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## BSC Sandbox Final Report for Emergent Energy

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### BSC Panel

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Purpose of paper **For Decision**

Classification **Public**

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Summary **Elxon invites the Panel to recommend approval of the BSC Sandbox application for Emergent Energy.**

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### 1. Background

1.1 The attached report fulfils BSCCo's obligation in BSC Sandbox Procedure 4.1.3 to provide the BSC Panel with an assessment of a BSC Sandbox Application. This report applies to BSC Sandbox Application 2020-01, by Emergent Energy. The report also fulfils other requirements of BSCCo, including an assessment of fees, views on accession to the BSC, the summary of consultation responses and confirmation of a transition plan for ending the derogation.

### 2. The Derogation proposal

#### The issue being addressed

2.1 Emergent Energy provide metering and billing management systems to landlords of customers on private wire networks, including blocks of residential flats operated by Local Authorities.

2.2 Customers on private wire networks may be supplied by the boundary point Supplier of the private wire network, but also have the right to switch their supply to any other Supplier, under the [Electricity and Gas \(Internal Markets\) Regulations 2011](#). The private network operator has an obligation to facilitate this access to Third Party Suppliers (TPSs), and the BSC can facilitate this via difference metering, shared metering or full settlement options.

2.3 However, difference metering and shared metering are not attractive for incoming TPSs, as they significantly increase the cost of supply to customers located on private wire networks, due to the overheads of establishing the arrangements. Full settlement is not attractive to the customers supplied by the Boundary Point Supplier (BPS) as they would no longer be able to benefit from netting of behind the meter generation.

2.4 We understand that currently some TPSs of customers who switch away from the BPS submit the meter readings of the individual customers into settlement. The BPS submits the boundary meter reading, which is an aggregate of all of the consumption on the site. No differencing is applied to this meter reading, and therefore consumption by any customers supplied by a TPS is double counted in settlement.

#### The proposed solution

2.5 Emergent Energy proposes a trial across several of their sites where the interval data for the settlement boundary point meter (where the private network meets the DNO Network) is replaced by aggregated data from the individual import and export meters on site, excluding those supplied by TPSs.

- 2.6 The aggregation will be done by propriety software in coordination with an organisation performing a role akin to data retrieval and will be subject to audit and The applicant has agreed to provide an annual Independent audit of the metering inventory at the sites concerned.
- 2.7 In order for the trial to proceed, partial derogations are required from elements of the BSC and BSCPs as set out in the report.
- 2.8 The applicant has requested that the derogation last for 2 years from the start date of the derogation and that the derogation be applied in respect of a specified list of MSIDs. These MSIDs represent the boundary meters of private wire networks. The length and scope of the derogation are designed to maximise customer switches to and from TPSs while the trial is operational.
- 2.9 If the trial is successful, then the proposer intends to raise a BSC Modification to make the arrangements permanent including any lessons learnt in the trial.

### **Elexon's assessment**

- 2.10 Elexon believe that the derogation will better facilitate Applicable 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".
- 2.11 We believe Applicable BSC Objective (c) is better facilitated because the trial aims to improve access to TPSs for customers on private networks. The current [BSC Procedure \(BSCOP\) 550](#) arrangements either constitute a barrier to switching due to the additional costs faced by Suppliers of establishing the necessary contracts; or result in non-compliance with the BSC and double counting of settlement volumes, or removes some of the potential consumer benefits of on-site generation.
- 2.12 Elexon do not believe the trial poses undue risk to settlement. We retain the ability to audit settlement volumes of the site throughout the duration of the trial, to ensure the volumes submitted in relation each site match the boundary point meter reading.
- 2.13 During consultation with all BSC Parties When consulted, only two organisations responded and neither identified material impacts on their operation. Both responses raised some issues which are addressed in the attached report.

### **3. Next Steps**

- 3.1 The report and the Panel's recommendation will be sent to the Authority for decision following the Panel meeting. If the derogation is approved, then Elexon will work with the Proposer to implement the derogation.

### **4. Recommendation**

- 4.1 We invite the Panel to:
- a) Recommend **APPROVAL** of the derogation request from Emergent Energy.

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### **Attachments**

Attachment A - BSC Sandbox Final Report for Emergent Energy

Attachment B – Emergent Energy Elexon Impact Assessment

Attachment C – Emergent Energy Elexon Risk Assessment

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### **For more information, please contact:**

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