

CP Assessment Report

CP1547 'Clarification on the Site Specific Line Loss Factor Calculation Process for Embedded Licensed Distribution System Operators'

ELEXON



Committee

Imbalance
Settlement Group (ISG)
and Supplier Volume
Allocation Group (SVG)

Recommendation

Approve

Implementation Date

4 November 2021
(November 2021 Release)



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About This Document

This document is the Change Proposal (CP) Assessment Report for CP1547 which Elexon will present to the ISG and SVG at their respective meetings on 7 September 2021. The Committees will consider the proposed solution and the responses received to the CP Consultation before making a decision on whether to approve CP1547.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the ISG and SVG's initial views on the proposed changes and the views of respondents to the CP Consultation.
- Attachment A contains the CP proposal form.
- Attachment B contains the proposed redlined changes to deliver the CP1547 solution.
- Attachment C contains the full responses received to the CP Consultation.

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Why change?

The Balancing and Settlement Code Procedure (BSCP) that details methodologies for calculating Line Loss Factors (LLFs) and Mirroring is [BSCP128 'Production, Submission, Audit and Approval of Line Loss Factors'](#). Mirroring is where the Embedded Licensed Distribution System Operator (LDSO) replicates the LLFs of the relevant Host LDSO.

Usually an Embedded LDSO would Mirror the LLF values of the Host LDSO, except under specific circumstances. Within BSCP128 it is stated that Host LDSOs and Embedded LDSOs should follow the same LLFs calculation and audit process. However, through discussion with Embedded LDSOs, Elexon has been made aware of some confusion over the process and timelines for these calculations. This confusion indicates that additional clarity is required for Embedded LDSOs moving from generic LLFs to Site Specific LLFs.

A lack of clarity surrounding the requirements and timelines for Embedded LDSOs can result in incorrect LLF calculations using insufficient data, and missed deadlines. This can pose a risk to the accuracy of Settlement.

Solution

This CP proposes to make changes to BSCP128 to provide more clarity for Embedded LDSOs calculating site specific LLFs. This includes clarification that standard submission deadlines for all LDSOs will apply to Embedded LDSOs that choose to calculate Site Specific LLFs, and that Settlement data from a 12-month period is required.

These clarifications will give Embedded LDSOs a transparent view of the timeline and deliverable requirements, ensuring they provide the required data files within the defined timescales, and establishing a better understanding of the audit process.

Impacts and costs

This CP will have a positive impact on Embedded LDSOs by clarifying the process and timeline for the calculation of LLFs.

This change will only affect BSCP128, with no central system changes required.

The central implementation costs for this CP will be less than £1,000 to implement the relevant document changes.

Implementation

The CP is proposed for implementation on 4 November 2021 as part of the November 2021 Balancing and Settlement Code (BSC) Release, in order to implement this change at the earliest opportunity so that clarity can be provided to Embedded LDSOs.

Recommendation

CP1547 is recommended for implementation on 4 November 2021 as part of the standard November 2021 BSC Release.

2 Why Change?

What is the issue?

[BSCP128 'Production, Submission, Audit and Approval of Line Loss Factors'](#) details methodologies for calculating LLFs and Mirroring, where the Embedded LDSO replicates the LLFs of the relevant Host LDSO. Usually an Embedded LDSO would Mirror, except under specific circumstances. These circumstances include where the site is connected at Extra High Voltage (EHV), or where the customer requests a Site Specific LLF and the LDSO is in agreement. If either of these criteria are met then the Embedded LDSO can calculate Site Specific LLFs.

Within BSCP128 it is stated that Host LDSOs and Embedded LDSOs should follow the same LLFs calculation and audit process. However, through discussion with Embedded LDSOs, Elexon has been made aware of some confusion over the process and timelines for these calculations. This confusion indicates that additional clarity is required for Embedded LDSOs moving from generic LLFs to Site Specific LLFs.

A lack of clarity surrounding the requirements and timelines for Embedded LDSOs can result in incorrect LLF calculations using insufficient data, and missed deadlines. This can pose a risk to the accuracy of Settlement.

Background

A Host LDSO operates a distribution network that is directly connected to the Transmission System in their own Distribution Licence area. An Embedded LDSO operates an independent distribution network connected to a Host LDSO's distribution network. LDSOs calculate LLFs to scale energy consumed or generated to account for losses on the UK's Distribution Networks.

BSCP128 defines the procedure by which LLF methodologies submitted by LDSOs are reviewed by the Balancing and Settlement Code Company (BSCCo), presented to the Panel for approval and, where appropriate, reported to the Performance Assurance Board (PAB). It also defines the auditing procedure for the LLF values and describes the key interfaces, timetables, and responsibilities for the main parties involved.

The calculation and audit of LLFs is an annual process. LDSOs must submit proposed LLF calculation methodologies by 1 August. Calculated LLFs must then be submitted by 30 September in accordance with an approved methodology. These deadlines apply to both Host LDSOs and Embedded LDSOs that do not Mirror.

Misunderstandings are occurring where Embedded LDSOs were moving from generic LLFs to Site Specific LLFs. In order to calculate LLFs, 12-months of Settlement data is required, and where this is not available, the site must continue to Mirror. However, even once this data becomes available, the Embedded LDSO would have to wait for the next yearly LLF calculation and audit cycle, and would not be able to transfer to Site Specific LLFs immediately.

Additional clarification around these timelines and requirements for Embedded LDSOs who wish to calculate their own Site Specific LLFs are necessary to ensure the process is clear.

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Proposed solution

This CP proposes to make changes to [BSCP128 'Production, Submission, Audit and Approval of Line Loss Factors'](#) to provide more clarity for Embedded LDSOs calculating site specific LLFs. This includes clarification of the following:

- For new sites energised mid-year there will be no previously approved Site Specific LLFs, and so the approved Generic Line Loss Factor Class Group LLFs for the equivalent voltage level should be applied;
- Embedded LDSOs wishing to calculate Site Specific LLFs require Settlement data from a 12-month period, and so LLF values can only be submitted after this data is available;
- The standard submission deadlines for all LDSOs will apply to Embedded LDSOs that choose to calculate Site Specific LLFs, meaning they must submit a methodology for approval by 1 August and calculated LLF values by 30 September;
- If the Embedded LDSO cannot meet these deadlines for any reason, including 12-month data not yet being available, they will need to continue to Mirror the Host LDSOs Generic LLFs for the year.

These clarifications will give Embedded LDSOs a transparent view of the timeline and deliverable requirements, ensuring they provide the required data files within the defined timescales, and establishing a better understanding of the audit process.

Proposer's rationale

Clarification of the LLF calculation requirements for Embedded LDSOs within BSCP128 would ensure that the process is understandable, usable, and applied consistently. BSCP128 currently does not provide clear guidance to the Embedded LDSO on the timeline and deliverable requirements, demonstrated by the numerous questions Elexon has received. The clarification would ensure Embedded LDSOs who do not Mirror will follow the BSCP128 requirements in a consistent manner to those followed by a Host LDSO. This would reduce the risk of incorrect LLF calculations using insufficient data, and missed deadlines.

Proposed redlining

The CP proposes to update BSCP128. The redlining to support this change can be found in Attachment B.

4 Impacts and Costs

BSC Party & Party Agent impacts and costs

This CP is expected to have a positive impact on Embedded LDSOs by clarifying the process and timeline for the calculation of LLFs. This may result in an increase in Embedded LDSOs calculating the Site Specific LLFs rather than Mirroring.

BSC Party & Party Agent Impacts

| BSC Party/Party Agent | Impact |
|-----------------------|---|
| Embedded LDSOs | The change will clarify the process and timelines for LLF calculations. |

Central impacts and costs

Central impacts

The solution in this CP only affects BSC documentation, specifically BSCP128. Therefore no BSC Central Systems or Agents will be impacted.

Central Impacts

| Document Impacts | System Impacts |
|---|--|
| <ul style="list-style-type: none">BSCP128 'Production, Submission, Audit and Approval of Line Loss Factors' | <ul style="list-style-type: none">None |

Impact on BSC Settlement Risks

Impact on BSC Settlement Risks

Elexon anticipate no impact on Settlement Risks associated with this change.

Central costs

The central implementation costs for this CP will be less than £1,000 to implement the relevant document changes.

5 Implementation Approach

Recommended Implementation Date

This CP is recommended for implementation on 4 November 2021 as part of the standard November 2021 BSC Release to ensure the change is implemented and clarity is provided to Embedded LDSOs at the earliest opportunity.

ISG's initial views

The CP1547 Progression Paper (ISG 243/01) was presented to the ISG at its [meeting on 6 July 2021](#).

An ISG member commented that the LDSOs should already understand the process for calculating LLFs. Elexon responded that Embedded LDSOs had all previously Mirrored their LLFs, and were completing the calculation process for the first time this year. Several questions around the process have been raised by Embedded LDSOs, which this CP intends to clarify.

There were no other comments on the CP or the timetable for progression.

SVG's initial views

The CP1547 Progression Paper (SVG 245/04) was presented to the SVG at its [meeting on 6 July 2021](#).

An SVG member noted that the LLF calculation and audit process should already be clear, but that clarification should be made if it was required.

There were no other comments on the CP or the timetable for progression.

7 Industry Views

This section summarises the responses received to the CP Consultation. You can find the full responses in Attachment C. We received three responses, two from a Distributor and one from a Supplier.

| Summary of CP1547 CP Consultation Responses | | | | |
|--|-----|----|---------------------------|-------|
| Question | Yes | No | Neutral/ No Comment | Other |
| Do you agree with the CP1547 proposed solution? | 2 | 1 | - | - |
| Do you agree that the draft redlining delivers the intent of CP1547? | 2 | 1 | - | - |
| Will CP1547 impact your organisation? | 1 | 2 | - | - |
| Will your organisation incur any costs in implementing CP1547? | - | 3 | - | - |
| Do you agree with the proposed implementation approach for CP1547? | 2 | 1 | - | - |

Comments on the proposed solution

Two respondents to this CP Consultation agreed with the proposed solution, with one commenting that the proposed solution provides clarity on the process for LDSOs to calculate site specific LLFs.

One respondent did not agree with the proposed solution due to the deadline for Embedded LDSOs to submit their site specific LLFs for audit being in line with the deadline for Host LDSOs. They believed that, as the LLFs of Embedded LDSOs must be captured and reflected in the site specific LLF calculations for Host LDSOs, they require an earlier submission deadline. This respondent therefore did not support the proposed implementation approach for the same reason.

The deadline referred to pre-existed before this CP and has not been amended as part of this change. The deadline has only been clarified, and therefore we believe the concern raised to be outside of the scope of CP1547. After discussing further with the respondent they did agree that their concerns were not a result of CP1547, but could be considered as part of a different change.

Comments on the proposed redlining

| Comments on the CP1547 Proposed Redlining | | |
|---|--|--|
| Document & Location | Comment | Elaxon's Response |
| BSCP128 3.4 (d) | Alternatively, rather than having "standard deadline for submission", could have "2 months ahead of standard deadline for submission". | The standard audit deadline date should apply consistently to all LDSOs and has not been amended as part of this CP. |

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8 Recommendations

We invite the **ISG and SVG** to:

- **APPROVE** the proposed changes to BSCP128 for CP1547;
- **APPROVE** CP1547 for implementation on 4 November 2021 as part of the standard November 2021 BSC Release; and
- **NOTE** that CP1547 will also be presented for decision to the
 - ISG on 7 September 2021; and
 - SVG on 7 September 2021.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

| Acronyms | |
|----------|---|
| Acronym | Definition |
| BSC | Balancing and Settlement Code |
| BSCCo | Balancing and Settlement Code Company |
| BSCP | Balancing and Settlement Code Procedure |
| CP | Change Proposal |
| CPC | Change Proposal Circular |
| EHV | Extra High Voltage |
| ISG | Imbalance Settlement Group |
| LDSO | Licensed Distribution System Operator |
| LLF | Line Loss Factor |
| PAB | Performance Assurance Board |
| SVG | Supplier Volume Allocation Group |

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

| External Links | | |
|----------------|---|---|
| Page(s) | Description | URL |
| 2, 3, 4, 5 | BSCP128 'Clarification on Site Specific Line Loss Factors Calculation Process for Independent Distribution Network Operators' | https://www.elexon.co.uk/csd/bscp128-production-submission-audit-and-approval-of-line-loss-factors/ |
| 7 | ISG Meeting 234 webpage | https://www.elexon.co.uk/meeting/isg243/ |
| 7 | SVG Meeting 245 webpage | https://www.elexon.co.uk/meeting/svg245/ |

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