for sale in organised markets and who do not simultaneously supply the customer with energy. Under the BSC framework, independent aggregators are known as VLPs.

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 6 of 19

© ELEXON Limited 2020

that permit access to wholesale markets, such as Generator or Non-Physical Trader) is not subject to the same level of charges and obligations as existing Parties.

Virtual Lead Parties are able to raise BSC Changes, including Modifications, Change Proposals and Issues once it has acceded to the BSC and hence become a BSC Party, but are unable to vote in the BSC Panel elections, which requires that you must be classed as a Trading Party.

Alongside Trading Parties, VLPs are subject to the payment of Trading Charges, charges incurred from trading within the market. Elexon's [guidance note on market entry for VLPs](#) provides further detail on the charges and registration processes that VLPs are subject to.

If at any time a Virtual Lead Party wishes or is required to become a Trading Party it must apply to the CRA in accordance with [BSCP65 'Registration of Parties and Exit Procedures'](#) to revise its registration.

Related Modifications

P375 'Metering behind the Boundary Point'

[P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'](#)

was raised by Flexitricity on 10 December 2018 to enable a mixture of metering at the defined Boundary Point and Asset metering, enabling Settlement to determine metered volumes attributed to different activities at complex, collocated sites and for storage facilities to also seek relief from Final Consumption Levies and certain network charges.

The P375 Workgroup have developed a solution that would amend the BSC to allow Secondary BM Units to be settled at a Settlement quality Meter at a point behind the Boundary Point Meter.

Additionally, the Workgroup's solution looks to define the standards of metering for behind the Boundary Point meters, the application of Line Loss Factors methodology and establishment of assurance measures required for a VLP when performing the P375 process.

P376 'Utilising a Baseline Methodology to set Physical Notifications'

[P376 'Utilising a Baseline Methodology to set Physical Notifications'](#) was raised by Enel Trade S. P. A. on 11 December 2018 seeks to change the source of data used in Settlement calculations to increase accuracy and ensure that balancing service providers are appropriately recompensed. This will facilitate greater participation in the provision of balancing services to the NETSO.

BM Settlement arrangements outline the requirement for VLPs to submit PN's for Secondary BM Units, with a forecasted MW value. P344 Workgroup members noted that the requirement to provide a PN (ahead of Gate Closure) may be problematic for customers and independent aggregators, where the asset they control (and whose output they can forecast accurately) may share a network connection with other Demand or Generation whose output is outside of their control. Inaccurate PN's may lead to customers not being paid fully for delivery even if they had responded as requested.

Under the current arrangements a Party is required to inform the NETSO, in the FPN, what energy flows it expects at a boundary Meter. The NETSO may instruct the Party to deviate from this (through Bids and Offers) in order to provide a balancing service. This FPN is



What are Secondary BM Units?

Secondary BM Units are registered by VLPs who use them to deliver balancing services, but are not responsible for Energy Imbalances (except where they arise from failure to deliver a balancing service). Each of the Supplier Volume Allocation (SVA) Metering Systems in a Secondary BM Unit must also be included in a Supplier BM Unit.

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 7 of 19

© ELEXON Limited 2020

then used in Settlement calculations to determine whether instructed balancing services have been fully delivered.

P376 proposes to introduce Baseline Methodologies, which use recent historic Metered data to provide a forecast of energy flows that would be expected at a Boundary Meter under normal circumstances. This baseline value can be used in the Settlement calculations in place of the FPN for determining whether a balancing service has been fully delivered as instructed.

As not all sites will be suitable to use a Baseline Methodology – some sites may not follow any normal behaviour patterns or may be too variable for a Baseline Methodology to provide a useful estimate. The P376 solution will be used on an elective basis, Parties not wishing to use the solution being unaffected by this Modification. P376 will decouple the value used in Settlement calculations from the FPN used by the NETSO to dispatch balancing services.

Performance Assurance

The [Performance Assurance Framework \(PAF\)](#) is in place to provide assurance that Calculations and allocations of energy and the associated Trading Charges are performed within the BSC requirements. Performance Assurance Techniques (PATs) are applied to Performance Assurance Parties (PAPs) based on the Settlement Risks that they pose. To do this, the BSC Panel and the PAB identify, evaluate and prioritise the risks that may occur within Settlement and the extent to which they apply to each PAP.

These PAPs include Virtual Lead Parties and Suppliers. Settlement Risks are relevant to any PAP which might send, receive or take action in respect of processes, controls or data which relate to the risk in question. The Supplier is a relevant PAP in respect of Settlement Risks relating to the activities of Party Agents.

Desired outcomes

Just as customers can participate in Balancing Services, the Capacity Market, or the Balancing Mechanism by working with an independent aggregator, with no involvement from their Supplier, so they should also be able to participate in a similar manner in the wholesale energy market. This requires that dispatched flexibility volumes be separated from normal supply volumes, with different parties being responsible for each.

To avoid duplication of effort, the mechanism for this should build on the Virtual Lead Party introduced by [P344](#) for the Balancing Mechanism and TERRE, should support the use of sub-meters per [P375](#) and baseline methodologies per [P376](#).

In a period in which a customer's consumption is being varied by a VLP so as to meet a wholesale market commitment, the customer's Supplier's balancing position should be unaffected. Any imbalances resulting from the VLP's portfolio failing to deliver the traded volumes during that period should be the responsibility of the VLP.

Provision of flexibility for wholesale market purposes under these new arrangements should be stackable with all other flexibility services – i.e. they should all be able to be offered and dispatched simultaneously, subject to the limitation that each unit of delivered energy can only be counted once.

Although we anticipate that in most cases the flexibility traded will be reductions in net consumption, there could be useful actions in the opposite direction, so the mechanism should be symmetrical.



Bid Offer Acceptance

This is an instruction issued by National Grid when they accept a Bid Offer from a BSC Party.

The Modification Proposal form sets out in detail the Proposer's proposed solution. In light of this, the following is a summary of their proposal for Workgroup consideration. We advise you to read the Proposal Form for a full account of the Proposer's rationale.

Proposed solution

P415 proposes to amend BSC systems and processes to allow flexibility delivered by a Secondary BM Unit to be allocated to that VLP's Energy Account. Currently the BSC only allows that in the context of a Bid Offer Acceptance (BOA) or RR Activation from NGENSO.

In order to facilitate an electricity consumer's participation in wholesale markets with no involvement from their Supplier (in a similar manner to Balancing Services or Capacity Markets or the Balancing Mechanism), P415 would separate dispatched flexibility volumes from normal supply volumes and assign responsibility for each to different parties.

Key aspects of the P402 solution will encompass:

- A mechanism for VLPs to notify Settlement of flexibility volumes they have instructed each Secondary BM Unit to deliver;
- A mechanism for determining the volume delivered by each MSID Pair in the Secondary BM Unit. The Proposer suggests this would be based on the baselining solution in P376;
- A mechanism for adjusting Suppliers' Imbalance positions to remove the impact of volumes delivered through the VLP. This is likely to be similar to that introduced for Wider Access; and
- Changes to Imbalance calculations to ensure that VLPs (rather than Suppliers) are financially responsible for non-delivery of flexibility. This mechanism will need to cope with cases in which the same Secondary BM Unit is delivering balancing services to National Grid and flexibility to the market.

The BSC does already allow a VLP to trade in the wholesale energy market (if they also register as a Non Physical Trader); but it does not currently allow them to trade the flexibility that their customers deliver. To remedy this, the solution will provide a mechanism for VLPs to notify to SVAA volumes of flexibility delivered by their customers.

Interaction with other BSC Modification Proposals

P415 aims to incorporate elements of the solutions for BSC Modifications P375 and P376 in order to develop an approach for determining the separation of dispatched flexibility volumes from normal supply volumes.

At a high level, P415 aims to incorporate elements of solutions to previous Modifications by:

- Taking advantage of BSC processes for collecting and processing data from sub metering developed during the Assessment Procedure for P375 that enable SVAA to receive metered data for Asset Meters from HHDCs; and
- Utilise the process and methodologies for establishing baseline values introduced by P376 for calculation of delivered volumes.

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 9 of 19

© ELEXON Limited 2020

Benefits

Consumers who are able to be flexible in their consumption will benefit, in that they will have the option to offer their flexibility into the wholesale energy market via a Virtual Lead Party. At present their only options are to work with their Supplier to offer flexibility, if their Supplier offers this service, or not to do so at all.

This additional route to market should lead to such customers seeing more competition to procure their flexibility, allowing them to get more value from it.

More importantly, this should lead to a higher level of participation in the wholesale energy market by such customer loads, providing increased competition and liquidity, to the benefit of all consumers.

This proposal supports innovation within the electricity market by allowing VLPs to utilise flexible volumes to manage their imbalance positions.

Opening up the wholesale markets to VLP participation is important for helping the development of a smarter, more flexible electricity system in which independent aggregators can play a role.

In [‘Independent aggregators and access to the energy market – Ofgem’s view’](#), the Authority has previously stated that:

Ofgem has previously shown support for ensuring a level playing field in market access by the different market participants supports competition. We therefore consider that market arrangements should enable aggregators, including independent aggregators, to access additional energy markets where they can be accommodated efficiently. Furthermore, the design of arrangements to facilitate independent aggregators’ participation in energy markets should not build-in stages that require ex-ante consent of a customer’s supplier. Please note that we are not referring here to potential adjustments to retail contracts in response to customers engaging in aggregation.

Applicable BSC Objectives

The Proposer believes that wider access to wholesale market will allow more customer loads to participate, increasing the level of competition. This has a direct positive impact on Objective (c).

This additional revenue stream for demand-side flexibility should lead to more demand-side participation in flexibility in general, including the Balancing Mechanism and other balancing services needed to operate the National Electricity Transmission System. This should lead to greater competition to provide those services, allowing more efficient, economic operation of the system – a positive impact on Objective (b).

The Market Design Directive of the Clean Energy for All Europeans package states (Article 17, Clause 1):

“Member States shall allow final customers, including those offering demand response through aggregation, to participate alongside producers in a non-discriminatory manner in all electricity markets.”

“All electricity markets” includes the Wholesale Electricity Market, so the modification has a positive impact on Objective (e).



What are the 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 administrating 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

307/05

P415

Initial Written Assessment

1 October 2020

Version 1.0

Page 10 of 19

© ELEXON Limited 2020

Implementation approach

P415 utilises processes and methodologies developed for P375 and P376, therefore the Proposer wishes to target implementation as soon as practicable after P376 (currently scheduled for implementation in early 2022), subject to the time required for any system changes to BSCCo and market participants' systems.

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 11 of 19

© ELEXON Limited 2020

4 Areas to Consider

In this section we highlight areas which we believe the Panel should consider when making its decision on how to progress this Modification Proposal, and which a Workgroup should consider as part of its assessment of P415. We recommend that the areas below form the basis of a Workgroup's Terms of Reference, supplemented with any further areas specified by the Panel.

The Proposer has expressed a desire for a pragmatic approach to development of the P415 Solution, with a stated goal of keeping the solution as simple and easily-understandable as possible while still offering a robust and enduring solution.

In support of this, the proposed solution calls for VLPs to be classed as a Trading Party with the same rights and obligations as any other, rather than a creating a completely new and distinct type of Trading Party for the P415 solution. However, it will be important to consider the most appropriate way to handle this transition, the added responsibilities and obligations it will incur on VLPs and develop a comprehensive view of impacts on Performance Assurance, Party Qualification.

The Proposer's initial view is that arrangements for BSC Credit Cover, cost recovery, and Residual Cashflow Reallocation Cashflow (RCRC) should be applied and should mirror the current arrangements where possible and appropriate, however this approach should be discussed and explored with the Workgroup.

It may be appropriate for a payment to accompany the correction of the imbalance position of the Supplier. Such payments are permitted under Article 17 of EU Directive 2019/944. The P344 Workgroup took the view that 'compensation' for adjustments was a matter between the customer and the Supplier, and should not be addressed within the BSC, however it may be appropriate for this issue to be discussed by the Workgroup.

Areas to consider

The table below summarises the areas we believe a Modification Workgroup should consider as part of its assessment of P415:

Areas to Consider
Whether a new Trading Party Role is needed for VLPs using P415 (or whether one of the existing Roles is suitable e.g. Non Physical Trader)
Whether the BSC should include a mechanism for compensating Suppliers for adjustments to their imbalance position (and, if so, the appropriate price)
How will P415 impact the BSC Settlement Risks?
What changes are needed to BSC documents, systems and processes to support P415 and what are the related costs and lead times? When will any required changes to subsidiary documents be developed and consulted on?
Are there any Alternative Modifications?
Should P415 be progressed as a Self-Governance Modification?
Does P415 better facilitate the Applicable BSC Objectives than the current baseline?
Does P415 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 12 of 19

© ELEXON Limited 2020

5 Proposed Progression

The stated aim of P415 to allow more electricity consumers to benefit from competing in the Wholesale Electricity Market and so will materially impact the Self-Governance criteria and should therefore be sent to Ofgem for decision (not Self-Governance).

We believe that the Modification does **not** meet Ofgem's criteria for Urgency i.e. it is not linked to an imminent issue or a current issue that if not urgently addressed may cause:

- (a) a significant commercial impact on Parties, Consumers or stakeholder(s); or
- (b) a significant impact on the safety and security of the electricity and/or gas systems; or
- (c) a Party to be in breach of any relevant legal requirements.

The Proposer concurs and believes that P415 requires consideration by an industry Workgroup to fully develop all the details.

Next steps

The Modification should be assessed by a Workgroup and submitted to the Assessment Procedure.

Workgroup membership

The assessment of this Modification Proposal requires knowledge in:

- VLP operations and processes;
- Performance Assurance and Party Qualification under the BSC; and
- The P375 and P376 solutions, in particular sub-metering and baselining methodologies.

Timetable

Proposed Progression Timetable for P415	
Event	Date
Present Initial Written Assessment to Panel	8 October 2020
Workgroup Meeting	W/B 2 November 2020
Workgroup Meeting	W/B 7 December 2020
Assessment Procedure Consultation	7 June 2021 – 27 June 2021
Workgroup Meeting	W/B 12 July 2020
Present Assessment Report to Panel	12 August 2021
Report Phase Consultation (including potential EGBL consultation that must be at least one month in duration)	16 August – 16 September 2021
Present Draft Modification Report to Panel	14 October 2021
Issue Final Modification Report to Authority	18 October 2021



What are the Self-Governance Criteria?

A Modification that, if implemented:

- (a) does not involve any amendments whether in whole or in part to the EGBL Article 18 terms and conditions; except to the extent required to correct an error in the EGBL Article 18 terms and conditions or as a result of a factual change, including but not limited to:
 - (i) correcting minor typographical errors;
 - (ii) correcting formatting and consistency errors, such as paragraph numbering; or
 - (iii) updating out of date references to other documents or paragraphs;
- (b) is unlikely to have a material effect on:
 - (i) existing or future electricity consumers; and
 - (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
 - (iii) the operation of the national electricity transmission system; and
 - (iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
 - (v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties

P415
Initial Written Assessment
1 October 2020
Version 1.0
Page 13 of 19

Proposed Progression Timetable for P415

Event	Date
Development of subsidiary documents	During Assessment and implementation – to be determined by the Workgroup

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 14 of 19

© ELEXON Limited 2020

6 Likely Impacts

Impact on BSC Parties and Party Agents

Party/Party Agent	Potential Impact
Virtual Lead Party	VLPs will be able to use buy and sell flexible volumes in the wholesale market without the involvement of Suppliers as a consequence of P415
Supplier	

Impact on the NETSO

None anticipated

Impact on BSCCo

Area of ELEXON	Potential Impact
Participant Management	May be impacted by reassignment of VLPs to Trading Party. Enduring impacts will be assessed and captured during assessment of P415.
Settlement and Invoicing	
Assurance	

Impact on BSC Settlement Risks

034 (CVA Risk - SVAA processing)

Impact on BSC Systems and processes

BSC System/Process	Potential Impact
CRA	May need to be amended to facilitate the eventual P415 solution.
SVAA	
SAA	

Impact on BSC Agent/service provider contractual arrangements

BSC Agent/service provider contract	Potential Impact
CRA	May need to be impacted to facilitate the eventual P415 solution.
SVAA	
SAA	

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 15 of 19

© ELEXON Limited 2020

Impact on Code	
Code Section	Potential Impact
BSC Section S, BSC Annex S-2, BSC Section T	Bringing VLPs under the participation capacity as a Trading Party with same rights and obligations as any other has the potential to have wide-ranging impacts on multiple sections of the BSC, which will be confirmed during assessment of P415. The Proposer believes that the Legal Text should be developed by a Workgroup.
Impact on Code Subsidiary Documents	
CSD	Potential Impact
BSCP602	May require changes to facilitate the P415 solution. At time of writing we aim to complete the drafting of BSCPs during the Assessment Procedure.
BSCP38	
BSCP70	
BSCP537	
BSCP65	
Impact on Core Industry Documents and other documents	
Document	Potential Impact
Connection and Use of System Code	May need other codes' recognition of a new type of Trading Party, the detail and impact of which will be explored during assessment of P415
Distribution Connection and Use of System Agreement	
Grid Code	

Impact on EBGL Article 18 terms and conditions

Impact on the EBGL Article 18 terms and conditions will be considered during the Assessment Procedure. The Legal Text will need to be clear on how wholesale trades and Balancing interact (for parties doing both).

Impact on a Significant Code Review (SCR) or other significant industry change projects

We do not believe this Modification has any impact on any open SCR and have requested that Ofgem class P415 as exempt.

Impact on Consumers

P415 would enable wider customer access and participation in the wholesale market.

Impact on the Environment

This Modification is consistent with the net zero target. For the environment, more effective use of demand-side resources should reduce the need to build new infrastructure. In addition, greater use of demand-side resources should allow the integration of higher levels of variable renewable generation at lower cost, thereby reducing carbon emissions.

7 Recommendations

We invite the Panel to:

- **AGREE** that P415 progresses to the Assessment Procedure;
- **AGREE** the proposed Assessment Procedure timetable;
- **AGREE** the proposed membership for the P415 Workgroup; and
- **AGREE** the Workgroup's Terms of Reference.

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 17 of 19

© ELEXON Limited 2020

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BRP	Balance Responsible Party
BSC	Balancing and Settlement Code
BSCCo	Balancing and Settlement Code Company
BSCP	Balancing and Settlement Code Procedure
CHP	Combined Head and Power
CSD	Code Subsidiary Document
EMR	Electricity Market Reform
ESO	Electricity System Operator
FPN	Final Physical Notification
IWA	Initial Written Assessment
MWh	Megawatt Hour
NETSO	National Electricity System Operator
NGESO	National Grid Electricity System Operator
PARMS	Performance Assurance Reporting and Monitoring System
RCRC	Residual Cashflow Reallocation Cashflow
SAA	Settlement Administration Agent
SCR	Significant Code Review
TERRE	Trans European Replacement Reserve Exchange
VLP	Virtual Lead Party

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	Issue 71 page of the ELEXON website	https://www.elexon.co.uk/smg-issue/issue-71/
3	P344 page of the ELEXON website	https://www.elexon.co.uk/mod-proposal/p344

307/05

P415

Initial Written Assessment

1 October 2020

Version 1.0

Page 18 of 19

© ELEXON Limited 2020

External Links		
Page(s)	Description	URL
3	P376 page of the ELEXON website	https://www.elexon.co.uk/mod-proposal/p376
7	P375 page of the ELEXON website.	https://www.elexon.co.uk/mod-proposal/p375
16	Grid Code Glossary	https://www.nationalgrid.com/sites/default/files/documents/8589935310-Complete Grid Code.pdf
20	'Independent aggregators and access to the energy market – Ofgem's view'	https://www.ofgem.gov.uk/system/files/docs/2017/07/ofgem_s_views_on_the_design_of_arrangements_to_accomodate_independent_aggregators_in_energy_markets.pdf

307/05

P415
Initial Written Assessment

1 October 2020

Version 1.0

Page 19 of 19

© ELEXON Limited 2020