| BSC Modification Proposal Form | At what stage is this document in the process? |
|---|---|
| # Modification Title:<br><br>On-Site Aggregation as a method to facilitate Third Party Access | 01 Modification<br>02 Workgroup Report<br>03 Draft Modification Report<br>04 Final Modification Report |

**Purpose of Modification:**

This Modification seeks to establish a more cost effective and efficient method for delivering Third Party Access on Private Wire Networks that include domestic and small business customers. It does so by enabling aggregated meter data from Private Wire Network sub-meters to be submitted into Settlement in lieu of data from Settlement Meters installed at the boundary between Private Wire Networks and local Distribution Systems.

**Is this Modification likely to impact any of the European Electricity Balancing Guideline (EBGL) Article 18 Terms and Conditions held within the BSC?**

☐ Yes ☒ No

The Proposer recommends that this Modification should:

- not be a Self-Governance Modification Proposal
- be assessed by a Workgroup and submitted into the Assessment Procedure

This Modification will be presented by the Proposer to the BSC Panel on 8 June 2023. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.

High Impact:

None

Medium Impact:

1. Suppliers
2. Generators
3. Half-Hourly Data Collectors (HHDCs)
4. Half-Hourly Meter Operator Agents (HHMOAs)

Low Impact:

5. Licence Distribution System Operators (LDSOs)

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## Timetable

**The Proposer recommends the following timetable:**

| | |
|---|---|
| Initial consideration by Panel | 8 June 2023 |
| Initial consideration by Workgroup | W/C 19 or 26 June or 3 July 2023 |
| Workgroup 2 – 5 | July 2023 – October 2023 |
| Assessment Procedure Consultation | 16 October - 03 November 2023 |
| Workgroup 6 | W/C 13 November 2023 |
| Workgroup Report presented to Panel | 14 December 2023 |
| Report Phase Consultation | 18 December 2023 – 5 January 2024 |
| Draft Modification Report presented to Panel | 11 January 2024 |
| Final Modification Report submitted to Authority | 17 January 2024 |

**Any questions?**


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# 1 Why Change?

## What is the issue?

Customers on private wire networks (PWN; also known as private distribution networks) may be supplied by a Supplier (assumed to be license exempt) associated with the private network operator (PNO), but also have the right to switch their supply to any other Supplier. Under the Electricity and Gas (Internal Markets) Regulations 2011 the PNO has an obligation to facilitate this access to Third Party Suppliers (TPSs).

Where Third Party Supply occurs on a PWN, Settlement issues are created because the import/export volumes for any Third Party Supplied Customer flow across the Boundary Point to the PWN. Consequently, without corrective action the TPS volumes will be double counted in settlement (i.e. once at a Third Party Supplied Customer's meter, and once at the Boundary Point Meter to the PWN).

To facilitate Third Party Supply (while ensuring the accuracy of Settlement), BSC processes are required that appropriately allocate volumes to all Suppliers associated with a PWN. The BSC can currently facilitate this allocation via three methods - difference metering, shared metering, and full settlement options – but each are unsatisfactory when applied to PWNs that include domestic and small business customers.

Issues with difference metering:

Differencing arrangements involve all TPSs on a PWN entering an agreement with the Supplier Agents of the Boundary Point Supplier, such that the Agents can subtract half hourly volumes for Third Party Supplied Customers from the Half Hourly Boundary Point Meter volumes, thus achieving accurate allocations for the Boundary Point Meter and avoiding double-counting of volumes within Settlement.

The problems with this approach stem from the significant operational requirements it places on TPS to facilitate the scheme. These are:

1. To participate in a difference metering arrangement, a TPS on a PWN must appoint the same Half Hourly Meter Operator (HHMOA) and Half Hourly Data Collector (HHDC) as the BPS. This requires co-ordination between the TPS and BPS in order for the TPS to know the identity of the relevant parties. It can also mean the TPS having to establish new contractual arrangements with a HHMOA and HHDC whom they have not previously appointed.
2. For accurate settlement volumes to be calculated for a PWN, allocations among Suppliers must be done on a half hourly basis. In the case of difference metering, this means that a TPS must settle their PWN Customers on a half hourly basis. Today, half hourly Settlement of domestic and small business Customers is not mandated or standard practise. Therefore the TPSs must establish voluntary, non-standard arrangements for difference metering whereby they settle their PWN Customers half hourly.

Two issues arise from placing these operational requirements on TPS in order to facilitate difference metering:

1. The solution is operationally onerous and inefficient. Consider a PWN connected to 100 domestic properties, where fifty properties are supplied by a license exempt Supplier associated with the PNO, while the remaining fifty properties are supplied by twenty different TPSs. All twenty of those TPS must establish the bespoke arrangements required to facilitate the scheme. And for any new PWN scheme, an entirely new set of arrangements may be required.
2. Under the Electricity and Gas (Internal Markets) Regulations 2011, responsibility for finding a TPS who will participate in the differencing arrangements falls with the Third Party Supplied

Customer. In practise, this is extremely hard for an individual domestic or small business Customer to organise. There is little commercial incentive for a Supplier to proactively support these Customers by establishing the bespoke arrangements that are required, given the relatively low electricity supply volumes that would result. In practise, therefore, domestic and small business customers face substantial barriers to being able to freely switch to a Supplier of their choice, as is their legal right,

As is described below, the proposed 'On-site aggregation' solution entirely eliminates the existing operational requirements on TPSs. In doing so the proposed solution is far more efficient and significantly reduces switching barriers to domestic and small business Customers on PWNs.

Issues with shared metering:

Under shared metering, the operational requirements placed upon TPSs are even more onerous than those under difference metering.

In difference metering Third Party Suppliers are settled against volumes read at the meters of Third Party Supplied Customers, and these volumes are subtracted from the Boundary Point meter volumes to arrive at accurate Settlement volumes for the BPS.

By contrast, in shared metering the Boundary Point meter volumes are shared between the BPS and TPSs on a scheme, potentially through use of volumes from non-Settlement sub-meters used for the purposes of metering and billing Third Party Supplied Customers.

While the difference is subtle, the result is that all TPSs on a scheme must enter into a contract with the BPS that establishes how a scheme will be operated and how volumes will be allocated, including how data from sub-meters will be retrieved and utilised. Given the number of potential TPSs on any single scheme, the arrangements involved for accurately allocating volumes can be highly complicated.

As a result, the two main problems described above for difference metering that result from placing operational requirements on TPSs (i.e. operational inefficiency, and the requirements acting as a barrier to domestic and small business customers on PWNs being able to freely switch) are even more pronounced for shared metering schemes.

Issues with full Settlement metering:

Under the Full Settlement scenario, Settlement meters are installed for all consumption and generation points on a PWN, with each of those metering points treated as if they were connected to the total system, and the PWN treated as an 'Associated Distribution Network'.

The approach means that volumes from on-site generation and consumption cannot be 'netted' behind the Boundary Point meter, as is the case on a PWN. This results in a loss of benefits to Customers who would like to be supplied with electricity from on-site renewables connected to a PWN. It also eliminates the role for a PNO and/or a license exempt supplier associated with the PNO who may wish to offer this benefit to Customers.

As a consequence, the approach is not attractive to implement for either Customers or PNOs and difference metering is the default option for PWNs where Third Party Access is required, bringing with it all the various issues described above.

## Desired outcomes

To establish a new method for facilitating Third Party Supply on Private Wire Networks to which domestic and small business Customers (i.e. sub-100kW Customers) are connected, which can be used instead of difference metering.

The proposed solution does not require TPSs to actively participate in the operation of a scheme (unlike difference metering where, for example, TPSs must set up arrangements with Supplier Agents it does not necessarily have contracts with) and is expected to be delivered by PNOs working in collaboration with the BPS and the appointed Agents of the BPS.

In doing so, the proposed solution intends to establish a solution which, versus difference metering, is both more operationally efficient, and results in better outcomes for Customers who may wish to switch between a license exempt supplier associated with a PNO and a potential TPS, and vice versa.

# 2 Solution

## Proposed Solution

General solution:

As part of the day to day operation of a PWN, each generation and demand point on the PWN will generally be metered by a PNO (or an associate of the PNO such as a license exempt supplier) using non-Settlement ('sub') metering for the purpose of customer billing.

Under the proposed Modification, half hourly data from these PWN meters will be aggregated to determine the net import and export volumes for the PWN as a whole. In lieu of readings from the PWN's Boundary Point Meter (i.e. the meter located where the PWN meets the DNO Network), these calculated volumes will be transmitted to and used by the BPS for the purpose of billing the PNO for imports and exports to the PWN, and within Settlement.

The solution will avoid the double counting of Settlement volumes that can result from Third Party Supply arrangements being established on PWNs. The on-site aggregation methodology and associated BSC procedures will ensure that Settlement volumes for the PWN are accurate. Meanwhile volumes for any Third Party Supplied Customers on the PWN will be settled directly by the TPS, half hourly or non-half hourly as per the discretion of the TPS.

By requiring no operational interaction between TPSs and the BPS or BPS' Agents to achieve accurate Settlement outcomes, the proposed solution avoids the issues with difference metering that have been described above.

On-site aggregation methodology:

The Modification will introduce a new methodology for processing meter data in order to determine accurate Settlement volumes for PWNs with Third Party Supply, based on the aggregation of data from PWN sub-meters.

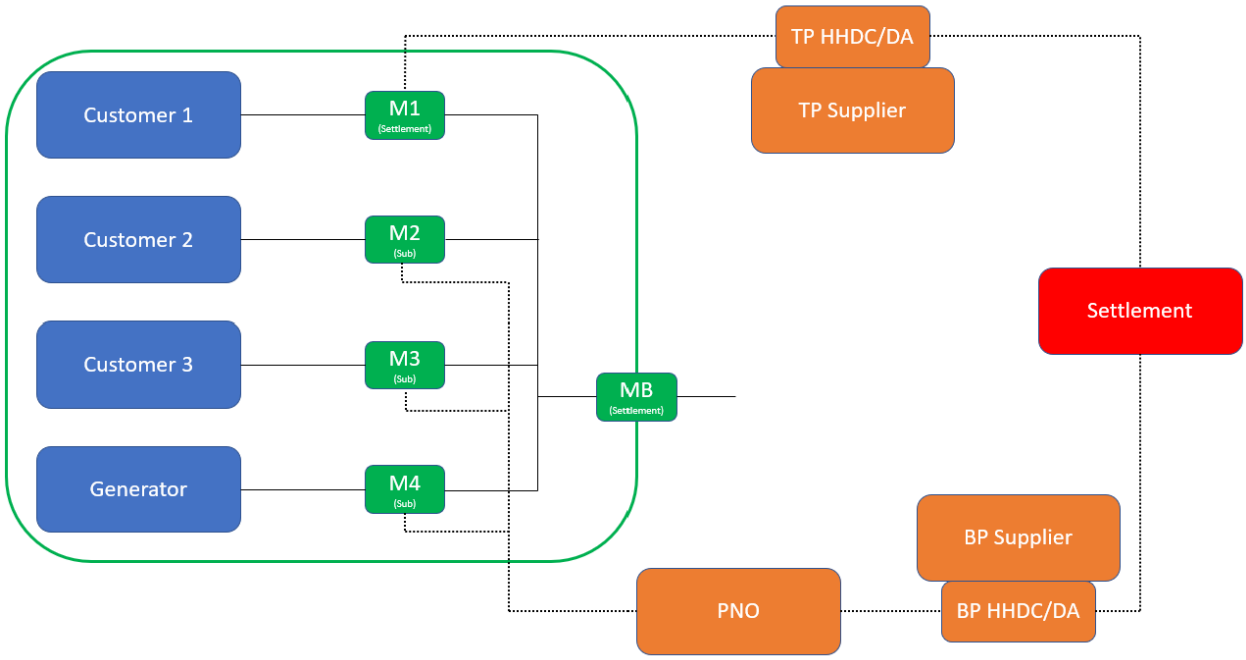
The arrangement is simple in principle and has been demonstrated to be effective at delivering identical Settlement outcomes to sites where difference metering is installed via trials undertaken by Emergent Energy under a BSC Sandbox scheme that commenced in September 2021. Evidence from these trials will be presented as part of the Workgroup process for progressing the Modification.

The below description and schematic illustrates how the scheme will work:

- Customer 1 is supplied by a Third Party Supplier. The supplied volumes are metered by Settlement meter M1, and settled in the usual way.
- Customers 2 and 3 are supplied by the PNO (or an entity associated with the PNO), who uses sub-meters (non-Settlement) M2 and M3 for the purposes of billing the Customers. The PNO supplies electricity from an on-site generation source (e.g. solar PV) to Customers 2 and 3, as

well as electricity imported from the grid. The generation (export) volumes from the on-site generation source are metered by sub-meter (non-Settlement) M4.

- The import meter reading (as metered at MB) to the PWN as a whole includes the volumes for Customer 1, as well as the import volumes that the PNO supplies to Customers 2 and 3. If these readings were submitted into Settlement, Customer 1's volumes would be double counted and Settlement would be inaccurate.
- Instead, (in this example) the PNO aggregates the data from sub-meters M2, M3, M4 to produce a net import or generation (export) figure in every half hourly period. This aggregated, net figure is then submitted into Settlement in place of the readings from MB.




Specific operational details:

To ensure the on-site aggregation methodology results in accurate Settlement outcomes for PWNs, a number of procedural arrangements for the solution will be established. To minimise costs required to establish the solution through alterations to the BSC or BSC party systems, the proposed arrangements make use of existing BSC arrangements where possible:

1. The PWN sub-meters will be required to conform to CoP 10 standards.
2. Responsibility for retrieving, aggregating and submitting into Settlement data from the PWN sub-meters will fall to the HHDC who is appointed to the Boundary Point Meter by the BPS (albeit the HHDC may, at their discretion, choose to coordinate with a PNO to fulfil the requirements, so long as the operating standards required of HHDCs are maintained). The usual requirements on HHDC activities (e.g. in relation to data validation and estimation) will apply.
3. Responsibility for identifying faults on the PWN sub-meters and for fixing them will fall to the HHMOA who is appointed to the Boundary Point Meter by the BPS (albeit the HHMOA may, at their discretion, choose to coordinate with a PNO to fulfil the requirements, so long as the operating standards required of HHMOAs are maintained). The usual requirements on HHMOA activities (e.g. in relation to faults and installation) will apply.
4. When a scheme is established a test akin to a Complex Site Validation Test will be required, to ensure the aggregation methodology is being applied correctly. This will involve the HHDC and HHMOA on a scheme coordinating to establish the data integrity of individual meters involved in a

scheme, and the overall aggregation methodology that is being applied to these meters. (See further details below)

5. The solution will be restricted to Third Party Supplied metering systems on PWNs that are sub-100kW capacity. Such meters with greater than 100kW capacity will be required to participate in a scheme through difference metering.
6. Metering System Identifiers (MSIDs; also known as Metering System Administration Numbers i.e. MPANs) of Customers on a PWN who are supplied by the PNO (or an associate) will be required to be de-energised and not logically disconnected. While logical disconnection is typically applied in this scenario today, this results in these Customers having to request a new MPAN if they wish to switch to a TPS, thus acting as a barrier to switching. By leaving the MPAN in a de-energised state, the MPAN can simply be reinstated when the Customer switches to a TPS.

For consideration by a Code Modification Workgroup:

In developing the proposed solution, we have considered and rejected two potential operational requirements. A Workgroup established to discuss the Modification may wish to discuss these options:

1. Unmetered loads test

As above, we have proposed that for sites where On-Site Aggregation is in place, the relevant parties will be required to fulfil a test akin to a Complex Site Validation Test, whereby the relevant HHDC and HHMOA will coordinate to establish the data integrity of individual meters involved in a scheme, and the overall aggregation methodology that is being applied to these meters.

Elexon has raised that this approach will fail to capture unmetered loads that may exist on a PWN, and that this creates a difference in outcomes between the proposed solution and difference metering. Indeed, while the stated purpose of difference metering is to facilitate third party supply on PWNs, the methodology does also indirectly capture any unmetered loads on PWNs (these are captured within the loads that are derived for the Boundary Point Meter).

In recognition of this gap, as part of the Sandbox award that enabled Emergent to demonstrate the solution live in market, Emergent was required to undertake a test (a ‘proving test’) to demonstrate that unmetered loads did not exist on schemes that were enrolled in the demonstration.

Our view is that this ‘unmetered loads’ test should not be an enduring requirement of the solution, for four reasons:

i. While difference metering offers the theoretical benefit of capturing unmetered loads on PWNs, it does not occur in practise because, for reasons outlined above, difference metering is not an effective solution for PNOs or PNO customers. Therefore if an unmetered load is present on an existing network, there is little reason for a PNO scheme to be established that would see difference metering applied and the unmetered load captured.
ii. The industry should not be relying upon difference metering, or an alternative solution aimed at facilitating Third Party Supply on PWNs, to capture unmetered loads. There are standard industry procedures in place for minimising and addressing unmetered loads. The existence or otherwise of such loads on a network points to the failure of these other processes, rather than having direct relevance to difference metering or the proposed alternative. If the industry is concerned about unmetered loads, it should re-examine why the existing processes for managing these loads are ineffective.
iii. Through trials delivered under the Sandbox scheme we have identified that the costs involved in undertaking an unmetered load test on an existing PWN site with Third Party Supply, and disruption caused to Customers, can be very high. This arises because a PNO does not have direct access to meter data from the Third Party Supplied Customers. On larger schemes the

only way to accurately meter Third Party Supplied Customer loads is to install new meter infrastructure, which is cost prohibitive. Consequently, to fulfil the requirements of an unmetered load test, the only alternative is to temporarily disconnect the electrical supply to these Customers while the test is undertaken, which is an unacceptable level of disruption. (The details on the trials carried out under the Sandbox scheme will be presented to the Workgroup).

iv. The fact that difference metering happens to capture unmetered loads on a site is unrelated to the relative superiority of the proposed on-site aggregation methodology Vs difference metering for delivering Third Party Supply on PWNs involving domestic and small business customers.

2. Requirement for Elexon to maintain a central database of sites where on-site aggregation is applied

We do not believe this is necessary but the Workgroup may wish to consider pros and cons. Issues to be considered include: what data should be included in any notification to Elexon and, do the benefits of maintaining a central register outweigh the costs of creating and maintaining this central register? In deliberating these questions, consideration should be given to commercial confidentiality issues as well as operational issues. Particularly since the goal of the Modification is to enable customers to more easily switch between being supplied by a PNO and a TPS, which may result in scheme details needing to be regularly updated.

## Benefits

PWNs are set to play an increasingly significant role in the domestic and small non-domestic electricity market. In doing so they offer the potential to unlock significant value to Customers and the industry at large. However, without action to improve the operation of PWNs, growth in their use also poses risks to Customers. Proactive market reform, including the proposed Modification, is necessary to both ensure quality of outcomes for Customers on PWNs, while unlocking the value to Customers and the industry that the approach offers.

Growing market interest in the potential to use PWNs in the domestic and small non-domestic sectors is primarily because PWNs provide a mechanism for locally generated solar electricity to be sold to these Customers. This can both improve financial returns for solar PV installations that must be installed as part of the transition to net zero, and widen access to solar PV to Customers who cannot have an installation on their rooftop, which can lead to lower bills.

Integrated with other decarbonisation technologies including heat pumps, electric vehicle chargers, and storage, PWNs further hold the potential to reduce capacity strains on distribution networks and unlock valuable flexibility for the overall energy system.

Today a primary focus of market activity is new build housing, where PWNs can be established at the point of construction. Typically, in such schemes Customers who move into the newly built homes are by default a Customer of the PNO (or a license exempt supplier associated with the PNO). If the proposed Modification is not implemented, it will be to the detriment of these Customers.

The current difference metering arrangements place on Customers the responsibility for finding a TPS who will enter into the bespoke arrangements that are required. In practise this is extremely hard for domestic and small non-domestic Customers to achieve, since they can only offer a potential TPS a small electrical supply load for the effort involved. As a result, while difference metering theoretically provides a means for these Customers to switch, in practise they can essentially be locked into the default supply arrangements with the PNO and unable to switch to a different Supplier, as is their legal right.

Another group of Customers who will be worse off without implementation of the proposed Modification are Customers who live in blocks of flats. Such Customers have traditionally not been able to access the benefits of solar PV generated on-site due to restrictive metering and wiring arrangements. PWNs enable the value of solar PV to be shared between the residents in a block of flats. However, the challenges of establishing differencing arrangements on PWNs reduce the attractiveness of such schemes to both PNOs and Customers. Without the proposed Modification, Customers who live in blocks of flats will continue to struggle to access the benefits of solar PV.

The proposed Modification will make it easier for domestic and small non-domestic customers who are connected to PWNs to be supplied by TPSs if they wish. At the same time, it will make it easier for Suppliers to sign up domestic and small non-domestic customers who are currently being supplied by an exempt supplier over a PWN. This will create greater competition and lead to improved outcomes for Customers and the market as a whole.

The proposed Modification will also improve overall industry efficiency, because it is a more efficient mechanism than difference metering for facilitating Third Party Supply. This is because it removes all operational requirements on Third Party Suppliers. Instead, the required activities are undertaken by the Boundary Point Supplier and the Boundary Point Supplier Agents, working in coordination with PNOs, who are already accessing and processing the relevant data as part of their day to day activity.

Taken together, the Modification holds the potential to deliver substantial benefits to consumers and the industry at large, with minimal impact on the current operation of the electricity system and with minimal changes to the BSC.

# 3 Relevant Objectives

| Impact of the Modification on the Relevant Objectives: | |
|---|---|
| Relevant Objective | Identified impact |
| a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence | Neutral |
| (b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System | Neutral |
| © 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 | **Positive** |
| (d) Promoting efficiency in the implementation of the balancing and settlement arrangements | **Positive** |
| (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] | **Positive** |
| (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 | Neutral |
| (g) Compliance with the Transmission Losses Principle | Neutral |

BSC Objective (c) is better facilitated because the proposed Modification improves access to Third Party Suppliers for Customers on private networks, thus supporting increased competition between Suppliers. At the same time the proposed Modification improves the overall viability of PWNs, thus increasing market competition from PNOs and suppliers associated with PNOs.

BSC Objective (d) is better facilitated by the proposed Modification because the facilitation of Third Party Supply arrangements on PWNs including domestic and small business customers will no longer require operational activities to be undertaken by Third Party Suppliers. Instead, all required activities can be undertaken by the Boundary Point Supplier and the Boundary Point Supplier Agents, working in coordination with PNOs, who are already accessing and processing the relevant data as part of their day to day activity.

BSC Objective (e) is better facilitated because, due to a relevant legally binding decision of the European Commission, domestic and small business Customers on PWNs have the legal right to switch supplier but as things stand this right is not being effectively facilitated by the BSC. While difference metering theoretically enables such switching to occur, because it is up to the Customer to find a Supplier who will establish the bespoke arrangements necessary for a Third Party Supply arrangement, in practise these Customer can be prevented from being able to switch. The legal right for Customers to access a Third Party Supply arrangement was established in the UK via Schedule 2ZA to the Electricity Act 1989, which implemented the position as clarified in the EU's Third Package of internal EU electricity market measures in Directive 2009/72/EC (Electricity Directive).

# 4 Potential Impacts

## Impacts on Core Industry Documents

| Impacted Core Industry Documents | | | |
|---|---|---|---|
| ☐Ancillary Services Document | ☐Connection and Use of System Code | ☐Data Transfer Services Agreement | ☐Use of Interconnector Agreement |
| ☒Retail Energy Code | ☐ Transmission License | ☐System Operator Transmission Owner Code | ☐Supplemental Agreements |
| ☐Distribution Code | ☐Grid Code | ☐ Other (please specify) | |

This Modification is proposing to place a requirement on the SVA MOA appointed by the "Boundary Point Supplier" to rectify any faults found with the sub Meters involved in the on-site aggregation. As SVA MOAs are governed under the Retail Energy Code we believe that this SVA HHMOA specific requirement will need to be delivered as a REC Change.

## Impacts on BSC Systems

| Impacted Systems | | | | |
|---|---|---|---|---|
| ☐CRA | ☐CDCA | ☐PARMS | ☐SAA | ☐BMRS |
| ☐EAC/AA | ☐FAA | ☐TAAMT | ☐NHHDA | ☐SVAA |
| ☐ECVAA | ☐ECVAA Web Service | ☐Elexon Portal | ☐Other (Please specify) | |

We do not expect the solution to impact on BSC systems. This Modification will only require changes to BSC documentation.

## Impacts on BSC Parties

| Impacted Parties | | | |
|---|---|---|---|
| ☒Supplier | ☐Interconnector User | ☐Non Physical Trader | ☒Generator |
| ☒Licensed Distribution System Operator | ☐National Electricity Transmission System Operator | ☐Virtual Lead Party | ☐Other (Please specify) |

The proposed Modification places no mandatory obligations on industry participants. Participation in implementation of the solution is entirely voluntary.

At the individual party level, Suppliers who are acting as Third Party Suppliers on PWNs will no longer need to participate in difference metering arrangements. Suppliers who supply the boundary point meter of a PWN will be able to instruct their Agents to facilitate implementation of an on-site aggregation solution on the scheme.

LDSOs will need to be aware if an on-site aggregation solution is applied to particular site, as this may impact the DUOS charges levied on Suppliers to the site. The specific charging methodology LDSOs should apply in the event of a scheme being in place is the subject of a second Sandbox trial by Emergent, which is expected to lead to a DCUSA Modification being raised in 2024.

If an independent Generator partners with a PNO offering on site aggregation they will need to understand the proposed methodology and how it interacts with any other subsidies they may receive.

## Impacts on consumers and the environment

| Impact of the Modification on consumer benefit areas: | |
|---|---|
| Consumer benefit area | Identified impact |
| Improved safety and reliability | Neutral |
| Lower bills than would otherwise be the case<br><br>The proposed change will result in lower bills for Customers on PWNs who wish to be supplied by TPS because the TPS will no longer need to establish bespoke arrangements for the Customers.<br>It will also result in growth in PWNs where on-site renewables could be used to lower bills for Customers who do want to be supplied by a PNO or affiliated party. | **Positive** |
| Reduced environmental damage<br><br>It will support growth in the use of PWNs to cost-effectively deploy decarbonisation technologies for housing and small business customers. Increased prevalence of PWNs involving storage and other means of demand control will also deliver reductions in grid capacity constraints and unlock value flexibility, supporting the overall transition to a net zero emission electricity grid. | **Positive** |
| Improved quality of service<br><br>It will result in improved ease of switching for Customers on PWNs. | **Positive** |
| Benefits for society as a whole.<br><br>It will result in benefits to UK Plc by supporting innovation in the delivery of statutory net zero targets, creating jobs. | **Positive** |

## Legal Text Changes

This Modification will impact BSC Section L 'Metering' and BSC Procedure (BSCP) 502 'Half Hourly Data Collection for SVA Metering Systems Registered in SMRS'.

# 5 Governance

## Self-Governance

| ☒ **Not Self-Governance –** A Modification that, if implemented: | |
|---|---|
| ☐ materially impacts the Code's governance or modification procedures | ☐ materially impacts sustainable development, safety or security of supply, or management of market or network emergencies |
| ☒ materially impacts competition | ☒ materially impacts existing or future electricity consumers |
| ☐ materially impacts the operation of national electricity Transmission System | ☐ is likely to discriminate between different classes of Parties |
| ☐ involves any amendments to the EBGL Article 18 Terms and Conditions related to Balancing; except to the extent required to correct an error or as a result of a factual change | |
| ☐ **Self-Governance –** A Modification that, if implemented: | |
| Does not materially impact on any of the Self-Governance criteria provided above | |

This Modification Proposal should not be treated as Self-Governance. It materially impacts competition by promoting increased competition between Suppliers as described above. It also materially impacts existing or future electricity consumers by providing a more efficient route for customers on PWNs to switch, and for providing a more effective route for customers to participate in renewable energy schemes on PWNs.

## Progression route

| ☒ **Submit to assessment by a Workgroup** –:A Modification Proposal which: | |
|---|---|
| does not meet any criteria to progress via any other route. | |
| ☐ **Direct to Report Phase** – A Modification Proposal whose solution is typically: | |
| ☐ of a minor or inconsequential nature | ☐ deemed self-evident |
| ☐ **Fast Track Self-Governance** – A Modification Proposal which meets the Self-Governance Criteria and: | |
| is required to correct an error in the Code as a result of a factual change including but not limited to: | |
| ☐ updating names or addresses listed in the Code | ☐ correcting minor typographical errors |
| ☐ correcting formatting and consistency errors, such as paragraph numbering | ☐ updating out of date references to other documents or paragraphs |
| ☐ **Urgent –** A Modification Proposal which is linked to an imminent issue or current issue that if not urgently addressed may cause: | |
| ☐ a significant commercial impact on Parties, Consumers or stakeholder(s) | ☐ a Party to be in breach of any relevant legal requirements. |
| ☐ a significant impact on the safety and security of the electricity and/or gas systems | |

This Modification should be assessed by an industry Workgroup to ensure that the most effective solution is designed. It does not meet the criteria to progress via any other route.

## Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None identified. Elexon will request that Ofgem treat this Modification as a SCR exempt Modification on 1 June 2023.

## Does this Modification impact any of the EBGL Article 18 Terms and Conditions held within the BSC?

We believe it is unlikely that this Modification will impact any of the EBGL Article 18 Terms and Conditions held within the BSC, but will assess and verify this with the industry Workgroup as part of its assessment phase.

## Implementation approach

The timings for implementation of this change are related to the timings for the Sandbox trial under which Emergent has been able to test and demonstrate the proposed solution. Assuming the proposed Modification is raised before 26 September 2023, the trial can continue until no later than 26 September 2024, while this Modification is processed.

To ensure seamless transition from the temporary provisions permitted under the Sandbox to the provisions expected to be introduced for industry by this code modification, if Ofgem reaches a decision in time for the June 2024 standard BSC release, we recommend that this Modification be enacted then. If a decision is not reached in time for the June 2024 standard BSC release, we recommend that this Modification is implemented 5WDs following Ofgem's decision.