ELEXON

P441 Workgroup Meeting 5 Summary

Summary

1. Meeting Objectives

The Chair welcomed attendees and presented the meeting objectives:

- Determine the impacts of P441 on Distribution Use of System (DUoS) Charges
- Identify the impacts of P441 on BSC documents, processes and systems
- Determine whether P441 will be subject to the EBGL processes
- Provide an update on the interactions between P441 and the Market wide Half Hourly Settlement (MHHS) Programme
- Consider any potential solution(s) which may require further development for discussion at future meetings
- Confirm the next steps for P441

2. Workgroup (WG) meeting 4 summary and action updates

2.1 During the fourth WG meeting, discussions were held on DUoS charges, defining 'local' in the context of a Class 5 Complex Site, and whether any site arrangements should be retrospective. Elexon proposed calculating DUoS charges from gross consumption data, but some issues were raised. Elexon agreed to discuss these with Distribution Network Operators (DNOs) and return with an update. Elexon welcomed comments on the three options for local classification, with preference for option 2. Elexon presented its initial view on if the site arrangements are to be forward looking only and not retrospective, proposing a 12-month timeline for retrospective updates. An inquiry was made about what happens to existing Complex Sites that are not classed as Complex Sites as defined under P441.

2.2 Elexon noted that responses and updates to the questions and requests would be presented at this fifth WG.

2.3 **Action update – Benefits and Drawbacks for local vs primary substations**

2.3.1 Elexon presented three options for where Metering System Identifiers (MSIDs) could be located.

a) The first option is to restrict a Class 5 Complex Site to MSIDs within a specific geographical area.

b) The second option is to restrict a Class 5 Complex Site to MSIDs under the same primary substation.

c) The third option is to restrict a Class 5 Complex Site to MSIDs under the same Grid Supply Point (GSP) Group.

Elexon presented various benefits and drawbacks for each option and welcomed feedback from the Members on which option was the most suitable to progress. A Member questioned the definition of substation, the availability of data from the DNOs and how self-certification would be assured if customers are physically connected to the site. Elexon noted that the central register that is being proposed to be created under P441 could be used as a tool to support assurance. Also, another Member noted that while the WG is moving to have option 2 for Class 5 Complex Sites, option 1 should not be ruled out for Class 6 Complex Sites. Elexon noted this. Another Member wanted to clarify the criteria for local, asking if it was based on geography or the number of customers? Elexon advised that this had already been defined in the fourth Workgroup meeting but re-iterated that it is primary substation. The same member suggested that option 3 could be utilised, meaning that MSIDs will be classed under a GSP Group, and a fourth option could involve using rota Disconnection Codes allocated by DNOs. A Member suggested that rota Disconnection Codes may correspond to some or all customers under a given primary substation, but questioned how stable they would be, as there had been changes to some customers' codes this winter, Elexon acknowledged the point about using Rota Disconnection data. The Proposer's representative and majority of the WG concluded on progressing option 2, which will see all MSIDs to be placed under the same primary substation.

2.4 **Action update – What happens to an existing Complex Sites that doesn't fall under a Complex Site as defined by P441**

2.4.1 Elexon explained that it is proposed that any Complex Site that does not fall under the five defined classes will be automatically assigned to Class 6 during implementation. Approval from the relevant Panel Committee will not be required for existing sites that will fall under Class 6 following implementation, and it is expected that very few, if any, current Complex Sites will fall outside the definitions of Classes 1 to 5. Similar to Class 5 sites, Registrants who identify a Complex Site assigned to Class 6 should notify BSCCo (Elexon) through the Complex Site Supplementary Information Form. A Member questioned which Panel Committee will possess this responsibility and what level of support will be given to them. Another member suggested the Supplier Volume Allocation Group (SVG) seems appropriate given the processes being discussed under this Modification fits within their scope. To aid clarity, Elexon agreed to provide an overview of the different Panel Committees at the next Workgroup meeting. Although, the same Member felt that parties should not be automatically assigned a Class 6 Complex Site, they should undergo the appropriate level of assessment. Another member highlighted that P441 is trying to codify the existing practices in classes 1 to 4, agreeing with Elexon's suggestion, but asked what sort of transparency and reporting would exist for this scheme. Elexon responded, stating that transparency would be akin to the Metering Dispensation process and a central register could in some way set the precedent for acceptable arrangements. The Proposer's representative also agreed with Elexon's suggestion that if a site doesn't fit into Classes 1 to 5 then the Site should be put on Class 6, provided they satisfy the criteria for Class 6 Sites as defined under P441.

3. P441 Terms of Reference

3.1 **ToR (f) - What impact do Class 5 Complex Sites have on Network Charges and BSC Charges (continued – DUoS Charges)**

3.1.1 Elexon kicked off this section by mentioning that the proposed approach is a result of the meeting held with DNOs and the Proposer's representative following the fourth WG meeting. Elexon then explained the problem as being the provision of data on Measurement Classes (MCs) F and G. In regards to DUoS charging, the "fixed" and "unit" charges were in scope of being impacted. For fixed charge, the issue around consumption bands and the question around how the DNOs/IDNOs put non-domestic (MC "G") in the correct consumption band were highlighted. For unit charges, Elexon outlined four options and welcomed the Workgroup to comment:

a) **Option 1 – Report the customers' Import against a Generator MPAN** – This option would require the HHDC to aggregate Import for all the MC "F" and "G" customers in the Class 5 Complex Site, and add it to the Import data for the Generator. This may cause issues if the Import MSID has been declared as Non-Final Demand, and aggregating Import data may cause Excess Capacity charges if a metering system exceeds its Import capacity.

b) **Option 2 – Change the Customers to MCs "C" and "E"** – For this, the Supplier would do a Change of Measurement Class (COMC) to "C" or "E" for customers in the Class 5 Complex Site (no longer any MC F and G Sites). Elexon asked the WG to consider if site-specific charges would be fair for small customers and will changing the MC affect their ability to switch suppliers? Site-specific data flows report consumption to 1 decimal place, which may not be suitable for small customers. Can DNO/IDNOs accept a smart-specific data flow with consumption to 3 decimal places instead?

c) **Option 3 – Pseudo MPAN** – Like option 1, but the Import for customers in Measurement Classes F and G is reported against a pseudo MPAN, created via the BSCP550 process for Shared SVA Metering Systems, instead of a Generator MPAN. Elexon noted that this option would solve some of the issues outlined in option 1 but, the issue with customers paying aggregated standing charge and site-specific unit charge still exists.

d) **Option 4** – **Distributor invoices Aggregated HH tariff using D0036/D0275 data**. This option is akin to option 3, but the DNO/IDNO applies aggregated HH unit rates (not site-specific unit rates) to data received in the D0036/D0275. Elexon asked the Workgroup to consider if any system issues will be posed if DNO/IDNOs are able to set up a site-specific tariff with same unit rates as aggregated tariffs for Class 5 Complex Sites? As such, will this require changes to the Distribution Connection and Use of System Agreement (DCUSA) Charging Methodology

The majority of the Workgroup Members were in favour of utilising option 4, with one member suggesting if Elexon could consider differentiating domestic from non-domestic sites as they have different rates, to which

Elexon confirmed yes. For option 2, one Member felt that shifting the MC to one in the site arrangement could have significant commercial impact on customers. For option 1, some members felt the different charges to pose an issue to reporting domestic/non-domestic data and DUoS banding and subsequent tariff setting. Elexon agreed to contact DCUSA to discuss a DCUSA change which would be required under Option 4.

3.1.2 **Distribution Line Loss Factors (LLFs)** – Elexon explained that LLFs are applied to meter readings for distribution customers and generators, reflecting losses between the Grid Supply Point and the meter. LLFs are generic and set annually by Distributors.

3.1.3 **GSP Group Correction Factor (GCF)** - GSPGCF values are not voltage-dependent, so voltage level does not affect issues (although a Member highlighted that values may become dependent on voltage level once Market-Wide Half Hourly Settlement is introduced). Unallocated losses are allocated via GSPGCFs (mostly to Non-Half Hourly meters currently, although again that will change once MHHS is introduced), with varying values between Settlement Periods. MHHS introduces different GSPGCF values for demand and generation. Net Export to a Class 5 Complex Site is corrected based on Export rules, while net Import is corrected based on Import rules.

Elexon then presented two examples showing the effect of differing LLFs on netting of energy within a Class 5 Complex Site, and on the net energy values submitted to Settlement by the HHD. With regards exempt supply netted within a Class 5 Complex Site, the Proposer's representative noted that exempt suppliers are not currently required to take into account the different voltage levels of customer and generator when working out how much energy they have sold, and that trying to require this as part of a BSC Modification Proposal would raise issues beyond the BSC. Elexon noted that this was the Proposer's view, and stated that the reason for and implications of this would be drawn out clearly in the Assessment Procedure Consultation and subsequent reports. Another Member suggested that it will be beneficial to include some stats in the respective reports for this Modification, to highlight the scale of the problem. Elexon agreed to investigate what information can be provided, but noted that one of the aims of P441 is to achieve more transparency on the usage of this type of arrangement, and currently there may be limited information available.

In response to the second illustrated example, Elexon stated that there are options for applying different LLFs for each voltage level to the net Imports and Exports of a Class 5 Complex Site, provided that appropriate MSIDs were registered. Alternatively, where this was deemed too complex, the least favourable LLF (highest value for Import or lowest value for Export) could be used. One Member was interested in understanding in more details how MSIDs would be registered to allow differing LLFs to be applied. Another member suggested that Elexon should work through some more examples to support the proposed approach.

In conclusion, Elexon stated that the power traded within Class 5 Complex Sites will not be adjusted for LLFs or GSP Group Correction Factors, but that net power flows in or out of the Complex Site would have LLFs and GSPCFs applied to them in Settlement. And Elexon agreed to provide further clarification of how an appropriate approach to registering MSIDs could allow differing voltage levels to be taken into account when doing this.

3.2 **ToR (k) – P441 Impacts (Document, Processes and Systems)**

3.2.1 Elexon explained that Complex Sites and their implementation, maintenance, and governance are defined in BSCP502[1] and REC Metering Operations Schedule. BSCP502's Appendix 4.9 provides detailed obligations for Complex Sites, while Paragraphs 4.9.1 to 4.9.8 offer non-exhaustive examples of Complex Sites and their rule construction. However, confusion arises as to whether the examples are mandatory obligations. The REC Metering Operations (MO) Schedule covers mandatory obligations under "Section 5 - Complex Sites," similar to BSCP502's Paragraph 4.9. Still, examples from BSCP502's Appendix 4.9.1-4.9.8 were not transferred to the REC MO Schedule, adding to the confusion. Clear and unambiguous drafting is necessary under P441, and below are some drafting options to address this:

a) **Option 1 –** State a high-level requirement in BSC Section K to register Complex Sites in line with Class criteria set out in relevant BSC Code Subsidiary Documents (CSDs). Implement criteria, obligations & guidance in BSCP502 and REC MO Schedule. Clarify which text is guidance only.

b) **Option 2** - Define Complex Site Class criteria and registration elements in Section K and REC. Implement lower level obligations and guidance in BSCP502 and REC MO Schedule. Clarify which text is guidance only.

[1] https://bscdocs.elexon.co.uk/bsc-procedures/bscp502-half-hourly-data-collection-for-sva-metering-systems-registered-in-smrs

c) **Option 3** - State a high-level requirement in BSC Section K to register Complex Sites in line with Class criteria set out in relevant BSC Code Subsidiary Documents (CSDs) Implement mandatory obligations & registration elements in BSCP502 and REC MO Schedule. Create a joint Guidance Note (BSC and REC owned) with examples (no mandatory text).

d) **Option 4** - Define Complex Site Class criteria & registration elements in Section K and REC. Implement mandatory obligations in BSCP502 and REC MO Schedule. Create a joint Guidance Note (BSC and REC owned) with examples.

3.2.2 A Member highlighted the principles of BSC code drafting, which involves placing mandatory obligations in the BSC itself and procedural steps in the BSCPs. Elexon acknowledged this and confirmed that the principles are being adhered to. Elexon further proposed that the drafting will outline obligations in the BSC, place low level procedures in the BSCPs, and include the relevant examples in a new guidance document. The majority of the Workgroup members agreed with this approach, to which Elexon confirmed that the fourth option will be progressed and discussed with REC following the meeting.

3.3 **ToR (g) – Does P441 impact the EBGL provisions held within the BSC?**

3.3.1 Elexon explained what the Electricity Balancing Guideline (EBGL) procedure is and how it came into effect. Any BSC Modification that impacts the EBGL provisions will have to undergo the EBGL process and is subject to a one month consultation.

3.3.2 Elexon outlined the BSC Sections that constitute EBGL and stated that even though Section K 'Classification and Registration of Metering Systems and BM Units'[2] will be amended under P441, P441 will not amend the Subsections (1.2, 2, 3.2, 3.3 and 8) that constitute the EBGL. Therefore, P441 doesn't impact the EBGL provisions thus, shouldn't be subject to the one month long consultation. No objections were received from the Workgroup members.

4. Next steps

4.1 Schedule the sixth P441 Workgroup meeting in the week commencing 24 April 2023 with plans to:

4.1.1 Consider ToR (l) – Are there any Alternative Modifications;

4.1.2 Discuss ToR (n) – Does P441 better facilitate the Applicable BSC Objectives than the current baseline;

4.1.3 Discuss ToR (p) – What other industry Codes are impacted by P441; and

4.1.4 Agree an initial view on P441 and the Assessment Procedure Consultation questions.

4.2 Progress the actions captured at this meeting.

Actions

No.	Action	Owner
1.	Create draft redline text for the proposed solution	Elexon
2.	Contact DCUSA to discuss the raising of a DCUSA change that would allow Option 4 DUoS charging arrangements to be progressed - Distributor invoices Aggregated HH tariff using D0036 data	Elexon
3	Update the wording in Terms of Reference (f), which confirms the charging arrangements for TNUoS and BSUoS.	Elexon
4	Provide more information on how to register MSIDs to allow differing LLFs to be applied for differing voltage levels	Elexon

[2] https://bscdocs.elexon.co.uk/bsc/bsc-section-k-classification-and-registration-of-metering-systems-and-bm-units