

# Report Phase Consultation Responses

E L E X O N

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## P442 ‘Reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt and licensed supply’

This Report Phase Consultation was issued on 21 December 2023, with responses invited by 22 January 2024.

### Consultation Respondents

| Respondent                     | Role(s) Represented               |
|--------------------------------|-----------------------------------|
| Drax                           | Generator, Supplier, ECVNA, MVRNA |
| Business Power and Gas Limited | Supplier                          |
| ENGIE                          | Supplier                          |
| Stark                          | Supplier Agent                    |

Question 1: Do you agree with the Panel's initial unanimous recommendation that the P442 Alternative solution should be approved?

## Summary

| Yes | No | Neutral/No Comment | Other |
|-----|----|--------------------|-------|
| 4   | 0  | 0                  | 0     |

## Responses

| Respondent | Response | Rationale  |
|------------|----------|--|
| Drax       | Yes      | <p>Yes, we agree with the panel determination that the Alternative P442 solution should be implemented. We do not support the original proposed solution for P442 as it would introduce additional complexity that would negatively impact applicable objective (d) and outweigh any potential benefits to consumers. We agree with the majority in the workgroup that it is far more practical for one Supplier to be involved in the exempt arrangements as is the case with the Alternative solution. If multiple Suppliers were involved (under the Proposed solution) there is a risk that each party could have conflicting views and positions and that customers could be left unsupported. There are other complexities which the workgroup discussed including the potential for imbalance adjustment risks.</p> <p>To clarify, our support of the Alternative solution is based upon the assumption that multiple Supplier MPIDs will be allowed under the same Company Group. This is necessary to facilitate Supplier set-ups where Suppliers register all the import versus export under different Supplier MPIDs. They may then aggregate all the export volume and MVRN the volume across to the import Supplier MPID so that the volume can be sleeved to the end customer. Without this facility, P442 would be too complex and costly for us to administer for our customers.</p> <p>We believe that the P442 Alternative solution better facilitates the following Applicable BSC Objectives:</p> <p><b>P442 is positive towards Objective c) Promoting effective competition in the generation and supply of electricity:</b></p> <p>The effect of P442 is to appropriately account for and relieve licenced suppliers of charges for exempt supply. This should promote competition and enable new entrants with innovative business models to</p> |

| Respondent                     | Response | Rationale  |
|--------------------------------|----------|--|
|                                |          | <p>compete with other Suppliers. Alternative Solution P442 should enable Suppliers to offer renewable power to end customers at a lower cost, which further increases demand and competition for small-scale renewables. We believe this should be positive for the UK's net zero aims/climate targets.</p> <p><b>P442 is positive towards Objective d) Promoting efficiency in the implementation of the balancing and settlement arrangements:</b></p> <p>Because the Alternative Solution arrangements are better than the current interim solution which requires time-consuming manual workarounds which are not efficient.</p> <p><b>P442 is positive towards Objective f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation:</b></p> <p>Because the Alternative Solution arrangements present an efficient way for managing processes in accordance with EMR legislation. The current process is inefficient because it's been necessary for manual interventions and liaison with EMRS to ensure that bills are corrected, to remove Exempt Supplier volume from gross demand data.</p> |
| Business Power and Gas Limited | Yes      | We agree with the Panel's recommendation that the P442 Alternative solution should be approved as it will be improve facilitation of the applicable BSC objectives compared to the current interim process.  |
| ENGIE                          | Yes      | We welcome this modification as by ensuring that end consumers will be exempt from final levies it has the potential to encourage the growth of local supply initiatives which are likely to be linked to renewable generation, making a positive contribution to net zero. We support the Alternative as we agree with the Working Group and Panel that the solution does not require imbalance corrections as these will only arise in exceptional situations where there is more than one Licensed Supplier involved in the arrangement, and in cases where they do arise there are existing mechanisms such as MVRNs which can be used to avoid parties being exposed to imbalance charges.  |

| Respondent | Response | Rationale   |
|------------|----------|---|
| Stark      | Yes      | The alternative does not include the adjustments to the Energy Imbalance positions of the licensed Suppliers. |

Question 2: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P442 Proposed and Alternative Modifications?

Summary

| Yes | No | Neutral/No Comment | Other |
|-----|----|--------------------|-------|
| 3   | 0  | 1                  | 0     |

Responses

| Respondent                     | Response | Rationale                           |
|--------------------------------|----------|-------------------------------------|
| Drax                           | Yes      | We have no additional comments.     |
| Business Power and Gas Limited | Yes      | -                                   |
| ENGIE                          | N/A      | We have not reviewed the redlining. |
| Stark                          | Yes      | -                                   |

Question 3: Do you agree with the Panel that the draft amendments to the CSDs BSC deliver the intention of P442 for the Proposed and Alternative Modifications?

Summary

| Yes | No | Neutral/No Comment | Other |
|-----|----|--------------------|-------|
| 3   | 0  | 1                  | 0     |

Responses

| Respondent                     | Response | Rationale                       |
|--------------------------------|----------|---------------------------------|
| Drax                           | Yes      | We have no additional comments. |
| Business Power and Gas Limited | Yes      | -                               |
| ENGIE                          | N/A      | We have not reviewed the CSDs.  |
| Stark                          | Yes      | -                               |

Question 4: Do you agree with the Panel’s recommended Implementation Date?

Summary

| Yes | No | Neutral/No Comment | Other |
|-----|----|--------------------|-------|
| 4   | 0  | 0                  | 0     |

Responses

| Respondent                     | Response | Rationale  |
|--------------------------------|----------|--|
| Drax                           | Yes      | The recommended implementation dates of either 7 November 2024 or 27 February 2025 would allow at least eight months lead time from the Ofgem decision date for implementation. Because approval of the Alternative Solution which we support would require changes from a Supplier perspective we would require a minimum eight-month lead time to enable implementation within our internal systems and processes. |
| Business Power and Gas Limited | Yes      | Yes, but BPG would be in favour of an earlier implementation date, if this could be achieved.  |
| ENGIE                          | Yes      | No comment.  |
| Stark                          | Yes      | -  |

Question 5: Do you agree with the Panel’s initial view that P442 should not be treated as a Self-Governance Modification?

Summary

| Yes | No | Neutral/No Comment | Other |
|-----|----|--------------------|-------|
| 4   | 0  | 0                  | 0     |

Responses

| Respondent                     | Response | Rationale   |
|--------------------------------|----------|---|
| Drax                           | Yes      | We agree with the Panel and Workgroup view that P442 should not be progressed under Self-Governance as it does not meet the Self-Governance criteria. |
| Business Power and Gas Limited | Yes      | -   |
| ENGIE                          | Yes      | The change is sufficiently complex and incurs a level of costs which justifies an Authority decision.   |
| Stark                          | Yes      | -   |



Question 6: Do you agree with the Panel’s initial recommendation that the P442 Proposed solution does impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

Summary

| Yes | No | Neutral/No Comment | Other |
|-----|----|--------------------|-------|
| 4   | 0  | 0                  | 0     |

Responses

| Respondent                     | Response | Rationale  |
|--------------------------------|----------|--|
| Drax                           | Yes      | We have no additional comments.  |
| Business Power and Gas Limited | Yes      | -  |
| ENGIE                          | Yes      | P442 Proposed does impact EBGL as it includes corrections to settlement. |
| Stark                          | Yes      | -  |

Question 7: Do you agree with the Panel's initial recommendation that the P442 Alternative solution does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

Summary

| Yes | No | Neutral/No Comment | Other |
|-----|----|--------------------|-------|
| 4   | 0  | 0                  | 0     |

Responses

| Respondent                     | Response | Rationale  |
|--------------------------------|----------|--|
| Drax                           | Yes      | We have no additional comments.  |
| Business Power and Gas Limited | Yes      | -  |
| ENGIE                          | Yes      | P442 Alternative does not include provisions for correcting settlement, only for reporting exempt volumes to EMRS. |
| Stark                          | Yes      | -  |

Question 8: Do you have any comments on the impact of P442 on the EBGL objectives?

Summary

| Yes | No | Neutral/No Comment | Other |
|-----|----|--------------------|-------|
| 0   | 4  | 0                  | 0     |

Responses

| Respondent                     | Response | Rationale                       |
|--------------------------------|----------|---------------------------------|
| Drax                           | No       | We have no additional comments. |
| Business Power and Gas Limited | No       | -                               |
| ENGIE                          | No       | No comment.                     |
| Stark                          | No       | -                               |

Question 9: Do you have any further comments on P442?

Summary

| Yes | No |
|-----|----|
| 0   | 4  |

Responses

| Respondent                     | Response | Rationale                         |
|--------------------------------|----------|-----------------------------------|
| Drax                           | No       | No further comments at this time. |
| Business Power and Gas Limited | No       | -                                 |
| ENGIE                          | No       | No comment.                       |
| Stark                          | No       | -                                 |