ELEXON

ISG235/XX – IDNO Site Specific LLF Calculation Process

Imbalance Settlement Group (ISG)

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Owner/author	**Sedef Kiris**	Purpose of paper	**Decision**
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Summary | **Following up on the request from an Embedded LDSO who has decided to calculate their own Site Specific LLFs this year, timeline within BSCP128 might require a minor change from LLF Audit point of view taking into account IDNOs work flow processes.**

1. Background

1.1 In accordance with BSC Section K1.7.7, we performed the annual review of the Line Loss Factor (LLF) methodology statements submitted by each Licensed Distribution System Operator (LDSO). The methodology review follows the procedure set out in BSC Procedure (BSCP) 128 'Production, Submission, Audit and Approval of Line Loss Factors'.

1.2 In accordance with BSCP128 2.2, where LDSOs operate an embedded network within a distribution area there is an alternative review process. These Embedded LDSOs have to state the areas in which they will operate. They do not need a methodology if they mirror the Host LDSO's LLFs for the relevant area.

1.3 This year's methodologies will apply to LLFs calculated for the 2021/22 BSC Year.

1.4 We have received and completed reviews of all methodologies and Methodology Self-assessment Documents (MSAD) and are satisfied that they are compliant with BSC Section K1.7.7 (a) and (b).

1.5 15 of the Embedded LDSOs will mirror the Host LDSO methodologies and 1 Embedded LDSO will calculate their own Site Specifics where they will be part of the Annual Audit this year regarding the calculation of the Loss Adjustment Factors they have set out within the methodology they have provided.

2. IDNOs calculating their own Site Specific Line Loss Factors

2.1 Elexon have received notice for the first time from an Independent Distribution Network Operator (IDNO) (that do not mirror) who intends to calculate their own site specifics instead of mirroring host LDSOs.

2.2 Currently, Host LDSOs internal work flow has been adjusted to the BSCP128 timelines although the new process where IDNOs, whom will be calculating their own site specifics, processes will not be aligned with the timelines stated in BSCP128. This is due to IDNOs needing to wait for Host LDSOs to provide them with their losses at the boundary point in order to add onto their calculation to create a boundary equivalent profile for IDNOs. In addition to this, IDNO will not have the required historical metered readings available due to new connections being introduced. For this reason they will not be able to submit their calculated site specifics by the end of September whereas Host LDSOs will be. Therefore, the IDNO would be non-compliant against the BSCP128 timescales.

2.3 BSCP128 paragraph 2.3.14 states that if a Party is found non-compliant during the Audit checks, the Performance Assurance Board (PAB) should be provided a copy of the final report, giving details of any non-compliance(s).

2.4 A change to the timelines of the LLF Audit process will be required to resolve this.

2.5   Elexon provided an update to SVG on the change in the Line Loss Factor (LLF) Audit process for to accommodate this approach.

2.6   Elexon subsequently requested advice on the situation from its legal team. They advised that the SVG is not able to make a change to the LLF Audit timescales, and a Change Proposal (CP) would be required to do so.

2.7   If the timescales in BSCP128 are strictly adhered to, it will not be possible to audit the IDNO's LLF submission. Elexon believes that the risk posed by following a non-compliant timescale is significantly less than the risk posed by not conducting the audit at all. Therefore, Elexon recommends that the SVG take the former approach and Elexon conducts the audit in an alternative timescale.

2.8   Elexon will also separately progress the raising of a CP to permit this alternative approach to be used in future years.

3.   Next Steps

3.1   Elexon is at the moment performing all Host LDSO's audits remotely during October-November period.

3.2   Once the calculation audit is complete for both Host and Embedded LDSOs, we will ask the ISG and the SVG (March 2021) to approve the final LLF values which will go live on 1 April 2021.

3.3   Elexon will be implementing a long term plan to address IDNOs that do not mirror which requires more investigation considering both LDSO and IDNO processes. As such, Elexon will raise a Change Proposal for this as an appropriate derogation which should be in place by the next Audit, if needed.

4.   Recommendations

4.1   We invite you to:

a)   **APPROVE** the audit method outlined in the paper for next year's submissions although NOTE that the Site Specific Calculation Model will be audited this year by applying Host LDSO process.

Attachments

Attachment A - Current Timeline

Attachment B - Proposed Timeline

For more information, please contact:

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