

# P415 Microsoft Teams Meeting

---

- Welcome to the P415 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
- “Raise your hand” feature to let the chair know you'd like to speak

# ELEXION

---

## P415

---

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

29 July 2021

# Meeting Objectives and Agenda

- **Review and determine** which CBA Option is most suitable for P415, ahead of presenting this view to the BSC Panel for their consideration

Agenda Item	Lead
Welcome and meeting objectives	Lawrence Jones (Chair)
Summary of 4th Meeting, Solution and Remaining Areas	Ivar Macsween (Elexon), Workgroup
P415 Cost Benefit Analysis Options	CEPA
Workgroup CBA Discussion and recommendation	Workgroup
Next Steps	Ivar Macsween
Meeting Close	Lawrence Jones



# SUMMARY OF 4<sup>TH</sup> MEETING

# Summary of 4<sup>th</sup> Meeting

---

## Event days

- Baseline methodologies discard Event Days which do not indicate typical behaviour, the group considered whether a third option to represent Wholesale Market activity would be useful for assurance and transparency purposes.
- Amending the “Balancing Services” category of Event Days to include WM activity was the simplest and best approach to preserve distinction between the two options as 1) VLP Activity (VLP action in the BM or WM) and 2) Other (Maintenance or something that the Customer usually actions), with different requirements for the evidence to be provided in each case.

## Non-delivery

- At present the Workgroup do not see a need to include WM volumes in the non-delivery calculation - rationale that non-delivery should look at BM actions only, noting that VLP expect to deliver both BM & WM and so will be exposed to energy imbalance charges.

## MVRNs

- The group considered whether VLPs should they be able to be Lead Party to a MVRN given that VLPs will not be allocated any Metered Volumes under P415. The Proposer stated that MVRNs do not do anything that VLPs need, and would therefore not be useful or necessary, and the Workgroup agreed that VLPs would not have this functionality.



# Summary of 4<sup>th</sup> Meeting

---

## **Imbalance settlement**

- Status quo = MSID Pair Delivered Volumes are used as the basis for the Supplier adjustment at the Energy Account level via Balancing Volumes. Under P415, the VLP Delivered Volumes will include both BM and Wholesale Market volumes, and Elexon sought views on whether it would be necessary to separate out BM and WM Supplier Imbalance adjustment to make sure they flow through the appropriate mechanism and whether this increased granularity would be beneficial.
- The Workgroup felt that the outcome will be the same and a change would not be mathematically necessary but noted increase transparency benefits, to be revisited once Supplier compensation mechanism is clearer.

## **Supplier compensation**

- Presentation on Clean Energy Package requirements and how this relates to the question of whether Suppliers would need to be compensated under P415 and, if necessary, who should pay.
- The issue of Supplier compensation is open to interpretation within the Clean Energy Package but mechanisms to achieve this must not present a barrier to entry for flexibility.
- Noting that Suppliers will be left with a cost from the WM they cannot recover in RM due to VLP action under P415, the group feel that Supplier compensation will be necessary in principle.
- The group began to consider options for the most appropriate mechanism to apply Supplier compensation but were unable to come to a firm conclusion, this point will be revisited for detailed consideration at a future meeting.



# P415 SOLUTION SUMMARY

## P415 Solution Summary

---

- P415 seeks to amend the BSC to allow VLPs to participate in the GB wholesale market.
- P344 enables VLPs by allowing the separation of normal supply to the customer and the offering of normal flexibility from the customer.
- P375 provides another building block that facilitates accuracy in determining settlement of actions the VLP has taken.
- P376 also provides baselining methodologies to separating out normal behaviour from flexibility.



## P415 Solution Summary

---

- P415 ‘Deviation Volumes’ to represent difference between what a site is forecast to consume/generate and what was actually consumed/generated, attributed to a VLP action taken at that site. Deviation Volumes represent an import/export MWh deviation to the Total System as a result of that action by a VLP.
- P415 VLPs who trade in BM + WM and “vanilla” VLPs trading only in BM will have separate qualification requirements to avoid barrier to entry.
- P415 VLPs wishing to trade in WM able to register and use Secondary BM Units (SBMU) as the mechanism for aggregating Deviation Volumes in addition to being used for balancing services.
  - Submit ‘SBMU Wholesale market activity notification’ to settlement when active in the wholesale market. Upon receipt, Settlement to calculate SBMU Deviation Volumes & calculate Supplier compensation for VLP activity.
  - Can submit Electricity Contract Volume Notification (ECVNs) in relation to Secondary BM Units, but not Metered Volume Reallocation Notification (MVRNs).

## P415 Solution Summary

---

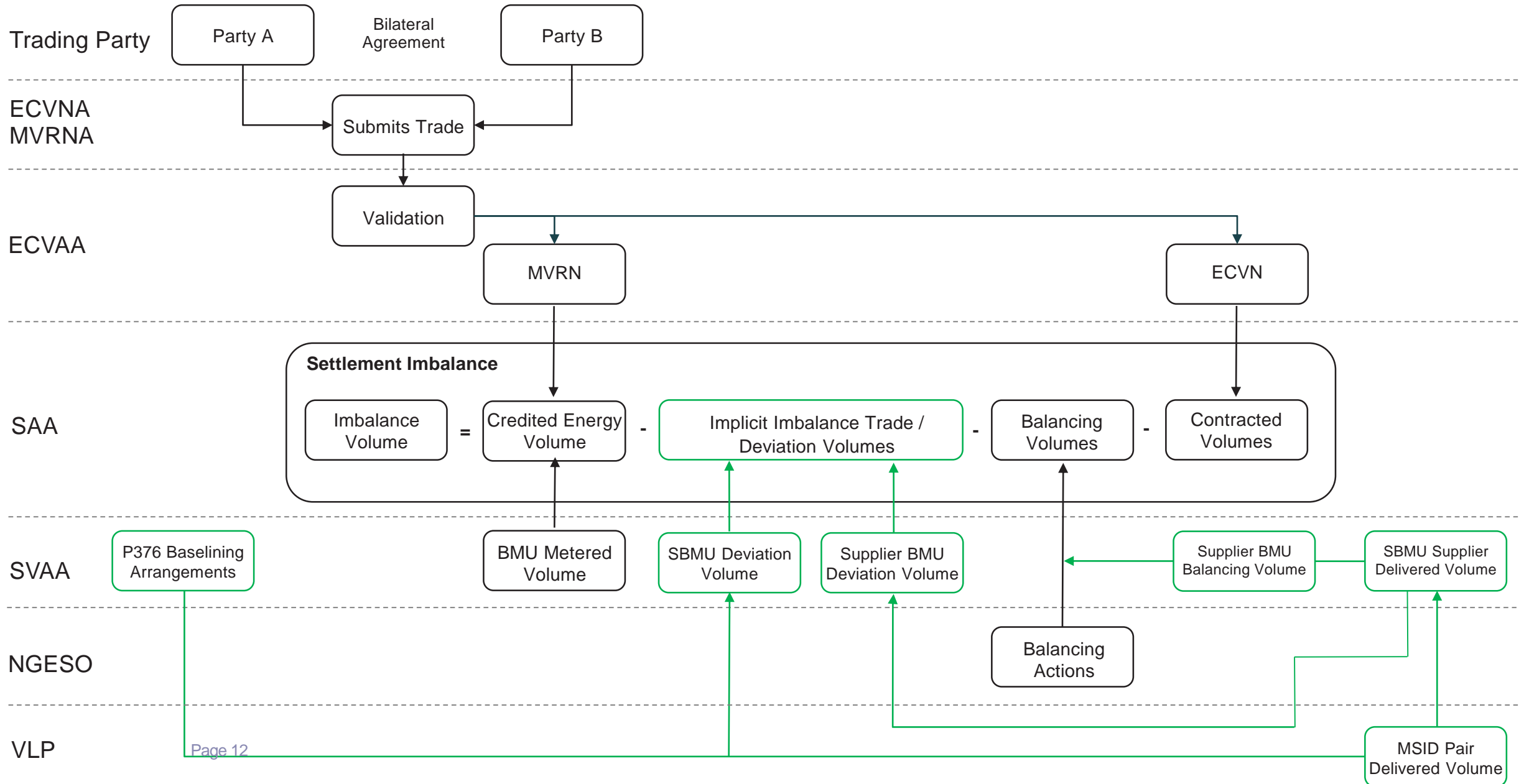
- VLPs are responsible for imbalance - no impact on Supplier's account. Relationship between the customer and the VLP under P415 felt to address concerns over non-delivery.
- Gate Closure deadline for notifying Settlement of which BMU is active in the WM and the associated expected Wholesale Market volumes.
- Event Day methodology under P415 – addition of 3<sup>rd</sup> type of “Balancing Services” category of Event Days (introduced by P376) to include WM activity - useful for assurance and transparency purposes to distinguish between BOA and WM activity.
- P415 VLPs to comply with all REMIT requirements.
- Noting that Suppliers will be left with a cost from the WM they cannot recover in RM due to VLP action under P415, the group feel that Supplier compensation will be necessary in principle.

## P415 Solution Principles

---

1. Through independent aggregation a VLP shall trade Deviation Volumes on the wholesale market on behalf of their customer(s). These trades shall be captured in the same manner as existing Parties i.e. ECVN and MVRN.
2. Deviation Volumes are a measurable commodity that represent an import/export MWh deviation to the Total System
3. The VLP shall be the Balancing Responsible Party (BRP) for any wholesale market Deviation Volumes traded. Neither the counterparty nor registered Supplier shall bear any liability for delivery of the trade
4. The registered Supplier at a site where the customer has chosen to use a VLP independent aggregation service shall receive no Imbalance Settlement benefit nor detriment from such service
5. VLPs shall have no advantage over existing Trading Parties and be subject to same BSC rules and requirements (where appropriate)
6. Through independent aggregation a VLP shall be able to trade Deviation Volumes in the wholesale market and provide other flexibility services during the same Settlement Period on behalf of their customer(s)

# Proposed Imbalance Settlement Arrangements





## P415 Remaining Areas for Development

---

- Further refinement of requirements related to guidance from National Grid on visibility of trades for balancing purposes.
- Compensate just for Wholesale Market volumes or do we compensate for both BM and WM? Would dictate other parts of the solution. If both BM and WM, no need to split them up (they'll be compensated anyway). To split delivered volumes up, more calculations (requirements) will be necessary. For consideration at future workgroup.
- Supplier Compensation – who pays and at what level? Further discussions on the most appropriate mechanism to be held at a future meeting.
- Finer detail on credit, reporting requirements and governance for consideration at future workgroup.



# P415 COST BENEFIT ANALYSIS OPTIONS



# P415 CBA OPTIONS DISCUSSION

## P415 CBA Options discussion

---

- Following CEPA's presentation on the P415 CBA options, including consideration of time and costs associated with each approach, which is the Workgroup's recommended approach and why?
- The BSC Panel will consider this at their meeting on 9 September 2021, the expectation is that Elexon will then begin procurement activities for the eventual CBA





# NEXT STEPS

## Next Steps

---

- CEPA to document feedback and amend P415 CBA Options Paper as necessary, with the final version of the paper sent to the Workgroup ahead of the Panel meeting.
- CEPA and ELEXON to present final CBA Options Paper to the BSC Panel 9 September 2021.
- The Panel will determine which CBA Option is most suitable for P415, taking into account the Workgroup's recommendation.
- Depending on level of CBA chosen, it will be necessary to seek an extension for P415.
- Next meeting: Consider P415 Supplier Compensation mechanism and reporting requirements in further detail. The earliest possible date would be late August (may be difficult due to annual leave), otherwise aiming to meet in September.

## P415: Next Steps

<b>Event</b>	<b>Date</b>
Present IWA to Panel	8 October 2020
Workgroup meeting 1	11 December 2020
Workgroup meeting 2	9 February 2020
Workgroup meeting 3	25 March 2021
Workgroup meeting 4	25 May 2021
<b>Workgroup meeting 5</b>	<b>29 July 2021</b>
Panel considers CBA Options paper	9 September 2021
Workgroup meeting 6 -10	September 2021 – December 2021

ELEXON

THANK YOU

---

**Ivar Macsween**

---

[ivar.Macsween@elexon.co.uk](mailto:ivar.Macsween@elexon.co.uk)