

# P461 ‘Accurate Reporting of Customers Delivered Volumes to Suppliers’

The details reported to Suppliers when a customer delivers a Bid Offer Acceptance (BOA) through a Virtual Lead Party (VLP) do not reflect any adjustments made to that data in Settlement. This Modification proposes to address this issue by amending the values reported to Suppliers.



Elexon recommends P461 is progressed directly to the Report Phase with an initial recommendation to approve



Elexon does consider that P461 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Suppliers; and
- Elexon

Phase
Initial Written Assessment
Definition Procedure
Assessment Procedure
Report Phase
Implementation

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## About This Document

You can find the definitions of the terms and acronyms used in this document in the [BSC Glossary](#)<sup>1</sup>.

This document is an Initial Written Assessment (IWA), which Elexon will resubmit to the Panel on 9 November 2023. The Panel will reconsider the recommendations and agree how to progress P461.

There are 3 parts to this document:

- This is the main document. It provides details of the Modification Proposal, the solution, impacts, costs, benefits/drawbacks, proposed implementation approach, and a recommendation of how the Modification should progress.
- Attachment A contains the P461 Proposal Form.
- Attachment B contains the draft redlined changes to the BSC for P461.



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### Not sure where to start?

We suggest reading the following sections:

- Have 5 minutes? Read section 1
- Have 15 minutes? Read sections 1, 4, 5 and 6
- Have 30 minutes? Read all sections
- Have longer? Read all sections and the annexes and attachments.

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<sup>1</sup> <https://www.elexon.co.uk/glossary/?show=all>



### P0287 'Secondary Half Hourly Delivered Volumes'

Data sent to a Supplier from a VLP to notify a Supplier of a Metering Systems Half Hourly Volume Adjustments

## Why change?

When a customer delivers a Bid Offer Acceptance (BOA) through a Virtual Lead Party (VLP), and provided the customer consents to the disclosure, their Supplier will receive details of the 'Delivered Volume' i.e. the change in the customer's Import and/or Export arising from delivery of the BOA. Currently the details reported to the Supplier are the 'raw' Delivered Volumes reported to the Supplier Volume Allocation Agent (SVAA) by the VLP, and do not reflect any adjustments made to that data in Settlement. This defeats the intended purpose of the reporting by making it impossible for Suppliers to understand the contribution made by each customer to their overall Imbalance charge.

## Solution

The Proposed Solution is that values reported to Suppliers on the P0287 'Secondary Half Hourly Delivered Volumes' data flow should incorporate any adjustments made by the Settlement Administration Agent (SAA). This will allow Suppliers to accurately attribute to individual customers any Imbalance adjustments that arise from those customers participating in the Balancing Mechanism through a VLP. This will ensure that Suppliers have the data required to accurately bill customers (in accordance with the terms of their contracts), and minimise cross-subsidies from customers who use a VLP to those who don't (or vice versa).

## Impacts and costs

This Modification will require changes to the SAA system and the Data and Calculations Platform (DCP). DCP is one of the IT systems used by the SVAA to implement the calculations described in [Annex S-2 'Supplier Allocation Rules'](#)<sup>2</sup> of the BSC.

P461 requires a change to [Section T4 'Settlement and Trading Charges'](#)<sup>3</sup> of the BSC, which forms part of the EBGL Terms and Conditions listed in [Section F 'Modification Procedures' Annex F-2'](#)<sup>4</sup> of the BSC. This impact will be consulted on as part of the Report Phase Consultation, with a concurrent EBGL consultation on the P461 proposal to run for one calendar month.

Cost Estimates			
Organisation	Implementation (£)	On-going (£)	Impacts
Elexon	<261k	0	Cost for system updates and document only change.
NGESO	0	0	None anticipated
Industry	0	0	None anticipated
Total	<261k	0	

## Implementation

P461 is proposed for implementation on 7 November 2024 as part of the Standard BSC Release. Given the requirement for a one month consultation to assess EBGL impacts and

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<sup>2</sup> <https://bscdocs.elexon.co.uk/simple-guides/section-s-annex-s-2-supplier-allocation-rules>

<sup>3</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-t-settlement-and-trading-charges>

<sup>4</sup> <https://bscdocs.elexon.co.uk/bsc/bsc-section-f-modification-procedures#annex-f-2>

the necessary lead times to deliver P461, this will allow sufficient time post Ofgem decision to implement the required BSC System changes.

## Request for Information

The P461 Initial Written Assessment was presented to the BSC Panel at its meeting on 12 October 2023 ([343/03](#)<sup>5</sup>).

The IWA identified a potential impact on industry participants, highlighting that a delay in receiving data may cause billing delays for some Suppliers which could incur some costs, as described in Section 4 '[Impacts and Costs](#)'.

The Panel deferred their consideration of the IWA for P461 for 1 month, while a Request for Information (RFI) was carried out to test assumptions and understand the extent of potential impacts on Suppliers.

The RFI went out to Suppliers and Interested Parties on 20 October 2023 and closed on 31 October 2023 with 2 responses. These are detailed in Section 5 of this document: '[Panel's initial discussion on P461 and Request for Information](#)'.

Both Suppliers who responded, indicated that they did not foresee any material impacts as a result of the solution originally proposed by P461.

## Recommendation

We invite the Panel to note the results of the RFI and agree that this Modification is progressed straight to a Report Phase Consultation with a one month EBGL consultation period.

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<sup>5</sup> <https://www.elexon.co.uk/meeting/bsc-panel-343/>

### Background

BSC Modification [P344 \('Wider Access and Project TerreP344 'Wider Access & Project TERRE'\)'](#)<sup>6</sup> introduced arrangements for customers and generators to participate in the Balancing Mechanism (BM) through an independent aggregator (a 'Virtual Lead Party' or VLP) independently of their electricity Supplier. When they do this, the Supplier's Imbalance Volume is adjusted to remove the effect of any Bid Offer Acceptances (BOAs):

- If a customer reduces their consumption (or increases their generation) of electricity, the Supplier would normally be paid for the additional energy volume through their Energy Imbalance Charge. But when this change in behaviour arises from delivering an Offer through a VLP, the Settlement process removes this volume from the Supplier's Energy Account, so that they do not receive this additional payment.
- Conversely, if a customer increases their consumption (or decreases their generation) of electricity, the Supplier would normally pay for the additional energy volume through their Energy Imbalance Charge. But when this change in behaviour arises from delivering a Bid through a VLP, the Settlement process adds this volume to the Supplier's Energy Account, so that they are not required to make this additional payment.

The purpose of these adjustments is to ensure a level playing field between BOAs delivered through a VLP's Secondary BM Unit, and BOAs delivered through a Primary BM Unit (which do not give rise to Imbalance Charges).

In order to correctly bill their customers, Suppliers will generally want to know the Delivered Volume that each of their customers has provided through a VLP. The exact use to which each Supplier puts this information may vary depending on the terms of their contract with the customer, but typical use cases would include:

- Adjusting payments from (or to) the customer for the energy they use (or generate). For example, if a customer increases their consumption to deliver a Bid, the Supplier is credited with this energy volume through an adjustment to their Energy Account, and therefore does not need to charge the customer for the energy. Note that Modification [Proposal P444 \('Compensation for Virtual Lead Party actions in the Balancing Mechanism'\)](#)<sup>7</sup>, if approved, may affect this use case by introducing new payments from and to Suppliers for volumes delivered by their customers; and
- Passing on other costs or charges to customers. For example, some Power Purchase Agreements (PPAs) may require generators to forecast their output, with any deviations from the forecast being settled at the Imbalance Price. The Supplier will need to take any Delivered Volumes into account to avoid unfairly penalising the generator for delivering Bid Offer Acceptances.

In order to facilitate these processes, BSC Modification P344 introduced a requirement (in paragraphs 7.1.7 and 7.2.7 of BSC Annex S 2) for the Supplier Volume Allocation Agent

<sup>6</sup> <https://www.elexon.co.uk/mod-proposal/p344/>

<sup>7</sup> <https://www.elexon.co.uk/mod-proposal/p444/>

(SVAA) to provide these Delivered Volumes to Suppliers, subject to the VLP having indicated that the customer consents to the disclosure. This information is sent to Suppliers on the 'Metering System Half Hourly Volume Adjustments' (P0287) data flow, following each Volume Allocation Run. Where the customer has not consented to SVAA disclosing this data, the Supplier may have to obtain Delivered Volume data elsewhere e.g. directly from the customer.

## What is the issue?

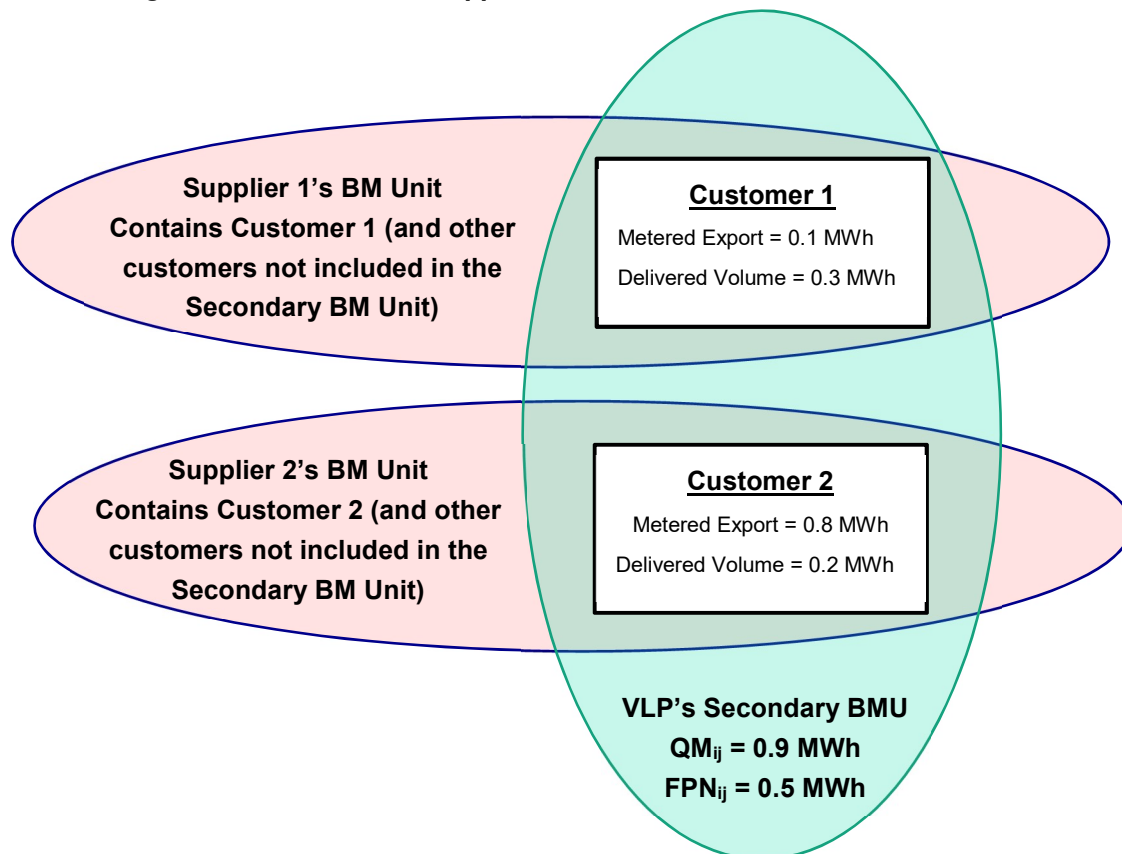
The issue is that the Delivered Volumes reported to the Supplier (in accordance with paragraphs 7.1.7 and 7.2.7 of BSC Annex S-2) are frequently inconsistent with the adjustments made to the Supplier's Imbalance Volume in Settlement. This is a consequence of the data pipeline used to submit Delivered Volume data into Settlement:

1. The VLP reports Delivered Volumes to the SVAA (based on their own assessment of how much energy was delivered through each MSID Pair);
2. SVAA allocates the Delivered Volume between the Import and Export Metering Systems, and reports them to the Settlement Administration Agent (SAA) and (subject to customer consent) the relevant Suppliers. At this stage the Delivered Volumes are still those self-reported by the VLP, and have not been independently verified;
3. The SAA compares the total Delivered Volumes for each Secondary BM Unit to the Period Secondary BM Unit Delivered Volume (QSDij) calculated in Settlement. Where there is a difference, the Delivered Volume for each Supplier with customers in that Secondary BM Unit will be scaled up or down, so that the total matches the calculated value of QSDij. As a result, the values of Period Secondary BM Unit Supplier Delivered Volume (QSDiji2) calculated for each Supplier BM Unit 'i' and Secondary BM Unit 'i2' may not be consistent with the data on the P0287 data flow.
4. The QSDiji2 values are aggregated to produce the Period Supplier BM Unit Delivered Volume (QBSDij) for each Supplier BM Unit. This value (which is reported to Suppliers on the SAA-I014 Settlement Report) may therefore be inconsistent with the MSID-level data on the P0287 data flow.

For example, consider a Secondary BM Unit containing two customers, each with a different electricity Supplier (as illustrated in Figure 1 overleaf).

In Figure 1, the blue oval represents the Secondary BM Unit, and the green ovals represent the Supplier BM Units. The Secondary BM Unit was instructed to deliver an Offer Volume of 0.5 MWh, and the VLP has indicated that Customer 1 delivered 0.3 MWh of this, and Customer 2 delivered 0.2 MWh. However, the data available to SAA shows that the Secondary BM Unit only delivered 0.4 MWh, as the BM Unit Metered Volume (QM<sub>ij</sub>) was 0.4 MWh greater than the Final Physical Notification (FPN<sub>ij</sub>):

**Figure 1 – Example of an Offer delivered by a Secondary BM Unit containing customers from two Supplier BM Units**



In this example, the Settlement process will be as follows:

1. SVAA will (subject to customer consent) report to the Suppliers that customers 1 and 2 delivered 0.3 and 0.2 MWh respectively.
2. Similarly, SVAA will report to SAA that Suppliers 1 and 2 delivered 0.3 and 0.2 MWh respectively.
3. SAA will calculate the Expected Metered Volume (QME<sub>ij</sub>) that the Secondary BM Unit was expected to deliver as 1.0 MWh (i.e. 0.5 MWh FPN plus 0.5 MWh Offer Volume). But the Metered Volume (QM<sub>ij</sub>) was only 0.9 MWh, implying that the Secondary BM Unit only delivered 0.4 MWh of the intended 0.5 MWh. This could have been because one or both of the customers didn't deliver the expected response, or because the VLP's submitted FPN did not accurately estimate what the customers would have done (in the absence of a BOA).
4. As SAA does not know the reason for the VLP's failure to deliver the full Offer volume, it cannot attribute the shortfall to the customer(s) responsible. Instead, in accordance with BSC Section T4.3B, it will scale down the Imbalance Adjustments for each Supplier so that, in total, they match the 0.4 MWh delivered by the BM Unit. In effect the shortfall in the Delivered Volume is shared out *pro rata* between the Suppliers:

	Delivered Volume claimed by VLP and reported on P0287	Delivered Volume QSD <sub>iji2</sub> after adjustment by SAA
<b>Customer 1</b>	0.3 MWh	0.24 MWh
<b>Customer 2</b>	0.2 MWh	0.16 MWh
<b>Total</b>	0.5 MWh	0.4 MWh

## Desired outcomes

The desired outcome is that (subject to customer consent) Suppliers are provided with the information required to accurately allocate values of Period Supplier BM Unit Delivered Volume (QBSD<sub>ij</sub>) calculated by SAA to the individual Metering Systems causing them.





Insert heading here

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**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 administering 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

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**Proposed solution**

The Proposed Solution is that values reported to Suppliers on the P0287 data flow should incorporate any adjustments made by the SAA. In the example described above, SVAA would report adjusted values (0.24 and 0.16 MWh) to the Suppliers, rather than unadjusted values (0.3 and 0.2 MWh). The changes to the BSC Legal Text required to achieve this are as follows:

1. Include a new requirement in BSC Section T4.3B for SAA to calculate explicitly the 'adjustment factor' applied to each Secondary BM Unit in each Settlement Period. This data item – the Period Secondary BM Unit Adjustment Factor ( $SBMUAF_{i2j}$ ) – should be calculated as:

$$SBMUAF_{i2j} = QSD_{i2j} / \sum_i VBMUSDV_{ij2}$$

where  $\sum_i$  represents the summation over all Supplier BM Units 'i'.

2. In the example described above, the value of  $SBMUAF_{i2j}$  for the VLP's Secondary BM Unit would be  $0.4 / 0.5 = 0.8$ . This indicates that all of the  $VBMUSDV_{ij2}$  values submitted to SAA for that Secondary BM Unit 'i2' were adjusted by a factor of 0.8, in order to match the overall volume delivered by the BM Unit;
3. Include a new requirement in BSC Section T for SAA to report to SVAA the values of  $SBMUAF_{i2j}$  for each Secondary BM Unit 'i2' and Settlement Period 'j'; and
4. Amend paragraphs 7.1.7 and 7.2.7 of BSC Annex S-2 to state that values of Secondary Half Hourly Delivered (Non Losses) ( $VD_{i2NKji}$ ) and Secondary Half Hourly Delivered (Losses) ( $VDLOSS_{i2NKji}$ ) reported to Suppliers should first be multiplied by the value of  $SBMUAF_{i2j}$  (for Secondary BM Unit 'i2' and Settlement Period 'j').

**Benefits**

This change will allow Suppliers to accurately attribute to individual customers any Imbalance adjustments that arise from those customers participating in the Balancing Mechanism through a VLP. This will ensure that Suppliers have the data required to accurately bill customers (in accordance with the terms of their contracts), and minimise cross-subsidies from customers who use a VLP to those who don't (or vice versa).

**Applicable BSC Objectives**

**BSC Objective (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:**

This change is expected to positively impact competition in the sale and purchase of electricity, by providing Suppliers with more accurate information on the actions taken by their customers through VLPs, and allowing them to charge those customers in a way that is cost-reflective and consistent with agreed contractual terms.

## Implementation approach

Elxon recommends an Implementation Date for P461 of:

- **7 November 2024** as part of the standard November 2024 BSC Release if an Authority decision is received on or before 7 May 2024; or
- **27 February 2025** as part of the standard February 2025 BSC Release if an Authority decision is received after 7 May 2024 but on or before 27 August 2024.

Given the requirement for a one month consultation to assess EBGL impacts and the necessary lead times to deliver P461, this will allow sufficient time post Ofgem decision to implement the required BSC System changes.

### Estimated costs of P461

Costs will be assessed during the Report Phase Consultation. However, for those roles we believe will be impacted, we have indicated in the impacts section whether we believe the costs are likely to be high, medium or low based on the following categories:

- High: >£1 million
- Medium: £100-1000k
- Low: <£100k

Implementation costs estimates			
Organisation	Item	Implementation costs (£)	Comment
Elexon	Systems	170-260k	Cost to update DCP and SAA systems
	Documents	<1k	
	Other		
NGESO	Systems	0	
	Other	0	
Industry	Systems or processes	0	None anticipated, although we will confirm this via the Report Phase Consultation
<b>Total</b>		<b>&lt;261k</b>	

This Modification will require changes to the SAA system and the Data and Calculations Platform (DCP). DCP is one of the IT systems used by the SVAA to implement the calculations described in Annex S-2 of the BSC:

1. Amend the SAA system to calculate and store values of Period Secondary BM Unit Adjustment Factor ( $SBMUAF_{i2j}$ ). This new calculation would be carried out by the part of the SAA system that calculates Period Delivered Volumes for Supplier BM Units;
2. Introduce a new interface for the SAA system to send values of  $SBMUAF_{i2j}$  to the DCP, and for DCP to validate and load them;
3. Amend the DCP system to include a process that calculates adjusted values of the MSID-level Delivered Volumes and associated losses (by multiplying the unadjusted values  $VD_{i2NKji}$  and  $VDLOSS_{i2NKji}$  by the adjustment factor  $SBMUAF_{i2j}$ ); and
4. Amending the DCP system to report the adjusted values (rather than the unadjusted values) on the P0287 data flow sent to Suppliers. Note that this change will require production of the P0287 data flow to be delayed until after the SAA has completed the Settlement Run, and reported  $SBMUAF_{i2j}$  values to DCP.

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On-going costs estimates		
Organisation	On-going costs (£)	Comment
Exelon	-	No ongoing costs anticipated
NGESO	-	No ongoing costs anticipated
Industry	Low	Delay in receiving data may cause billing delays for some Suppliers which could some costs. This will be clarified through the Report Phase Consultation.
<b>Total</b>	Low	

## P461 Impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Potential Impact	Potential cost
Suppliers	This Modification will positively impact Suppliers by providing them with more accurate data in the 'Metering System Half Hourly Volume Adjustments' (P0287) data flow. There will be no change to the format of the P0287 data flow, but Suppliers will receive it later than they currently receive it (because DCP will now not be able to produce the report until after SAA has performed the Settlement Run to calculate SBMUAF <sub>12j</sub> values).	Low

Impact on the NETSO	
Potential Impact	Potential cost
No impacts anticipated	N/A

Impact on BSCCo		
Area of Exelon	Potential Impact	Potential cost
Exelon	No impacts to any BAU activities outside of the system updates required to implement the change have been identified.	N/A

Impact on BSC Settlement Risks	
No impacts on Settlement Risks are anticipated or identified. However, this will be confirmed through the Report Phase Consultation.	

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
SAA	System updates required as detailed above

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Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
DCP	System updates required as detailed above

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
None	N/A

Impact on Code	
Code Section	Potential Impact
Section S, Annex S-2	Amended 7.1.7 and 7.2.7 to show that Secondary Half Hourly Delivered (Non Losses) and Secondary Half Hourly Delivered (Losses) should be adjusted by the Secondary BM Unit Adjustment Factor before being reported
Section T	Added 4.3B.6 to calculate the Secondary BM Unit Adjustment Factor and then send it to SVAA
Section X-2	Added the new Secondary BM Unit Adjustment Factor into the glossary

Impact on MHHS
No impacts on MHHS have been identified.

Impact on EBGL Article 18 terms and conditions
<p>As described in the Proposed Solution section above, this Modification requires a change to Section T4 of the BSC, which forms part of the EBGL Terms and Conditions listed in Section F Annex F-2 of the BSC. As a result of this a 1 month consultation period has been factored into the Modification timetable.</p> <p>However, we do not believe this proposal has a direct or material impact on the EBGL provisions and is therefore neutral and consistent against the EBGL objectives.</p>

Impact on Code Subsidiary Documents	
CSD	Potential Impact
None	N/A

Impact on other Configurable Items	
Configurable Item	Potential Impact
None	N/A

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Impact on Core Industry Documents and other documents	
Document	Potential Impact
Ancillary Services Agreements	This Modification is not anticipated to impact any other industry codes.
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Grid Code	
Retail Energy Code	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects
Ofgem have advised that BSC modification P461 falls outside of the MWHHS SCR and can be considered SCR exempt for the time being.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability None identified	Neutral
2) Lower bills than would otherwise be the case None identified	Neutral
3) Reduced environmental damage None identified	Neutral
4) Improved quality of service The Modification will allow accurate billing to customers which the current solution does not provide.	Neutral
5) Benefits for society as a whole None identified	Neutral



### What are the consumer benefit areas?

- 1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?
- 2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?
- 3) Will this proposal support:
  - i) new providers and technologies?
  - ii) a move to hydrogen or lower greenhouse gases?
  - iii) the journey toward statutory net-zero targets?
  - iv) decarbonisation?
- 4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.
- 5) Are there any other identified changes to society, such as jobs or the economy.

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## 5 Panel's Initial Discussion on P461 and Request for Information

The BSC Panel considered the P461 IWA at their October meeting ([343/03<sup>8</sup>](#)) and were invited by the P461 Proposer to agree that it should be submitted directly to the Report Phase (i.e requiring no Workgroup assessment).

The Panel noted that Elexon had highlighted that this change would require production of the P0287 data flow to be delayed, resulting in a potential impact on Suppliers who could use this information to help bill customers.

The BSC Panel wished to receive further information related to the P461 impacts ahead of coming to any determination, and deferred its decision by 1 month so that Elexon could assess the following via an RFI.

Elexon issued the RFI to its BSC Change distribution list (also highlighting the consultation via its external newsletter to market participants) on 20 October 2023 and asked the following questions:

1. Do you use the P0287 report and, if so, is this used to assist in billing your customers?
2. What would be the impact of receipt of the P0287 report being delayed by 2 days, as per the proposed Modification P461?
3. Do you have any further views on P461 that you believe should be considered by the BSC Panel?

### Responses to Request for Information

The request for information captured two responses, both from Suppliers. These are shown below:

Respondent 1:		
Question	Response	Rationale / Further Comments
1) Do you use the P0287 report and, if so, is this used to assist in billing your customers?	No	N/A
2) What would be the impact of receipt of the P0287 report being delayed by 2 days, as per the proposed Modification P461?	No issues	N/A
3) Do you have any further views on P461 that you believe should be considered by the BSC Panel?	No	N/A

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<sup>8</sup> <https://www.elexon.co.uk/meeting/bsc-panel-343/>

Respondent 2:		
Question	Response	Rationale / Further Comments
1) Do you use the P0287 report and, if so, is this used to assist in billing your customers?	Yes	Flexitricity is both VLP and Supplier. Flexitricity is Lead Party and Virtual Lead Party for a number of sites; there is overlap between these two roles. Flexitricity uses the P0287 flow to verify the integrity of its customer settlement processes.
2) What would be the impact of receipt of the P0287 report being delayed by 2 days, as per the proposed Modification P461?	A short delay as proposed is unlikely to create any material adverse impact.	N/A
3) Do you have any further views on P461 that you believe should be considered by the BSC Panel?	Yes	<p>While the proposal deals with the proximate cause of the inaccuracy, it does not deal with the ultimate cause, which is the fact that energy imbalance for VLPs is calculated from FPN, whereas energy imbalance for Suppliers is calculated from contracted energy. A number of solutions for this could be considered:</p> <ul style="list-style-type: none"> <li>• Support adoption of asset metering as introduced under P375, to remove contamination of VLP-related volumes by uncorrelated, independent actions behind the same boundary meter. It is pointed out that P375 is presently suffering implementation difficulties resulting from very limited metering agent support and (specifically for small sites) additional requirements for asset meters imposed outwith the BSC.</li> <li>• Re-consider the use of the FPN as the basis for energy imbalance calculation for VLPs, and seek a solution which is more closely aligned between VLPs and Suppliers.</li> </ul>

Both Suppliers who responded indicated that they did not foresee any material impacts as a result of the solution originally proposed by P461.

Noting that one respondent suggested a number of alternative solutions, Elexon sought legal opinion and confirmed that the suggestion from the Supplier would not address the same issue/defect as described in P461. The issue addressed by this Modification (as captured in the Proposal Form submitted by the P461 Proposer) is that P0287 data flows cannot be reconciled to imbalance calculations, whereas the Supplier's issue/defect is that VLP volumes are not settled on the same basis as Supplier volumes. Elexon therefore concludes that the Supplier's proposal could not constitute an alternative, even if the Modification went to Assessment Phase.

The Proposer has confirmed that they explicitly seek to avoid altering how the VLP actions are recorded and processed, instead proposing a change to the P0287 flow data to incorporate currently missing data, which provides a 'closed loop' approach to settling customers accurately.

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Therefore, the suggested variation is not ‘addressing the same issue or defect as originally identified by the Proposer in their Modification Proposal’ as required by Section F2.1.12 (b) (ii).

For avoidance of doubt, the outcome is that Elexon recommends that P461 proceed with progression of the original proposed solution. This was discussed with the P461 Proposer who concurred. Further consideration may be necessary on whether to raise a separate Modification to address the issue that VLP volumes are not settled on the same basis as Supplier volumes, however this will need to occur outside of progression and discussions of this P461 BSC Modification.



Next steps

Ellexon believe P461 should progress straight to Report Phase with a one month EBGL consultation period – the solution is fully formed and there would be no benefit to forming an industry Workgroup to discuss in further detail as the solution for making the data reported to Suppliers more accurate than currently is clear and self-evident.

Due to P461’s impact on the EBGL Article 18 Terms and Conditions, this is not a candidate for Self-Governance. Ofgem will therefore make the final decision on whether to approve P461.

Timetable

Proposed Progression Timetable for P461	
Event	Date
Present Initial Written Assessment to Panel	12 October 2023
Request for Information (RFI) from industry	19 October 2023 – 31 October 2023
Present RFI responses to Panel	9 November 2023
Report Phase Consultation (1 month EBGL consultation)	16 November 2023 – 18 December 2023
Present Draft Modification Report to Panel	11 January 2024
Deliver Final Modification Report to Ofgem	18 January 2024

**What is the Self-Governance Criteria?**

A Modification that, if implemented:

(a) does not involve any amendments whether in whole or in part to the EBGL Article 18 terms and conditions; except to the extent required to correct an error in the EBGL 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.

## 7 Recommendations

We invite the Panel to:

- **AGREE** that P461 progresses directly to the Report Phase;
- **AGREE** that P461:
  - **DOES** better facilitate Applicable BSC Objective (c);
- **AGREE** an initial view that P461 **should not** be treated as a Self-Governance Modification;
- **AGREE** that P461 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
- **AGREE** the impact on the EBGL objectives;
- **AGREE** an initial recommendation to the Authority that P461 should be **approved**;
- **AGREE** an initial Implementation Date of:
  - **7 November 2024** if an Authority decision is received on or before 7 May 2024; or
  - **27 February 2025** if an Authority decision is received after 7 May 2024 but on or before 27 August 2024;
- **AGREE** the draft Legal Text; and
- **NOTE** that Elexon will issue the P461 Draft Modification Report (including the draft Legal Text) for a one month consultation and will present the results to the Panel at its meeting on 11 January 2024.