

P419 'Enhanced Reporting of Demand Data to the NETSO to facilitate BSUoS Reform'

This Modification will enable the aggregation of the metered data of Non-Final Demand Sites, such as eligible service facilities and electricity generation facilities, to facilitate Connection and Use of System (CUSC) Modification CMP308 'Removal of BSUoS charges from Generation'. It would also make clear how Suppliers, Half Hourly Data Aggregators (HHDAs) and the Supplier Volume Allocation Agent (SVAA) participate in the aggregation and reporting of this data, as well as ensuring appropriate assurance measures are applied.



Elexon recommends P419 is progressed to the Assessment Procedure for an assessment by a Workgroup



Elexon does not consider it likely that P419 will impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- The National Electricity Transmission System Operator (NETSO);
- Suppliers;
- Generators;
- Half Hourly Data Aggregators; and
- Elexon

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Contact

Craig Murray

020 7380 4201

bsc.change@elexon.co.uk

craig.murray@elexon.co.uk



About This Document



Not sure where to start? We suggest reading the following sections:

- Have 5 mins? Read section 1
- Have 15 mins? Read sections 1, 4, 5 and 6
- Have 30 mins? Read all sections
- Have longer? Read all sections and the annexes and attachments

This document is an Initial Written Assessment (IWA), which Elexon will present to the Panel on 13 May 2021. The Panel will consider the recommendations and agree how to progress P419.

There are two parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress, including the Workgroup's proposed membership and Terms of Reference.
- Attachment A contains the P419 Proposal Form.

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1 Summary

What is the issue?

The second Balancing Services and Use of System (BSUoS) task force concluded that non-Final Demand should be exempt from BSUoS charges subject to sufficient notice to industry. Connection and Use of System Code (CUSC) Modification [CMP308 'Removal of BSUoS Charges from Generation'](#) is being progressed to ensure only Final Demand is subject to BSUoS charges. With the current data available, NGENSO is not able to effectively identify all Non-Final Demand volumes, and is therefore unable to accurately apply BSUoS exemptions. Using existing Settlement Data, the BSC remains the primary source of aggregated metered data for a variety of non-Settlement activities, such as network charging.

What is the proposed solution?

Expand the systems and processes introduced by [P383 'Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications CMP280 and CMP281'](#) to allow eligible facilities to declare exemption from BSUoS charges and provide NGENSO with aggregated data to this effect via the P0210 'TUoS Report' data flow.

Impacts and costs

This Modification is expected to impact on **Elexon** due to the expansion of existing processes. The existing processes would remain the same whilst the scope of eligible sites would increase. **Eligible generators** would be impacted as they would be required to complete a declaration of exemption, and Suppliers would be required to submit these. **Suppliers** already submit these declarations for storage facilities, so again this would simply be expanding the scope of existing processes. **NGESO** would be required to process these declarations and to process the data accordingly.

Implementation

The Proposer recommends an Implementation Date for P419 of 23 February 2023 as part of the February 2023 Release. This will allow the SVAA to process declarations from Suppliers before the implementation of CMP308 on 1 April 2023, in line with Ofgem's expectation.

Recommendation

The Proposer and Elexon recommends that this Modification be progressed to the Assessment Phase for discussion by an industry Workgroup.

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2 Why Change?

What is the issue?

Balancing Services Use of System (BSUoS) Reform has been initiated to further develop and implement the [recommendations of the Second BSUoS Task Force](#) and the subsequent [Ofgem response letter](#). The Second BSUoS Taskforce concluded only Final Demand should pay all BSUoS charges subject to sufficient notice to industry.

With the current data available, NGENSO is not able to effectively identify all Non-Final Demand volumes, and is therefore unable to accurately apply BSUoS exemptions. Using existing Settlement Data, the BSC remains the primary source of aggregated metered data for a variety of non-Settlement activities, such as network charging.

Whilst the BSC as a result of P383 does allow the identification of and reporting of metered data for declared SVA Storage Facilities, – Generation import and eligible services will also be exempt from BSUoS and need to be identified and data provided to NGENSO in the same way, this is because the aggregation of such site-specific metered data is not necessary for Settlement. Nor does the BSC enable the BSC Panel to establish assurance measures in respect of non-Settlement activities, such as the aggregation of metered data for network charging purposes, unless the activity is provided for in the BSC.

NGESO should be able to collate CVA data for themselves, but it is recognised that having separate CVA and SVA solutions could be sub-optimal, so the group should explore if having two processes will be the most efficient solution, given time constraints for delivery.

Background

Balancing Services Use of System (BSUoS) Charges

BSUoS charges recover the cost of day-to-day operation of the Transmission System and comprise the following costs, services and special provisions:

- The total costs of the Balancing Mechanism;
- Total Balancing Services Contract costs;
- Payments/Receipts from NGENSO incentive schemes;
- Internal costs of operating the Transmission System;
- Costs associated with contracting for and developing Balancing Services;
- Costs invoiced to NGENSO associated with Manifest Errors; and
- BETTA implementation costs.

Both Generators and Suppliers are currently liable for these charges, which are calculated daily as a flat tariff for all users (Interconnectors have been exempt from BSUoS charges since 2012). The sum total of BSUoS charges depends on the balancing actions that NGENSO take each day. They are then apportioned based on a half hourly £/MWh basis and are applied proportionally according to responsible parties' portfolio share.



What is Final Demand?

Final Demand is demand at the point of energy consumption for purposes not related to energy generation or storage e.g. energy used to boil a kettle or power a smelting plant.

Non-Final Demand refers to demand related to the generation or storage of energy e.g. the energy required to fire up a Combined Cycle Gas Turbine or energy related to charging batteries on storage sites.

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Second BSUoS Taskforce

Following [Ofgem's Final Decision on its Targeted Charging Review \(TCR\) Significant Code Review \(SCR\)](#) (published in December 2019), Ofgem requested NGENSO launch an industry taskforce to provide analysis to support decisions on the future direction of BSUoS charges. Specifically, the taskforce was established to consider who should pay balancing charges and on what basis. This taskforce concluded on 30 September 2020 with the publication of its [final report](#).

The taskforce had two deliverables to consider:

- Who should be liable for BSUoS charges; and
- How should these charges be recovered.

It is the first of these deliverables that this Modification is concerned with. On this point, the taskforce recommended that Final Demand should pay all BSUoS charges, subject to sufficient notice to industry prior to implementation. This recommendation is in line with Ofgem's position set out in its TCR decision letter, which laid out rationale for residual network charges being paid by Final Demand consumers. The key reasons the taskforce came to this conclusion were:

- Levying BSUoS charges on to Final Demand only will mitigate the existing distortions between GB transmission connected generators who are currently liable for BSUoS charges and interconnected and distributed generation who are not;
- Expanding the charge base to include distributed generation would create a new distortion boundary between behind the meter generation and network connected generation and have a negative impact on the business case of new distributed and community generation which is overwhelmingly renewable or low carbon; and
- The first Task Force concluded that BSUoS should be a cost recovery charge, the addition of BSUoS related risk premia and transaction costs into both wholesale and retail prices is an inefficient method of cost recovery.

In [its response to the second BSUoS taskforce's conclusions](#), Ofgem noted its view that April 2023 would be an appropriate target for this change to take effect.

CMP308 'Removal of BSUoS Charges from Generation'

To take the recommendation of the second BSUoS taskforce forward, Connection and Use of System (CUSC) Modification [CMP308 'Removal of BSUoS Charges from Generation'](#) is being utilised which seeks to amend the BSUoS Charging Base to include Final Demand only. The Proposer and Workgroup also believe that doing so will allow GB generation to be more competitive in comparison with their European trading partners, who are not subject to equivalent charges.

NGESO currently rely on Elexon to collect and report aggregated metered data for Supply Volume Allocation (SVA) registered Metering System Identifiers (MSIDs), which is reported in the P0210 'TUoS Report' data flow, which is used by NGENSO to calculate network charges (BSUoS/TNUoS). In addition to the existing Supplier Metered Data provided in the P0210, [P383 'Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications CMP280 and CMP281'](#), implemented on 1 April 2021, introduced requirements for certain additional metered volumes to be reported separately and a 'corrected' Supplier BM Unit data position to be provided. However, these volumes still

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include metered data for certain eligible service facilities that CMP308 would seek to exclude. This Modification therefore seeks to introduce a solution that will allow NGESO to identify and exclude these eligible facility volumes.

P383 'Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications CMP280 and CMP281'

BSC Modification P383 enables the aggregation of specific Metering Systems' metered data for network charging purposes, i.e. to support the operation of CUSC Modification Proposals CMP280 and CMP281. It introduced processes explaining how Suppliers, HHDA's and the SVAA participate in the aggregation and reporting of storage facilities' Metering Systems' metered data and enable the BSC Panel and BSCCo to perform assurance activities in relation to the aggregation of this data.

Desired outcomes

This Modification seeks to expand the processes introduced under P383 to ensure that BSC Systems are responsible for managing the declaration of eligible facilities (e.g. Generators and storage sites – non-Final Demand). It also seeks to ensure that NGESO receives Supplier BM Unit Metered Data that excludes Imports to declared eligible facilities as set out in the BSUoS task force recommendations and agreed by Ofgem.

Proposed solution

This Modification seeks to support the BSUoS Reform CUSC Modification CMP308 proposal by ensuring NGENSO receives required SVA HH Final Demand metered data for BSUoS billing purposes excluding non-Final Demand. At a high level, this Modification seeks to:

1. Extend processes introduced by P383 to enable Parties to declare eligible facilities and for the SVAA to collect, aggregate and reported the metered data for these specific 'declared' electricity generation facilities and eligible service facilities; and
2. Specifically recognise this new non-Settlement activity in the Balancing and Settlement Code (BSC), thereby enabling the BSC Panel to establish measures that provide assurance to BSC Parties that the requirements for this new activity are followed, e.g. by extending the measures introduced under P383.

The Proposer seeks to modify the BSC and its Code Subsidiary Documents (CSDs) so they describe processes that enable HH Imports for specific SVA registered eligible generation facilities and eligible service facilities to be collected, aggregated and reported to the NGENSO. This includes all HH Metered licensed and unlicensed storage, generation and potential pathfinder projects, as defined in CMP308.

In summary, the proposal is to extend the P383 solution as follows:

- the operator of an eligible generation facility or eligible service facility must provide a director-signed declaration to the SVAA, via its Supplier(s);
- the SVAA will validate the declaration and, if successful, the SVAA will instruct the HHDA(s) for the declared MSID(s) to report HH Import and Export metered data to it;
- the SVAA will aggregate the Import metered data to Supplier BM Unit level and report the Imports to the Transmission Company for use in the calculation of network charges; and
- the BSC Panel will establish measures that provide assurance that the processes are followed correctly and accurately.

Approved BSC Modification P383, was implemented on 1 April 2021. Therefore, this process will make use of existing interfaces that would enable SVAA to instruct HHDA's to report HH metered data for specific Metering Systems to it.

Additionally the Proposer would like to discuss the CVA declaration processes introduced to NGENSO and assess whether it is appropriate to have a separate process for excluding CVA Non-Final Demand BM Units from BSUoS billing (both transmission connected and embedded).

Approach to aggregation

The following is a summary of the different elements of the proposed approach to aggregating and reporting metered data.

Self-declaration – in order to exclude an electricity generation facility or eligible service facility from the calculation of network charges, the operator must send its Supplier(s) a director-signed declaration, which sets out important information about the electricity

generation facility or eligible service facility. The declaration will confirm that the electricity generation facility or eligible service facility being declared complies with the criteria set out in the CUSC (e.g. the generation facility is only used for generation purposes) and states the facility's associated Metering System ID(s). If the electricity generation facility or eligible service facility's MSIDs are registered with more than one Supplier, it must ensure separate declarations are prepared and sent to each Supplier, but that each declaration identifies any related SVA MSIDs.

The Supplier must send the declaration to SVAA. The Supplier may perform its own-validation of the declaration (as ultimately the Supplier is the BSC Party and CUSC Party responsible) but is not obliged to do so. A standard declaration template will be defined in a BSC CSD similar to the one used for P383.

Validation – SVAA must check that any declaration is completed properly and that it is valid, i.e. that it satisfies the criteria that will be set out in the CUSC in accordance with CMP308. If the declaration is incomplete or invalid, SVAA will inform the relevant Supplier and provide an explanation for its reason to reject the declaration.

Instruction to HHDA to report metered data – Only if SVAA accepts that a declaration is complete and valid, SVAA will use ECOES to identify the HHDA(s) appointed to the declared MSID(s) and instruct it/them to report HH Import and Export metered data for the declared MSID(s). The SVAA and HHDA must use existing appointment DTC data flows, i.e. the D0354 sent by SVAA to appoint, D0355 sent by HHDA to accept appointment and D0356 sent by HHDA to reject appointment.

Report metered data to SVAA – once appointed the HHDA will report HH Import and Export metered data to SVAA according to the prevailing SVAA Settlement Calendar for data aggregation.

Aggregate metered data – in accordance with prevailing SVAA Settlement Calendar, the SVAA will aggregate the HH Import data reported to it by HHDA's by Settlement Day, Settlement Period, Supplier BMU and Measurement Class. In addition the SVAA will calculate distribution losses for these aggregated metered volumes. When aggregating metered data, the SVAA will check for MSIDs with missing Imports and Exports, investigate missing data and resolve these exceptions.

Report aggregated Metered Data – the SVAA will report aggregate Metered Data and associated losses to the Transmission Company using the P0210 TUoS Report and in accordance with the current timetable for reporting the P0210, i.e. in accordance with the SVAA Settlement Calendar.

Approach to assurance

As any process for collecting, aggregating and reporting Metered Data from eligible generation facilities or eligible service facilities to the Transmission Company for network charging would be a non-Settlement process. This means that it will not be subject to BSC Assurance activities, unless specified otherwise. It is therefore proposed to utilise and extend the processes introduced by P383. That is, SVAA keep declarations made by Suppliers under review by checking their validity each month, or as determined by the BSC Panel, and SVAA will maintain a public register of all declared non-Final Demand sites (supplementing the current register of only self-declared storage sites).

BSCCo produce a monthly public report that summarises overall performance of the processes (e.g. total volumes reported to NETSO, numbers of declarations etc). It will

check related metered volumes for declared non-Final Demand sites (again, extending the current processes that apply only to storage sites) on a monthly basis and follow up any anomalies with Suppliers and escalate issues to the Panel. The Panel may decide to exclude certain Metering Systems from the aggregated volumes reported to the NETSO or to instruct that a declaration is deemed invalid.

These measures sit outside the Performance Assurance Framework (PAF) as they are considered a non-Settlement activity.

Benefits

This Modification enables the implementation of CMP308 and unlocks the benefits this Modification is expected to provide alongside the benefits of BSUoS Reform. Further, by using the P383 process we are making best use of existing processes and systems and can therefore implement the solution more efficiently.

CMP308 will mitigate the existing distortions that exist between transmission connected generators and distribution connected generators and GB generators and EU generators through levelling the playing field by removing BSUoS from generators.

There should be no adverse effects for GB end consumers, subject to implementation taking account of existing contractual commitments. Aligning the GB market arrangements with our European trading partners and other interconnected countries better facilitates an efficient functioning internal market in electricity. To that end, GB consumers will benefit from more competitive arrangements delivered through a wider fully functioning competitive market in generation.

BSUoS Reform is expected to unlock cost savings for consumers by creating more certainty over BSUoS pricing through a fixed BSUoS price. This is expected to facilitate suppliers' pricing decisions and remove consumer risk premia caused by the current high volatility and uncertainty of BSUoS.

Applicable BSC Objectives

It is the Proposer's view that this Modification better facilitates BSC Applicable Objectives (a) and (c) as it would put in place processes to collect, aggregate and report metered volumes to NGENSO which are necessary to support NGENSO in the calculation of network charges in accordance with its licence. It also promotes effective competition in the generation and storage of electricity. Since the implementation of [CMP202 'Revised treatment of BSUoS charges for lead parties of Interconnector BM Units'](#) in August 2012, interconnectors are exempt from BSUoS charges whilst UK generation is not. This proposal will ensure UK generation is on a level with interconnectors.

Implementation approach

The Proposer recommends an Implementation Date for P419 of 23 February 2023 as part of the February 2023 Release. This will allow the SVAA to process declarations from Suppliers before the implementation of CMP308 on 1 April 2023, in line with Ofgem's expectation.



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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4 Areas to Consider

In this section we highlight areas which we believe the Panel should consider when making its decision on how to progress this Modification Proposal, and which a Workgroup should consider as part of its assessment of P419. We recommend that the areas below form the basis of a Workgroup's Terms of Reference, supplemented with any further areas specified by the Panel.

CVA non-Final Demand

The Proposer wishes to explore whether the CVA declarations process would be an appropriate means in excluding CVA non-Final Demand BM Units from BSUoS billing (both transmission connected and embedded, including storage). They note that the processes introduced under P383 apply to only SVA-connected storage facilities, and that any amendment to the solution of this Modification would introduce additional complexity and impact the costs and timeline. However, they feel this would be an appropriate forum to discuss this possibility for any future changes.

Export Data

P383 collects both import and export metered data as a means to validate whether an exempt site is behaving as a storage site would be expected (i.e. if import and export values are equal, it is reasonable to assume that the site is a storage facility). It is unclear whether there is value in sharing aggregating export metered values in the same way for the expanded processes being proposed under this Modification, as generation sites will always export more than they import.

Areas to consider

The table below summarises the areas we believe a Modification Workgroup should consider as part of its assessment of P419:

Areas to Consider
Is the CVA declarations process an appropriate means to exclude CVA non-Final Demand from BSUoS charges?
If a signed declaration is made, should export metered values be collected to validate a site's eligibility for exemption?
How will P419 impact the BSC Settlement Risks?
What changes are needed to BSC documents, systems and processes to support PXXX and what are the related costs and lead times? When will any required changes to subsidiary documents be developed and consulted on?
Are there any Alternative Modifications?
Should P419 be progressed as a Self-Governance Modification?
Does P419 better facilitate the Applicable BSC Objectives than the current baseline?
Does P419 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?



What is the Self-Governance Criteria?

A Modification that, if implemented:

- (a) does not involve any amendments whether in whole or in part to the EBGL Article 18 terms and conditions; except to the extent required to correct an error in the EBGL Article 18 terms and conditions or as a result of a factual change, including but not limited to:
 - (i) correcting minor typographical errors;
 - (ii) correcting formatting and consistency errors, such as paragraph numbering; or
 - (iii) updating out of date references to other documents or paragraphs;

- (b) 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
- (c) is unlikely to discriminate between different classes of Parties.

Next steps

The Proposer believes this Modification should be submitted to a Workgroup to consider the Terms of Reference detailed in section 4.

The Proposer believes this Modification should not be classed as a Self-Governance Modification Proposal as it likely to impact Self-Governance criteria (b) (ii), (iii) and (c). This Modification will exclude certain metering points from Final Demand and thus payment of BSUoS in line with changes to the CUSC. This will be required for NGENSO to bill BSUoS correctly. As a result, changes are needed to the BSC and relevant CSDs to deliver the correct interpretation of Final Demand. This Modification will impact competition when put in the context of CMP308, and as summarised above. It will impact NGENSO as it is reliant on the solution to enable the implementation of CMP308. Moreover, this Modification discriminates between classes of Parties as only Suppliers can submit declarations, and only certain types of generator are eligible.

Workgroup membership

Workgroup members should have expertise in:

- Residual network charges (specifically BSUoS);
- Processes introduced by P383.

Timetable

It is proposed to submit this Modification for a six month Assessment Procedure. At this stage, no EBGL impacts are expected.

Proposed Progression Timetable	
Event	Date
Present Initial Written Assessment to Panel	13 May 2021
Workgroup Meeting	W/B 19 July 2021
Workgroup Meeting	W/B 6 September 2021
Assessment Procedure Consultation	20 Sep 21 – 8 Oct 21
Workgroup Meeting	W/B 17 Oct 21
Present Assessment Report to Panel	11 Nov 21
Report Phase Consultation	15 Nov 21 – 29 Nov 21
Present Draft Modification Report to Panel	9 December 21
Issue Final Modification Report to Authority	15 December 21
Develop Code Subsidiary Documents	Post-approval

6 Likely Impacts and costs

This Modification seeks to expand existing processes introduced under P383, therefore costs and lead times are expected to be significantly lower than if these had to be developed from the ground up.

Costs will be assessed during the Assessment Procedure. However, for those roles we believe will be impacted, we have indicated whether we believe the costs are likely to be high, medium or low based on the following categories:

- High: >£1 million
- Medium: £100-1000k
- Low: <£100k

Impact on BSC Parties and Party Agents		
Party/Party Agent	Potential Impact	Potential cost
Generators	The process would require generators to sign a declaration that they were ineligible for BSUoS charges which they would send to Suppliers	L
Suppliers	Suppliers would pass the above declaration to the SVAA to be excluded from Final Demand, which would in turn be sent to NGENSO	L
Half Hourly Data Aggregators	No impacts expected on systems and processes, but higher volume of data related to BSUoS-exempt sites expected	L

Impact on the NETSO	
Potential Impact	Potential cost
NGESO will be required to process the above declarations and process the data accordingly.	M

Impact on BSCCo		
Area of Exelon	Potential Impact	Potential cost
Participant Management	Screens must be amended to allow additional eligible sites to submit declarations of exemption from BSUoS charges. Higher number of queries and registrations in relation to non-Final Demand Sites would also be expected	L
Analysis & Insight	Expected increase in volume of BSUoS-exempt data that will be analysed and validated	L
Settlement & Invoicing	Format of P0210 column names likely require amendment to encompass the broader scope of BSUoS-exempt sites	L

Impact on BSCCo		
Area of Elexon	Potential Impact	Potential cost
Assurance	Where Analysis & Insight identify exceptions requiring further investigation, Assurance would be required to support	L

Impact on BSC Settlement Risks

This Modification is not expected to significantly impact BSC Settlement Risks as it is expanding existing processes.

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
SVAA	The SVAA currently provides NGESO with Final Demand data for the purposes of BSUoS charging. It currently has a process in place to exclude Final Demand Metering Data from licensed storage. This Modification would increase the scope of the sites to be excluded from Final Demand data sent to NGESO although the process should remain the same.

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
SVAA (CGI)	CGI will be responsible for the operation of SVAA systems and manual processes necessary to support this proposal.

Impact on Code	
Code Section	Potential Impact
Section S – Supplier Volume Allocation	Extension of existing process to cover more eligible sites
Section S, Annex S-2 – Supplier Volume Allocation Rules	Extension of existing process to cover more eligible sites as Allocated Metering System Metered Consumption and within scope of the declaration process.
Section X, Annex X-1 – General Glossary	Define new eligible sites
Section X, Annex X-2 – Technical Glossary	

Impact on EBGL Article 18 terms and conditions

This Modification is not expected to impact the BSC provisions that constitute EBGL Article 18 Terms and Conditions.

Impact on Code Subsidiary Documents	
CSD	Potential Impact
BSCP503 – Half Hourly Data Aggregation for SVA Metering Systems Registered in SMRS	Extension of existing process to cover more eligible sites
BSCP602 – SVA Metering System Register	Amend declaration form and process to include all eligible sites

Impact on Core Industry Documents and other documents	
Document	Potential Impact
Connection and Use of System Code	This Modification will be amending the BSC to support the effective implementation of CMP308. It will be necessary to ensure NGENSO can identify Non-Final Demand and exclude it from BSUoS charges.

Impact on a Significant Code Review (SCR) or other significant industry change projects

This proposal is not explicitly within the scope of an active SCR but is related to a wider initiative which was, in part, progressed as an SCR (Targeted Charging Review SCR). On 4 May 2021 we requested to Ofgem that this Proposal be treated as an SCR Exempt Modification Proposal. At time of writing Elexon has not received confirmation P419 is outside the scope of all open SCRs.



What are the consumer benefit areas?

- 1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?
- 2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?
- 3) Will this proposal support:
 - i) new providers and technologies?
 - ii) a move to hydrogen or lower greenhouse gases?
 - iii) the journey toward statutory net-zero targets?
 - iv) decarbonisation?
- 4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.
- 5) Are there any other identified changes to society, such as jobs or the economy.

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Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
<p>1) Improved safety and reliability</p> <p>This Modification would have no impact on safety and reliability.</p>	Neutral
<p>2) Lower bills than would otherwise be the case</p> <p>BSUoS Reform is expected to unlock cost savings for consumers by creating more certainty over BSUoS pricing through a fixed BSUoS price. This is expected to facilitate suppliers' pricing decisions and remove consumer risk premia caused by the current high volatility and uncertainty of BSUoS. This modification, alongside CMP308 facilitates this change by allowing BSUoS charges to be applied only on Final Demand.</p>	Positive
<p>3) Reduced environmental damage</p> <p>This change will level the playing field for generation by removing the BSUoS liability and is expected to increase competition, efficiency and support more flexible low carbon forms of generation.</p>	Positive
<p>4) Improved quality of service</p> <p>This Modification would have no impact on quality of service to consumers.</p>	Neutral
<p>5) Benefits for society as a whole</p> <p>This Modification would not have a clear impact, positive or negative, on society.</p>	Neutral

7 Recommendations

We invite the Panel to:

- **AGREE** that P419 progresses to the Assessment Procedure;
- **AGREE** the proposed Assessment Procedure timetable;
- **AGREE** the proposed membership for the P419 Workgroup; and
- **AGREE** the Workgroup's Terms of Reference.

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Appendix 1: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
BETTA	British Electricity Trading and Transmission Arrangements
BMU	Balancing Mechanism Unit
BSC	Balancing and Settlement Code
BSCCo	Balancing and Settlement Code Company
BSUoS	Balancing Services Use of System charges
CSD	Code Subsidiary Documents
CUSC	Connection and Use of System Code
CVA	Central Volume Allocation
HH	Half Hourly
HHDA	Half Hourly Data Aggregator
MSID	Metering System Identifier
NETSO	National Electricity Transmission System Operator
NGESO	National Grid Electricity System Operator
SCR	Significant Charging Review
SVAA	Supplier Volume Allocation Agent
TCR	Targeted Charging Review
TUoS	Transmission Use of System charges

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
3	CMP308 'Removal of BSUoS Charges from Generation'	https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp308-removal
3	P383 'Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications CMP280 and CMP281'	https://www.elexon.co.uk/mod-proposal/p383/

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External Links		
Page(s)	Description	URL
4	Second BSUoS task force final report	http://www.chargingfutures.com/media/1477/second-balancing-services-charges-task-force-final-report.pdf
4	Ofgem response letter to the final report of the second BSUoS task force	https://www.ofgem.gov.uk/system/files/docs/2020/12/response_to_the_second_bsuos_task_force_report.pdf
4	Ofgem's Final Decision on its Targeted Charging Review (TCR) Significant Code Review (SCR)	https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-decision-and-impact-assessment
9	CMP202 'Revised treatment of BSUoS charges for lead parties of Interconnector BM Units'	https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp202-revised

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