

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

P425 'Amendment to the definition of Shared SVA Meter Arrangement'

This Modification aims to reduce the requirement from two or more Suppliers, to one or more Suppliers, to be involved in a Shared Supplier Volume Allocation (SVA) Metering Arrangement. This would allow multiple Suppliers to continue facilitating Shared SVA Metering Arrangements, while also allowing a single Supplier to make use of such an arrangement.



Elexon recommends P425 is progressed to the Assessment Procedure for an assessment by a Workgroup



Elexon does not consider it likely that P425 will impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Suppliers
- Half Hourly Meter Operators (HHMOAs)
- Half Hourly Data Collectors (HHDCs)

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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 14 October 2021. The Panel will consider the recommendations and agree how to progress P425.

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 P425 Proposal Form.
- Attachment B contains the draft indicative legal text for the Modification.

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1 Summary

What is the issue?

The existing rules for Shared SVA Meter Arrangements state that the arrangement must be between two or more Suppliers. This places a requirement for each end customer to procure different electricity Suppliers before a Shared SVA Metering Arrangement can be put in place. The current requirement acts as a barrier to competition because the Primary Supplier is prohibited from agreeing supply contracts with all customers involved in a Shared SVA Metering Arrangement.

What is the proposed solution?

This Modification proposes to remove the requirement for a Shared SVA Metering Arrangement to involve two or more Suppliers, with the definition amended so that one or more Supplier may be involved. This would need to be updated within [BSC Section K 'Classification and Registration of Metering Systems and BM Units' 2.5](#) and [BSCP550 'Shared SVA Meter Arrangement of Half Hourly Import and Export Active Energy'](#). The definition would also have to be amended in [BSC Section X, Annex X-1 'General Glossary'](#).

Impacts and costs

This Modification will impact upon BSC Section K, BSC Section X, Annex X-1, and BSCP550. No impacts on Core Industry Documents or BSC Systems have been identified. Suppliers, Half Hourly Meter Operators (HHMOAs), and Half Hourly Data Collectors (HHDCs) are expected to be impacted due to their involvement in Shared SVA Meter Arrangements, but the impact is expected to be minimal as the processes are expected to remain the same as those utilised for multiple Supplier arrangements.

Implementation

This Modification is a document only change to the BSC. The Proposer therefore requests, and we support, implementation via a special release, five Working Days after the final Authority decision is made. There are no BSC system impacts as a result of this Modification, and it should be implemented at the earliest possible opportunity so that the commercial benefits can be realised. This should be validated with the Workgroup and via the Assessment Procedure impact assessment processes.

Recommendation

We recommend the Panel agree to progress this Modification to the **Assessment Procedure**.

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2 Why Change?

What is the issue?

Shared SVA Meter Arrangements provide a useful and meaningful way for certain customers to share both the responsibilities and benefits associated with a single network connection, predominantly in the Industrial & Commercial market segment. For example, two individual companies can agree to make an investment in a generation asset that has a single connection to a Distribution network on a shared investment basis.

The existing rules for Shared SVA Meter Arrangements contained within [BSC Section K 'Classification and Registration of Metering Systems and BM Units' 2.5](#), and in turn within [BSCP550 'Shared SVA Meter Arrangement of Half Hourly Import and Export Active Energy'](#), state that the arrangement must be between two or more Suppliers. This places a requirement for each end customer to procure different electricity Suppliers before a Shared SVA Metering Arrangement can be put in place. The Proposer believes that the current requirement acts as a barrier to competition because the Primary Supplier is prohibited from agreeing supply contracts with all customers involved in a Shared SVA Metering Arrangement.

Additionally, the requirement for two or more Suppliers can introduce unnecessary set-up issues for customers where the circumstances would be suited to a single Supplier facilitating the Shared SVA Metering Arrangement. Set-up of the arrangement involves the Primary Supplier registering the Meter Point Administration Number (MPAN) while the Secondary Supplier(s) separately register each pseudo MPAN. The Suppliers must also appoint the same Supplier Agents, and agree a volume allocation schedule prior to the arrangement taking effect. This requires each Supplier to form a working relationship and agree who is to act as the Primary Supplier and who is to act as Secondary Supplier(s).

It should be noted that Suppliers are currently able to work around the requirement for a Shared SVA Meter Arrangement to involve two or more Suppliers. One method for a single Supplier to replicate a Shared SVA Metering Arrangement is to use a billing only solution, where an algorithm can be used internally to split the consumption across multiple billing entities. This option also acts as a barrier to competition, as both customers would have to remain with the same Supplier for it to function.

Another method is for the Supplier to use a different Supplier Market Participant Identifier (MPID) in order to act as the Secondary Supplier, and then following the necessary processes described through to conclusion.

The Proposer believes that the requirement for two or more Suppliers to be involved in a Shared SVA Metering Arrangement adds unnecessary complexity that cannot be justified. The need for two or more Suppliers to be involved neither improves the efficiency of the process nor reduces any associated risks to settlement when compared to a single Supplier facilitating a Shared SVA Metering Arrangement for two or more customers. Furthermore, the requirement acts as a barrier to competition by limiting the Supplier options for customers involved in a Shared SVA Metering Arrangement.

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Background

A Shared SVA Meter Arrangement refers to a single SVA Metering System, comprising Half Hourly Metering Equipment, for Exports or Imports that is the responsibility of two or more Suppliers. Shared SVA Metering Arrangements were created to allow multiple Suppliers to settle energy against a single Metering System, with an algorithm used to allocate the energy.

Elexon is unaware of any reason a single Supplier would have been prevented from facilitating a Shared SVA Metering Arrangement, and considers it an accident of the drafting.

P379 'Enabling consumers to buy and sell electricity from/to multiple providers through Meter Splitting'

[P379](#) was a Modification that sought to enable consumers to be supplied by multiple Suppliers through BSC Settlement Meters at the Boundary Point. This would have allowed multiple Suppliers to compete for the supply or export of electricity through a single Meter without needing to establish an agreement between all of the Suppliers involved for every instance. The proposed solution involved a complex, fundamental change to the code, that would have increased the flexibility of the existing SVA Shared Metering Arrangements. The Modification Workgroups thoroughly examined the Shared SVA Metering Arrangements and the roles held by Primary and Secondary Suppliers.

Ultimately, Modification P379 was withdrawn after independent analysis of the proposal showed that the costs for implementing it would significantly outweigh the benefits. However, the learnings from the development process can be utilised in other Modifications, such as this one.

Issue 96 'Assessing the reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt and licensed supply'

A Modification to amend the definition of a Shared SVA Meter Arrangement, removing the need for an arrangement to involve two or more Suppliers, was considered as a potential solution to [Issue 98](#). The Issue is still ongoing and seeks to develop an enduring solution to allow correct reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt supply and licensed supply. During the first Issue 96 Workgroup it was discussed that allowing a single Supplier to facilitate a Shared SVA Meter Arrangement would remove an anomaly of the BSC, but would not address the exempt supply issue. As such it was not pursued as a solution for Issue 96.

Desired outcomes

The desired outcome is to remove the requirement from [BSC Section K 2.5](#) for two or more Suppliers to be involved in a Shared SVA Metering Arrangement, along with removing references to the requirement within the relevant Code Subsidiary Document, [BSCP550](#). This will simplify and remove the process related complexities involved with setting up Shared SVA Metering Arrangement and a single Supplier can manage it end to end where required, improving better customer choice and experience both on initial set up and for the lifecycle duration of the arrangement.

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Proposed solution

This Modification proposes to remove the requirement for a Shared SVA Metering Arrangement to involve two or more Suppliers, with the definition amended so that one or more Supplier may be involved. This would need to be updated within [BSC Section K 2.5](#) and [BSCP550](#). The definition would also have to be amended in [BSC Section X, Annex X-1 'General Glossary'](#). Indicative legal text can be found in Attachment B, to show how this solution could be achieved.

Benefits

This change will benefit customers and Suppliers that are interested in Shared SVA Metering Arrangements. It would permit a single Supplier to enter into Shared SVA Metering Arrangements, without the complexities of using multiple MPIDs, allowing for simpler commercial arrangements. This Modification would also create the possibility for a single Supplier to facilitate the arrangement for all customers involved where desired, better facilitating customer choice of Suppliers both on initial set up and for the lifecycle duration of the arrangement. This would remove a barrier to competition that currently exists within the industry. These benefits should significantly outweigh the expected low cost to implement and operate the proposed solution.

Applicable BSC Objectives

This Modification would enable customers involved in Shared SVA Metering Arrangements to approach all relevant Suppliers within the market for future supply contracts, including the Primary Supplier, over the lifecycle of the Shared SVA Metering Arrangement. The current requirement acts as a barrier to competition because the Primary Supplier is prohibited from agreeing supply contracts with all customers involved in a Shared SVA Metering Arrangement. The Proposer believes that removal of this barrier will promote effective competition in the supply of electricity, and would therefore **better facilitate Applicable BSC Objective (c)**.

This Modification would also promote efficiency, **better facilitating Applicable BSC Objective (d)**, as it would allow the option for a single Supplier to set up a Shared SVA Metering Arrangement for customers, reducing the need for communication between Suppliers. Leaving the current requirements in place would mean that each customer's chosen Supplier would have to work in a timely and co-ordinated manner to achieve the same outcome. This Modification therefore facilitates more efficient and simplified Shared SVA Metering Arrangements.

Implementation approach

This Modification is a document only change to the BSC. The Proposer therefore requests, and we support, implementation via a special release, five Working Days after the final Authority decision is made. There are no BSC system impacts as a result of this Modification, and it should be implemented at the earliest possible opportunity so that the commercial benefits can be realised. This should be validated with the Workgroup and via the Assessment Procedure impact assessment processes.



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 P425. 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.

Areas to consider

The Workgroup should consider how the proposed solution to amend the definition of a Shared SVA Metering Arrangement would impact upon the processes outlined in [BSCP550 'Shared SVA Meter Arrangement of Half Hourly Import and Export Active Energy'](#). Potential issues with the same Supplier acting as both Primary and Secondary Supplier should be identified, and potential solutions discussed.

The commercial benefit of the Modification should also be explored further, with Workgroup members discussing how popular they would expect single Supplier Shared SVA Metering Arrangements to be in order to ensure that the BSC solution would bring the expected benefits.

This modification could increase the numbers of Shared SVA Metering Arrangements in the market, as suppliers use the updated process to provide more innovative products. As such, the Workgroup should consider how pseudo MPANs can be better identified in the market.

The table below summarises the areas we believe a Modification Workgroup should consider as part of its assessment of P425:

Areas to Consider
How will P425 impact the processes outlined in BSCP550?
What would the commercial benefit of P425 be?
How can pseudo MPANs be better identified in the market?
How will P425 impact the BSC Settlement Risks?
What changes are needed to BSC documents, systems and processes to support P425 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 P425 be progressed as a Self-Governance Modification?
Does P425 better facilitate the Applicable BSC Objectives than the current baseline?
Does P425 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?

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Self-Governance

This Modification will materially alter the commercial arrangements that Suppliers are currently required to put in place for SVA Shared Metering Arrangements, better facilitating completion, for the reasons provided against Applicable BSC Objective (c). Therefore, it should not be treated as a Self-Governance Modification. P425 should therefore be submitted to Ofgem for decision.

Urgency

This Modification is not subject to a request for Urgent treatment. P425 is not linked to an imminent issue or current issue that if not addressed may cause significant impacts on Parties, Consumers, or other stakeholders, the safety and security of the electricity or gas systems or cause any Party to be in breach of any relevant legal requirements.

Next steps

This P425 IWA will be presented to the BSC Panel at its meeting on 14 October 2021. The Proposer and Elexon recommend P425 is submitted to the Assessment Procedure for a five month assessment by a Workgroup. We propose the first Workgroup is held in November, subject to the Panel's agreement to progress P425 into the Assessment Procedure and forming a quorate Workgroup. The proposed timetable below avoid consulting over the Christmas period.

Workgroup membership

We propose that membership should be drawn from participants with experience and expertise in Shared SVA Meter Arrangements, as well as impacted Parties – Suppliers, HHMOAs, and HHDCs.

Timetable

Proposed Progression Timetable for P425	
Event	Date
Present Initial Written Assessment to Panel	14 October 2021
Workgroup Meeting	W/C 08 November 2021
Workgroup Meeting	W/C 13 December 2021
Assessment Procedure Consultation (15WDs)	10 January 2022 – 28 January 2022
Workgroup Meeting	W/C 07 February 2022
Present Assessment Report to Panel	10 March 2022
Report Phase Consultation	16 March 2022 – 1 April 2022
Present Draft Modification Report to Panel	14 April 2022
Issue Final Modification Report to Authority	20 April 2022

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

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6 Likely Impacts and costs

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

We will validate these impacts as part of the Assessment Procedure impact assessment processes.

Impact on BSC Parties and Party Agents		
Party/Party Agent	Potential Impact	Potential cost
Suppliers	Suppliers will be able to enter into Shared SVA Meter Arrangement without the need for a separate Secondary Supplier, or the use of multiple MPIDs. There are no Supplier system changes expected, as no Supplier is required to offer Shared SVA Meter Arrangements, and the processes is expected be the same as those utilised for multiple Supplier arrangements.	L
HHMOAs	There are no HHMOA system changes expected, as the processes is expected be the same as those utilised for multiple Supplier arrangements.	L
HHDCs	There are no HHDC system changes expected, as the processes is expected be the same as those utilised for multiple Supplier arrangements.	L

Impact on the NETSO	
Potential Impact	Potential cost
None identified	None

Impact on BSCCo		
Area of Exelon	Potential Impact	Potential cost
Settlement & Invoicing	Based on current Solution	L

Impact on BSC Settlement Risks	
No impacts identified	

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
N/A	No impacts identified

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
N/A	No impacts identified

Impact on Code	
Code Section	Potential Impact
K 'Classification and Registration of Metering Systems and BM Units'	To be amended to meet the solution specified in Section 3
X 'Annex X-1 'General Glossary'	To be amended to meet the solution specified in Section 3

Impact on EBGL Article 18 terms and conditions	
No impacts identified	

Impact on Code Subsidiary Documents	
CSD	Potential Impact
BSCP550 'Shared SVA Meter Arrangement of Half Hourly Import and Export Active Energy'	To be amended to meet the solution specified in Section 3 and developed by the Workgroup

Impact on other Configurable Items	
Configurable Item	Potential Impact
N/A	No impacts identified

Impact on Core Industry Documents and other documents	
Document	Potential Impact
Ancillary Services Agreements	No impacts identified
Retail Energy Code	
Supplemental Agreements	

Impact on Core Industry Documents and other documents	
Document	Potential Impact
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects
No impacts identified. We have requested that Ofgem treat this Modification as a SCR exempt Modification on 07 October 2021.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability	Neutral
2) Lower bills than would otherwise be the case	Neutral
3) Reduced environmental damage	Neutral
4) Improved quality of service Through enabling a single Supplier to set up a Shared SVA Metering Arrangement the customers would not need to contract with multiple suppliers if their circumstances are better suited to utilising a single Supplier, avoiding the associated co-ordination issues.	Positive
5) Benefits for society as a whole	Neutral



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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7 Recommendations

We invite the Panel to:

- **AGREE** that P425 progresses to the Assessment Procedure;
- **AGREE** the proposed Assessment Procedure timetable;
- **AGREE** the proposed membership for the P425 Workgroup; and
- **AGREE** the Workgroup's Terms of Reference.

Appendix 1: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
BSC	Balancing & Settlement Code
EBGL	European Electricity Balancing Guideline
HHDCs	Half Hourly Data Collectors
HHMOAs	Half Hourly Meter Operators
IWA	Initial Written Assessment
MPAN	Meter Point Administration Number
MPID	Market Participant Identifier
SCR	Significant Code Review
SVA	Shared Supplier Volume Allocation

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, 4, 5, 6, 10	BSC Section K 'Classification and Registration of Metering Systems and BM Units'	https://www.elexon.co.uk/the-bsc/bsc-section-k-classification-and-registration-of-metering-systems-and-bm-units/
3, 4, 5, 6, 7, 10	BSCP550 'Shared SVA Meter Arrangement of Half Hourly Import and Export Active Energy'	https://www.elexon.co.uk/csd/bscp550-shared-sva-meter-arrangement-of-half-hourly-import-and-export-active-energy/
3, 6, 10	BSC Section X, Annex X-1 'General Glossary'	https://www.elexon.co.uk/the-bsc/bsc-section-x-annex-x-1-general-glossary/
5	P379 'Enabling consumers to buy and sell electricity from/to multiple providers through Meter Splitting'	https://www.elexon.co.uk/mod-proposal/p379/
5	Issue 96 'Assessing the reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt and licensed supply'	https://www.elexon.co.uk/smg-issue/issue-96/

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