

Designation Request Form - BSCP40/07	Request Number <i>(mandatory by BSCCo)</i>
Title of proposed Modification	
On-Site Aggregation as a method to facilitate Third Party Access	
Rationale for Requesting Designation	
<p>The proposed On-Site Aggregation method for facilitating Third Party Access on private networks was designed and developed by Emergent Energy as a solution to issues that we identified with the practical implementation of difference metering (i.e. a BSC procedure for facilitating Third Party Access) in residential settings.</p> <p>The method forms the basis of the BSC Sandbox derogation that was awarded to Emergent in September 2021¹. This has enabled us to trial the method and generate evidence relating to the technical workability of the solution. Through the delivery of a number of trial schemes, we now have the evidence we need to progress with a Modification.</p> <p>The initial period for which the Sandbox derogations are in place ends on Sep 21 2023. At this point, if a Modification has been raised, the Sandbox trial period will be extended by a year, allowing time for the Modification to be assessed, approved and implemented. To avoid a gap between the end of the trial period and the implementation of the Modification, which would force us to discontinue our current trial schemes, we wish to raise the Modification now.</p> <p>We are therefore requesting designation to raise a Modification to make an enduring change to the BSC which takes into account the successes and learnings from the Sandbox trial. We are best placed to raise this Modification as we hold unique data and insights into questions and issues related to the practical implementation of the proposed solution obtained during its trial.</p> <p>We also have unparalleled knowledge into the reasons why this new solution is required for facilitating Third Party Access, given our substantial experience in exploring and testing alternative methods on live projects, undertaken in close liaison with Elexon and Ofgem prior to the award of the Sandbox derogation.</p> <p>This includes attempts to apply the established industry procedure of difference metering and a novel ‘feed-through’ metering arrangement based on allowable configurations outlined in the complex site arrangements. Also explored was the option to include provisions within the P379 ‘Multiple Supplier through Meter Splitting’ Modification that was proposed but ultimately withdrawn by the Proposer.</p> <p>Within licensing regulation, responsibility for enabling Third Party Access lies with private network operators. The On-Site Aggregation method's design is significant for extending this responsibility such that private network operators have a role to play in delivering the arrangements required to support Third Party Access within the BSC.</p> <p>In doing so, it reduces the burden of responsibility on third party supplied customers. Under the current arrangements these customers must identify a Supplier willing to establish bespoke arrangements for their supply, whereby the Third Party Supplier will use the same meter agents as the relevant Boundary Point Supplier, and settle the supply half hourly. Under the proposed solution third party supplied customers can sign up to any standard tariff offered by a relevant Supplier in the usual way, thus ensuring they are in no way penalised (whether due to hassle they incur, or disadvantageous commercial tariff terms) because their supply happens to be connected to a private network.</p> <p>Moreover, it also reduces the burden of delivery responsibility on BSC accredited parties (i.e. the Third Party Supplier Agents), by tangentially introducing them for private network operators, who are currently not BSC Parties. Emergent Energy being one such private network operator.</p>	

¹ <https://www.ofgem.gov.uk/publications/regulatory-sandbox-repository>

The central role of private network operators in the delivery of the solution is reflected in the design of the derogations that were awarded to Emergent via the Sandbox scheme. While the derogations themselves apply to BSC parties, the party who controls the application of the derogations is Emergent. The derogations apply to BSC parties who are notified to Elexon/Ofgem by Emergent as participants in an Emergent scheme.

Given this context, we believe Emergent is the party best placed to raise and progress a Modification for the On-Site Aggregation methodology.

There is no strong rationale or incentive for burdening a BSC party to raise the Modification, albeit the Modification will enable any BSC Party to make use of these new arrangements. Overall, it will be far more efficient for Emergent to raise the Modification.

Reasons why Applicant has an interest in the Code/issue

Emergent specifically is motivated to address the issue because it negatively impacts our business. In developing and operating private network schemes, our goal is to offer customers benefits versus competing offers in terms of price and service. In so doing, we believe it essential that our customers are free to choose to be supplied by the private network or by an alternative supplier of their choice, and we do not in any way want to benefit purely from customers being ‘tied in’ to our schemes and unable to switch away.

From a market perspective, difference metering has issues which impact customers on private networks by preventing them from choosing to be supplied by a Third Party Supplier. This is an important issue of consumer harm that must be addressed. Emergent Energy is primarily focused on the social housing sector. This issue is felt most prominently in new build schemes which is the main focus for private network development currently in the market. Notably, customers move into a home which is by default supplied by the private network, and face barriers to switch away.

In retrofit settings, a different challenge is presented. If a private network is built for existing homes, for example within a block of flats, and not all of the residents wish to sign up, then as well as Settlement being inaccurate, the private network incurs a loss. This results in a stark choice for a private network developer and/or the building owner: force all of the residents to sign up or abandon the project.

Thus the absence of the proposed Modification has a detrimental impact on Emergent and our clients. Specifically, it restricts our ability to develop schemes in existing homes which may benefit end customers and the energy industry as a whole, due to the decarbonisation and system flexibility outcomes our schemes can deliver, as well as our own commercial ambitions.

Additional Details which may support the application *(Optional by originator)*

Further information and documentation relating to the derogation awarded to Emergent Energy, including the Ofgem approval letter, can be found [here](#).

Proposer Name

Reg Platt

Organisation

Emergent Energy Systems Ltd.

Email Address

reg.platt@emergent.energy

Telephone Number

07877 684312

Date: 31 May 2023