

ISG245/09 – LLF METHODOLOGY AUDIT REPORT

Imbalance Settlement Group (ISG)

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Owner/author	Sedef Kiris	Purpose of paper	Decision
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Summary **We reviewed the Line Loss Factor (LLF) Methodology Statements submitted by Licensed Distribution System Operators (LDSOs), in accordance with BSCP128. All methodologies are subject to approval by the Imbalance Settlement Group (ISG) and Supplier Volume Allocation Group (SVG). Elexon will publish the LLF methodologies submitted by the LDSOs on the Elexon Portal following the committee approvals.**

1 Methodology Review

- 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 Each year, LDSOs must submit a Methodology Self-Assessment Document (MSAD). This includes a methodology statement, which sets out how the LDSO intends to calculate LLFs for the following BSC Year (April to March). We audit these methodology statements to ensure that they are compliant with the 17 principles set out in BSCP128.
- 1.3 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.

2. Changes to Methodology Statements

- 2.1 This year's methodologies will apply to LLFs calculated for the 2022/23 BSC Year.
- 2.2 We have received and completed reviews of all methodologies and MSADs and are satisfied that they are compliant with BSC Section K1.7.7 (a) and (b).
- 2.3 15 of the Embedded LDSOs will mirror the Host LDSO methodologies and one 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.
- 2.4 This year, four of the Embedded LDSOs, who wish to calculate their own site specifics rather than mirroring, have also submitted their own methodology statements. They will continue to mirror until sufficient consumption data (at least 12 months) have been obtained.
- 2.5 The table below summarises the changes to the methodology statements and where the methodology has changed from last year:

LDSO	GSP Group(s)	Changes from previous year
Northern Powergrid	_F, _M	No change to the Principles. Only minor amendments such as relevant year, version number etc.
Electricity North West	_G	No change to the Principles. Only minor amendments such as relevant year, version number etc.
Scottish Power	_D, _N	No change to the Principles. Only minor amendments such as relevant year, version number etc.
UK Power Networks	_A, _C, _J	No change to the Principles. Only minor amendments such as relevant year, version number etc.
Western Power Distribution	_B, _E, _K, _L	No change to the Principles. Only minor amendments such as relevant year, version number etc.
Scottish and Southern Energy	_H, _P	No change to the Principles. Only minor amendments such as relevant year, version number etc.

Embedded LDSO	GSP Group(s)	Changes from previous year
Eclipse Power Networks	_A, _B, _C, _E, _F, _G, _H, _J, _L	Housekeeping Changes
Vattenfall Network	_B, _E, _F, _G, _H, _J, _L, _N	Initial Submission
Energy Assets Networks Limited	ALL GSPs	Initial Submission
ESP Electricity Limited	ALL GSPs	Initial Submission

Embedded LDSO	Mirroring Host LDSO
Eclipse Power Networks	ALL
Electricity Network Company	ALL
Last Mile Electricity Ltd.	ALL
Energy Assets Networks	ALL
ESP Electricity	ALL
Forbury Assets Ltd	ALL
Fulcrum Electricity Assets	ALL

Embedded LDSO	Mirroring Host LDSO
Harlaxton Energy Networks	ALL
Independent Power Networks	ALL
Leep Electricity Networks	ALL
Murphy Power Distribution	ALL
Scottish Hydro Electric Power Distribution	_N
Southern Electric Power Distribution	_A,_B,_C,_D,_E,_F,_G,_J,_K,_L,_M
UK Power Distribution	ALL except _P
Vattenfall Network	ALL
Indigo Power Ltd.	ALL

3. Next Steps

- 3.1 We are seeking approval of these methodologies from both the Imbalance Settlement Group (ISG) and the Supplier Volume Allocation Group (SVG). Subject to approval, we will publish them on the Elexon Portal. All draft methodology statements are available to Committee members on request.
- 3.2 The next milestone for the LLF Audit is **30 September 2021**, by which time all Host LDSOs must submit their LLF values for the **2022/23** BSC Year, followed by the LLF calculation audit starting in **October 2021**. This year we will conduct all Host LDSOs audits remotely due to COVID impact.
- 3.3 Once the calculation audit is complete for both Host and Embedded LDSOs, we will ask the ISG and the SVG in March 2022 to approve the final LLF values, which will go live on **1 April 2022**.

4 Recommendations

- 4.1 We invite you to:
 - a) **APPROVE** the LDSO & Embedded LDSO methodologies;
 - b) **NOTE** the Embedded LDSOs' intention to Mirror the Host LDSOs' LLFs; and
 - c) **NOTE** that Elexon will seek the SVG's approval of the LLF methodologies at its 7 September 2021 meeting.

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