

**Phase**

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

## P388 'Aligning the P344 and P354 Solutions'

P388 seeks to align the P354 solution with the P344 solution by aligning the Supplier Volume Allocation (SVA) Metering System Register processes that holds both Secondary Balancing Mechanism Unit (SBMU) and Applicable Balancing Services Volume Data (ABSVD). It will update the process for aggregating National Grid ABSVD inputs in the SVAA, and remove conflicting definitions of shared defined items in the BSC legal text.



The BSC Panel initially recommends **approval** of P388

This Modification is expected to impact:

- Supplier Volume Allocation Agent (SVAA)
- Settlement Administration Agent (SAA)
- National Grid Electricity System Operator (NGESO)

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## About This Document

This is the P388 Draft Modification Report, which ELEXON will present to the Panel at its meeting on 8 August 2019. It includes the responses received to the Report Phase Consultation on the Panel's initial recommendations. The Panel will consider all responses, and will agree a final recommendation to the Authority on whether the change should be made.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach. It also summarises the Workgroup's key views on the areas set by the Panel in its Terms of Reference, and contains details of the Workgroup's membership and full Terms of Reference.
- Attachment A contains the draft redlined changes to the BSC for P388.
- Attachment B contains the full responses received to the Panel's Report Phase Consultation.



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### Why Change?

The P344 and P354 solutions when combined create duplicate, incoherent and contradictory sets of obligations and defined terms. If the solutions are not aligned the legal integrity of the BSC deteriorates and there is a risk that erroneous data is entered into Settlement.

### Solution

Align the P344 and P354 solutions, defined terms and processes to enable the receipt, storage and processing of both Secondary Balancing Mechanism Unit (SBMU) related data and Applicable Balancing Services Volume Data (ABSVD).

This solution would enable aligned processes for:

- MSID Pair Delivered Registration
- MSID Pair Delivered Volume Allocation
- Delivered Volume Aggregation

### Impacts & Costs

No impacts arising from P388 have been identified on market participants. National Electricity Transmission System Operator (NETSO) have indicated there will be a small impact on its systems development for P344 and P354, but do not anticipate this to materially alter the previously reported NETSO costs for delivering these changes.

The only ELEXON cost will be to change the relevant sections of the BSC (~£1,440). Whilst minor amendments to the Flow inputs to SVAA designed under P354 are required, this will not impact the overall costs of delivering the P354 solution.

### Implementation

P388 is recommended for implementation on 1 April 2020 to align with the approved P354 Implementation Date.

### Recommendation

The Panel initially unanimously believes that P388 better facilitates Applicable BSC Objective (d) and so should be **approved**. Their initial recommendation is that P388 should be implemented as a **Self-Governance Modification**.

## 2 Why Change?

### Background

#### P344 'Project TERRE'

**P344** introduced a new BSC Party Role called a Virtual Lead Party (VLP) who will act as an Independent Aggregator in the Supplier Volume Allocation market. An Independent Aggregator is a Party who bundles changes in consumer's loads or distributed generation output for sale as a balancing service but do not simultaneously supply the customer with energy. P344 will enable VLPs to provide TERRE, a Replacement Reserve balancing service.

Balancing Services delivered by a VLP will therefore affect Metered Volumes at Boundary Point Metering Systems and therefore the Imbalance Position of the registered Supplier at those sites. To ensure that no Supplier is adversely impacted by these actions P344 introduces obligations on the VLP to inform the Supplier Volume Allocation Agent (SVAA) of the sites within its portfolio that it will be using to provide Balancing Services in the form of MSID Pairs. P344 also introduces obligations on the VLP to inform SVAA of the volume deviation of each site it has used to provide Balancing Services in the form of MSID Pair Delivered Volume.

MSID Pair Delivered Volume forms the basis of the adjustments made to the Supplier's Imbalance Position to rectify any impact as a result of the actions taken by a VLP.

The below diagram illustrates the new VLP entity compared with an existing BSC Party operating in the BM.



P344 was implemented on 28 February 2019 to enable the registration of VLPs. However, the P344 legal text introduced a P344 Final Implementation Date, which is when the non-registration elements of the P344 solution will go live. The P344 Final Implementation Date is triggered by a notification from the National Electricity Transmission System Operator (NETSO) and is expected to be in December 2019.



Project TERRE (Trans European Replacement Reserve Exchange) is a European project to implement a new Replacement Reserve (RR) balancing product, which has been developed by a group of European Transmission System Operators (TSOs), including the GB TSO as National Grid Electricity System Operator (ESO).

Project TERRE will enable all TERRE participating Balancing Service Providers (BSPs) (defined as a market participant with reserve-providing groups able to provide balancing services to TSOs) to submit bids to National Grid on an hourly basis to fulfil 15 minute delivery periods.

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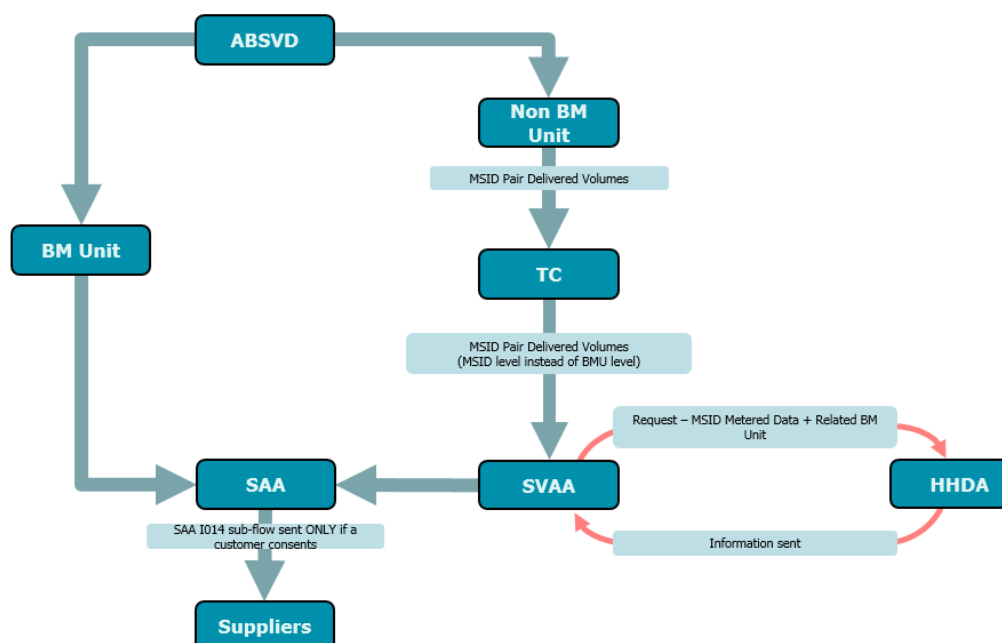
## P354 'ABSVD'

The P354 solution rectifies a defect in the current arrangements for notifying Applicable Balancing Services Volume Data (ABSVD). P354 obligates the National Electricity Transmission System Operator (NETSO) to provide ABSVD for non-BM Balancing Services providers to BSC Central Systems for allocation to the appropriate Supplier BM Unit to correct their Energy Imbalance position.

Balancing Services actions delivered by a Non-BM Balancing Service Provider will affect the metered volumes at sites and therefore the Imbalance Position of the registered Supplier of those sites. To ensure that no Supplier is adversely impacted by these actions P354 introduces obligations on NETSO to inform SVAA of the sites that they will be using to provide Balancing Services in the form of MSID Pairs. P354 also introduces obligations on NETSO to inform SVAA of the volume deviation of each site they have used to provide Balancing Services in the form of MSID Pair Delivered Volume.

MSID Pair Delivered Volume forms the basis of the adjustments made to Supplier Imbalance Positions to rectify any impact on the actions taken by NETSO.

The below diagram illustrates the ABSVD process.



## What is the issue?

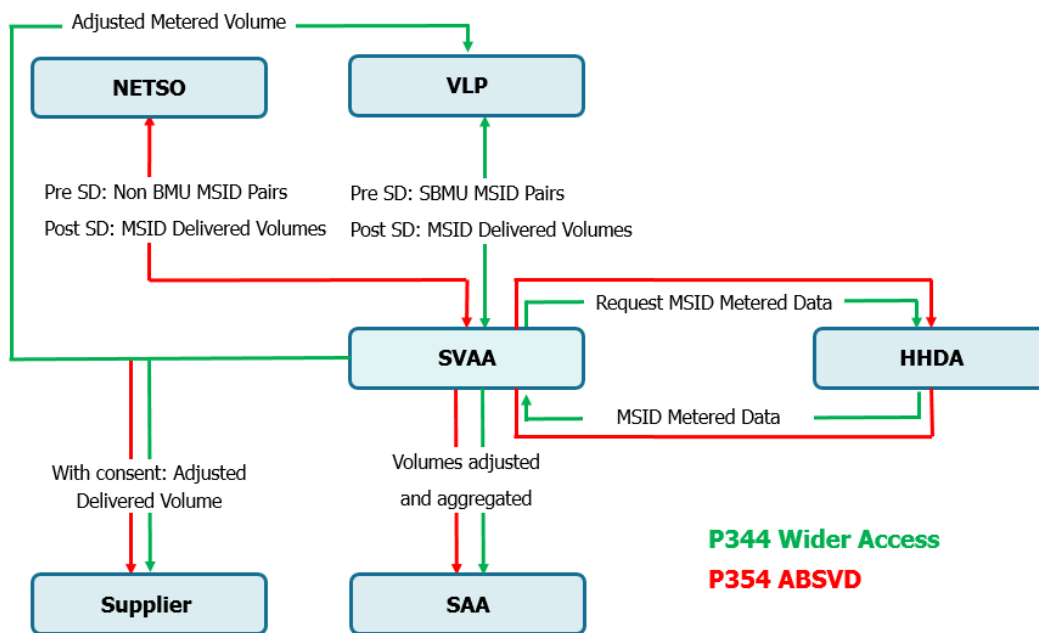
P344 and P354 were designed in parallel to share processes in regards to recording MSID Pairs on the SVA Metering System Register maintained by SVAA, MSID Pair Delivered Volume allocation, subsequent Delivered Volume aggregation and Supplier Primary BM Unit adjustment.

However, as neither BSC Modification had been approved while drafting the shared processes they could not be aligned in their design phases as they could not reference nor interact with the other solution.

P344 and P354 will introduce two independent solutions which when combined create duplicate, incoherent and contradictory sets of defined terms and obligations. If the solutions are not aligned the legal integrity of the BSC deteriorates and there is a significant risk that erroneous data is entered into Settlement.

Both P344 and P354 solutions seek to adjust a Suppliers Imbalance Position for actions taken by a third party i.e. VLP actions in P344 and Non-BM Balancing Service Provider actions in P354. Both solutions mandate the creation of a register to record MSIDs used by these third parties and identify the impacted Supplier. Delivered volumes are collected and compared against metered volumes at the relevant Boundary Point Metering System to be used in calculating an adjustment to the Imbalance position of the impacted Supplier.

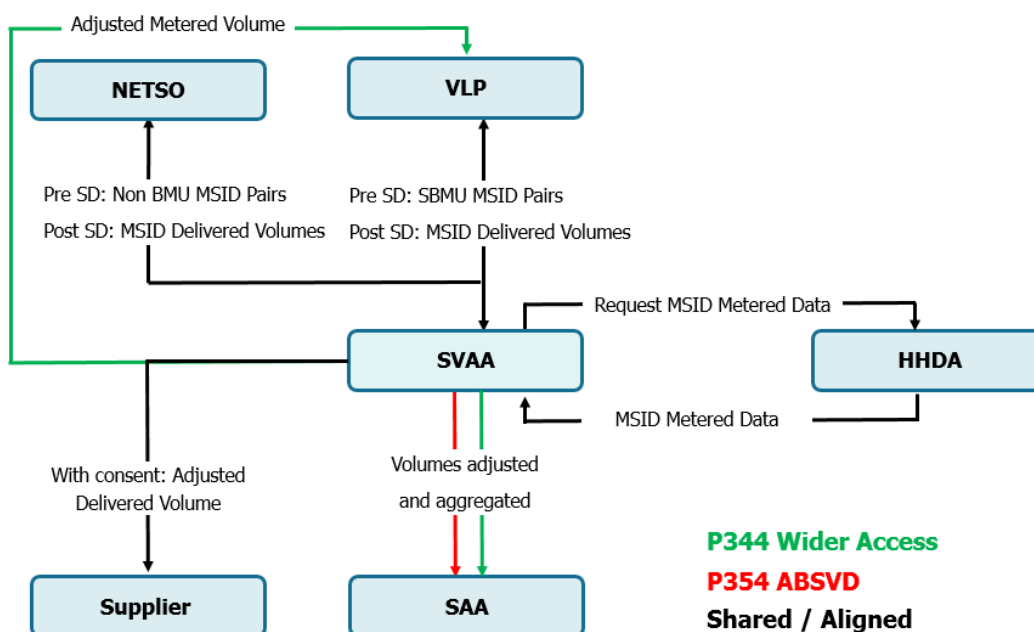
The below diagram shows where there would be duplicate processes without the alignment.



#### Proposed solution

The BSC will be amended to align the P344 and P354 solutions defined terms and processes to enable the receipt, storage and processing of both Secondary Balancing Mechanism Unit (SBMU) related data and Applicable Balancing Services Volume Data (ABSVD).

The below diagram shows where the duplicate processes would be aligned under P388.



#### SVA Metering System Register

P344 and P354 both require that a BSC Party to inform Supplier Volume Allocation Agent (SVAA) of the contents of their Balancing Services portfolio by submitting MSID Pairs to the Supplier Volume Allocation Agent (SVAA).

Both solutions were written to capture MSID Pairs from a singular data source and have minor format discrepancies in regards to required data items. A combined solution is needed to accept MSID Pairs from multiple sources and be able to store and differentiate between MSID Pairs for different Balancing Services.

The customer consent flag will be included for both the MSID Import and Export part of the pair (under P354 it would be one flag for both).

#### Delivered Volume aggregation

P344 and P354 both require that SVAA aggregate MSID Delivered Volumes per impacted Supplier BM Unit. However, the P344 solution includes a correction for GSP Group Correction Factor whilst P354 does not.

This Modification proposes to align the solutions by applying GSP Group Correction Factor to the P354 ABSVD volumes to ensure that all volumes in Settlement have been adjusted consistently.

## **Conflicting definitions**

A number of conflicting definitions have been identified as each solution has defined items in the context of their own solution. The definitions shall be expanded to include reference to both P344 and P354 solutions respectively.

## **Manifest Errors**

A number of small errors / typos / incorrect references have been identified in both the P344 and P354 texts which can be rectified

## **Legal text**

Proposed changes to the BSC to deliver P388 are in Attachment A.



### Estimated central implementation costs of P388

#### ELEXON costs

Implementing the document changes required by this Modification will cost approximately £1,440.

#### BSC Central Systems

This Modification will align the P344 and P354 solutions and consequently will amend some of the system calculation steps, but will not affect the calculated outcomes. We do not expect these impacts to materially alter the previously reported P354 costs of £300k.

### Indicative industry costs of P388

No impacts or costs on market participants from P388 have been identified. P388 does not impact any Party obligations or data flows.

Based on the P388 business requirements (revised P354 business requirements), the NETSO expect the changes in scope of P344 and P354 (brought about by P388) to be included in the costings of P344 and/or P354 respectively as the changes introduced by P388 are minor compared to the scope of the original modifications (P344 and P354).

Two industry respondents raised concerns in the Phase Consultation that the approved P354 solution does not take into account balancing actions being provided for regional DNO services, such as voltage support. However, these issues (arising from P354) are unchanged by the P388 solution.

#### Impact on BSC Parties and Party Agents

Party/Party Agent	Potential Impact
-------------------	------------------

This Modification will not directly impact Parties over and above impacts already identified through Modification P354. The inputs and outputs for the P344 and P354 solutions are not changing.

#### Impact on the National Electricity Transmission System Operator (NETSO)

The NETSO will need to make minor changes to its system. P388 requires additional data fields in relation to the original P354 solution that need to be provided to ELEXON that are currently not in scope of the P354 solution.

#### Impact on BSCCo

Area of ELEXON	Potential Impact
----------------	------------------

ELEXON will be required to implement this Modification

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
SVAA	The SVAA will be required to apply the Group Correction Factor to the LLF adjusted ABSVD Delivered Volumes to align with P344 solution.
SAA	Double counting of Balancing Volumes will be avoided with the aligned P388 solution.

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

Impact on Code	
Code Section	Potential Impact
Section H	Clarification of terminology
Section J	Changes to referenced Agent's Metering System
Section Q	Additional or amended information in MSID Pairs
Section S	Additional or amended process for Pair Delivered Volumes
Section T	Changes to defined terms
Section X-1	Changes to defined terms
Section V	New reporting information
Section X-2	Changes to defined terms
Annex S-2	The SVAA will be required to apply the Group Correction Factor to the LLF adjusted ABSVD Delivered Volumes to align with P344 solution.

Impact on Code Subsidiary Documents	
CSD	Potential Impact
SVAA Service Description	These documents will require amendments as a result of P388, which will be developed and consulted upon as part of the implementation phase of this Modification. These will be issued for consultation by the end of 2019.
SAA Service Description	

Impact on other Configurable Items	
Configurable Item	Potential Impact
SVAA URS	These documents will require amendments as a result of P388, which will be developed and consulted upon as part of the implementation phase of this Modification. These will be issued for consultation by the end of 2019.
SAA URS	

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Impact on Core Industry Documents and other documents	
Document	Potential Impact
Ancillary Services Agreements	No impacts identified
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Distribution Connection and Use of System Agreement	
Grid Code	
Master Registration Agreement	
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
On 18 July 2019, the Authority confirmed that P388 proposal is outside the scope of the open Significant Code Review(s).

Impact on Consumers
No impact

Impact on the Environment
No impact

### Recommended Implementation Date

The Panel recommend an Implementation Date of:

- 1 April 2020 to align with the approved implementation date of P354, which P388 is amending

### Self-Governance

The Panel believe that P388 will not require the Gas and Electricity Market Authority (GEMA) approval because any impact on Parties falls under the already approved P354 Modification. Consequently, P388 meets the Self-Governance Criteria and should be progressed as a Self-Governance Modification.

One respondent to the Report Phase Consultation agreed with the Panel that P388 should be treated as a Self-Governance Modification, one did not provide a view and one indicated that P388 should not be treated as a Self-Governance Modification. The reason the respondent believed P388 should be submitted to Ofgem was due to the consideration of DNOs providing balancing services by varying voltage on their network. To this extent, the Authority should re-consider its P354 decision.



### What are the Self-Governance criteria?

A proposal that, if implemented:

- a) 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

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The Initial Written Assessment (IWA) for P388 was presented to the BSC Panel at its meeting on 11 July 2019 [BSC Panel 292/04](#). The Panel agreed to submit P388 directly to the Report Phase for consultation, as it is the changes that need to be made are self-evident. A Workgroup would offer little value. The solution can be verified via the Report Phase Consultation and so there is no reason not to proceed directly to Report Phase.

The Panel agreed with all recommendations unanimously as set out in Section 7 of this paper below and made no further comments.

### Panel's views against Applicable BSC Objectives

The Panel agreed with the Proposer that this Modification would better facilitate Applicable BSC Objective (d).

#### Applicable BSC Objective (d)

Contradictory and duplicate processes may cause confusion and risk double counting in Settlement. Both would involve wasted time and effort, firstly for Parties in understanding the sections of code and secondly for ELEXON resolving the errors in Settlement.

The Proposer believes that this Modification will have no impact on the other Applicable BSC Objectives.



#### 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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## 7 Report Phase Consultation Responses

This section summarises the responses to the Panel's Report Phase Consultation on its initial recommendations. You can find the full responses in Attachment B.

We received a full response from a generator and NETSO. We also received a response from an energy consultant, who only provided some general comments, which we have captured in question seven.

Summary of P388 Report Phase Consultation Responses				
Question	Yes	No	No Comment	Other
1. Do you agree with the Panel's initial unanimous recommendation that P388 should be approved?	1	0	2	0
2. Do you agree with the Panel that the redlined changes to the BSC deliver the intent of P388?	1	0	2	0
3. Do you agree with the Panel's recommended Implementation Date?	1	0	2	0
4. Do you agree with the Panel's initial view that P388 should be treated as a Self-Governance Modification?	1	1	1	0
5. Will P388 impact your organisation?	1	1	1	0
6. Will your organisation incur any costs in implementing P388?	0	2	1	0
7. Do you have any further comments on P388?	2	1	-	-

Of the one respondent that provided a response to questions one to three, they agreed with the Panel initial views. The other respondents gave no comments or views in response to these questions.

### Further Comments

Two respondents provided further comments on the treatment of ancillary services by DNOs. The respondents are concerned that P354 (and therefore P388) does not address the treatment of ancillary services (voltage controls) by DNOs and are not specific to demand over the local region. This could therefore have a disproportionate effect on a regional supplier. The respondents have asked that Ofgem reconsider its P354 decision in light of this. ELEXON believe these comments are out of scope for P388, as this particular impact falls under the P354 solution, which has already been approved. A new Issue or Modification could be brought forward to consider this potential issue.

## 8 Recommendations

We invite the Panel to:

- **AGREE** that the P388:
  - **DOES** better facilitate Applicable BSC Objective (d);
- **DETERMINE** (in the absence of any Authority direction) that P388 is a Self-Governance Modification Proposal;
- **APPROVE** an Implementation Date for P388 of:
  - 1 April 2020 as part of an ad-hoc BSC Release;
- **APPROVE** the draft legal text for P388;
- **APPROVE** the P388 Modification Report.

## Appendix 1: Estimated Progression Effort

The following tables contain the estimated effort in progressing P388:

Assessment Effort	
Participant	Effort (man days)
ELEXON	20
<b>Total</b>	<b>20</b>

Consultation Response Effort	
Consultation	No. of responses
Report Phase Consultation	2
<b>Total</b>	<b>2</b>

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## Appendix 2: Glossary & References

### Acronyms

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

Acronym	
Acronym	Definition
ABSVD	Applicable Balancing Services Volume Data
BM	Balancing Mechanism
BSP	Balancing Services Provider
MSID	Metering System Identifier
NETSO	National Electricity Transmission System Operator
RR	Replacement Reserves
SBMU	Secondary Balancing Mechanism Unit
SVA	Supplier Volume Allocation
SVAA	Supplier Volume Allocation Agent
TERRE	Trans European Replacement Reserves Exchange
VLP	Virtual Lead Party

### 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
	P344 - Final Modification Report	<a href="https://www.elexon.co.uk/wp-content/uploads/2016/06/P344-Final-Modification-Report.zip">https://www.elexon.co.uk/wp-content/uploads/2016/06/P344-Final-Modification-Report.zip</a>
	P354 - Final Modification Report	<a href="https://www.elexon.co.uk/wp-content/uploads/2017/01/P354-Final-Modification-Report.zip">https://www.elexon.co.uk/wp-content/uploads/2017/01/P354-Final-Modification-Report.zip</a>