

CP Progression Paper

CP1531 'Additionally provide the TUoS Report to National Grid ESO at the II Settlement Run'

ELEXON



Committee

Supplier Volume Allocation Group (SVG)



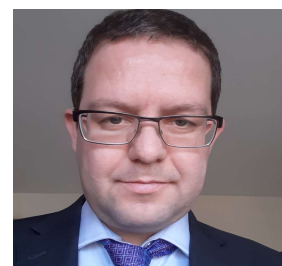
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Contents

1	Summary?	2
2	Why Change?	3
3	Solution	5
4	Impacts and Costs	6
5	Implementation Approach	7
6	Proposed Progression	8
7	Recommendations	9
	Appendix 1: Glossary & References	10

About This Document

This document provides information on new Change Proposal (CP) CP1531 and outlines our proposed progression timetable for this change, including when it will be issued for CP Consultation in the next suitable Change Proposal Circular (CPC) batch.

We are presenting this paper to the SVG on 7 July 2020 to capture any comments or questions from Committee Members on this CP before we issue it for consultation.

There are three parts to this document:

- This is the main document. It provides a summary of the solution, impacts, anticipated costs, and proposed implementation approach, as well as our proposed progression approach for this CP.
- Attachment A contains the CP1531 proposal form.
- Attachment B contains the proposed redlined changes to deliver the CP1531 solution.

SVG233

CP1531

CP Progression Paper

30 June 2020

Version 1.0

Page 1 of 11

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1 Summary?

Why change?

National Grid ESO requires the Balancing and Settlement Code Company (BSCCo) to provide the Transmission Use of System (TUoS) Report at the II (Interim Information) Settlement Run to ensure they can continue to provide an indicative view of Balancing Services Use of System (BSUoS) charges to liable parties after the introduction of a proposed change to the charging methodology.

Solution

The BSCCo shall generate and publish the P0210 TUoS Report (HH/NHH Split) at the II Settlement Run, make it available on the ELEXON Portal, and deliver to National Grid ESO via file transfer. The TUoS Report is already generated and published for subsequent Settlement Runs as it is needed for the calculation of Transmission Network Use of System (TNUoS) charges.

Impacts and costs

The central costs and impacts for this CP are currently being assessed, and will be provided to market participants as part of the Change Proposal Consultation.

Implementation

This CP is recommended for implementation on 1 April 2021 as part of an ad-hoc BSC Release.

2 Why Change?

What is the issue?

The BSUoS charging methodology is expected to change from 1 April 2021, to charge Supplier Balancing Mechanism Units (BM Units) based on gross demand rather than net demand. National Grid ESO therefore require the TUoS Report at the II Settlement Run as it contains the split of gross demand data necessary to be able to provide an indicative view of BSUoS charges to liable parties. The TUoS Report is not currently sent to National Grid ESO until the SF (Settlement Final) Settlement Run.

Background

BSUoS charges are levied by National Grid ESO to recover the day-to-day cost of 'balancing the system'. The charging methodology is set out in Section 14 of the [Connection and Use of System Code \(CUSC\)](#).

[Ofgem's Targeted Charging Review \(TCR\) Significant Code Review \(SCR\)](#) assessed how residual network charges should be set and recovered in Great Britain, with the objective to consider the reform of the current charging arrangements to ensure they meet the needs of current and future consumers. On 21 November 2019, Ofgem as the Authority published its [Decision](#). This included a reform to the current BSUoS charging methodology to recover based on gross demand rather than net demand, from 1 April 2021.

As directed by the Authority, National Grid ESO raised a CUSC Modification Proposal (CMP) to give effect to the decision to levy BSUoS to Suppliers on a gross demand basis. National Grid ESO raised [CMP333: 'BSUoS – charging Supplier Users on gross demand \(TCR\)'](#) on 12 December 2019 and it was presented to the CUSC Panel on 13 December 2019. The CMP Proposal Form noted that a BSC Change may be required to provide appropriate volume data. At the Modification Workgroup stage, it was noted Gross Demand (Import data) from the TUoS Report provided to National Grid ESO by BSCCo would be used in calculating BSUoS charges for Suppliers. The TUoS Report is currently provided to National Grid ESO at the SF Settlement Run and subsequent Settlement Runs, however, not at the II Settlement Run. Therefore this Change Proposal has been raised to request that the TUoS Report is generated and provided to National Grid ESO at the II Settlement Run. [CMP333](#) only has one proposed solution, and no other Workgroup Alternative CUSC Modifications (WACM). [CMP333](#) is currently at the Second Code Administration Consultation stage (equivalent of the BSC Modification Process Report Phase), but due to the limited timescales involved in implementing the proposed solution, this Change Proposal is being raised ahead of the Authority decision. [CMP333](#) cannot be self-governance as it relates to charging, and therefore has an effect on industry competition. The Final Code Modification Report for CMP333 is due to be submitted to the Authority for decision by 12 August 2020, subject to approval by the CUSC Panel on 31 July 2020.

A decision will be requested on CP1531 at the SVG's meeting on 1 September 2020. This may be before an Ofgem decision is received on related CUSC Modification [CMP333](#) (SVG on 1 September is around 14WD into the Ofgem decision KPI of 25WD for [CMP333](#)). However, if an SVG decision is not received on 1 September 2020, there is a risk that we may not be able to deliver the central system solution on 1 April 2021 to align with [CMP333](#). We note that [CMP333](#) is being progressed to facilitate an Ofgem direction, and the CUSC Panel will have already made its recommendation to the Authority, which may help to mitigate the risk of a CP1531 decision in advance of Ofgem [CMP333](#) decision.

SVG233

CP1531

CP Progression Paper

30 June 2020

Version 1.0

Page 3 of 11

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Under the current charging methodology, BSUoS is recovered from Suppliers based on net demand, so for Suppliers who contract with Embedded Generators, this has the effect of reducing the Supplier's BSUoS charge and creating an Embedded Benefit, which is typically passed onto the Embedded Generator by the Supplier.

BSUoS is settled at the SF and RF (Reconciliation Final) Settlement Runs. National Grid ESO also provide an indicative view of charges, based on data at the II Settlement Run, to BSUoS liable parties which can help with cash flow forecasting. To provide a view of charges using the gross demand methodology there is a requirement for BSCCo to provide the TUoS Report (P0210 file) at the II Settlement Run. This report is already provided to National Grid ESO at subsequent Settlement Runs.

A Settlement Run is scheduled to take place a specified number of days after a Settlement Day. It provides the latest view of volume data at that point in time. This data is then used for a number of different purposes.

The timetable for Settlement Runs is displayed below:

Settlement Runs		
Settlement Run Code	Settlement Run Description	Timetable
II	Interim Information	+5 working days
SF	Settlement Final	+16 working days
R1	1 st Reconciliation	+39 working days
R2	2 nd Reconciliation	+84 working days
R3	3 rd Reconciliation	+154 working days
RF	Final Reconciliation	+292 working days
DF	Dispute Final	+30 months

Proposed solution

To ensure that National Grid ESO can continue to provide an indicative view of BSUoS charges after the implementation of a change to the charging methodology, they require the TUoS Report at the II Settlement Run as this contains gross demand data.

BSCCo already provides the TUoS Report to National Grid ESO at the SF Settlement Run and subsequent Settlement Runs, so there is already a process and mechanism in place to provide the required data. Therefore the requirement is for the TUoS Report to also be provided at the II Settlement Run.

Proposer's rationale

National Grid ESO were directed to raise a CUSC Code Modification Proposal to give effect to Ofgem's decision to levy BSUoS to Suppliers on a gross demand basis. National Grid ESO therefore raised [CMP333: 'BSUoS – charging Supplier Users on gross demand \(TCR\)'](#). The Modification Workgroup consultation process identified the use of the TUoS Report to obtain the required gross demand data. National Grid ESO currently receive the TUoS Report at the SF Settlement Run and subsequent Settlement Runs. To continue to provide an indicative view of BSUoS charges to Suppliers at the II Settlement Run from 1 April 2021, National Grid ESO require the TUoS Report at the II Settlement Run.

Proposed redlining

The proposed redlining to Balancing and Settlement Code Procedure (BSCP) 508 'Supplier Volume Allocation Agent' for this CP1531 can be found in Attachment B of this paper.

4 Impacts and Costs

BSC Party & Party Agent impacts and costs

No BSC Parties or Party Agents are expected to be impacted by the solution to this CP, but we will seek confirmation of this through the CP consultation.

Central impacts and costs

Central impacts

CP1531 requires changes to [BSCP508 'Supplier Volume Allocation Agent'](#) and the [ELEXON Portal](#). As this change is currently undergoing impact assessment with our service provider, we will provide information on central system impacts for the CP consultation.

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none">• BSCP508 'Supplier Volume Allocation Agent'	<ul style="list-style-type: none">• ELEXON Portal

Impact on BSC Settlement Risks

Impact on BSC Settlement Risks
We do not anticipate there to be any impacts on BSC Settlement Risks.

Central costs

This change was undergoing impact assessment with our service provider to determine the central costs of implementation at the time of writing this paper. The expected costs will therefore be provided to market participants at the time of CP consultation.

5 Implementation Approach

Recommended Implementation Date

This CP is recommended for implementation on 1 April 2021 as part of an ad-hoc April 2021 BSC Release.

This implementation approach aligns with the Implementation Date in [CMP333: 'BSUoS – charging Supplier Users on gross demand \(TCR\)'](#). This will enable BSUoS liable parties to be able to continue to receive an indicative view of BSUoS charges at the II Settlement Run after the introduction of a change to the charging methodology.

6 Proposed Progression

Progression timetable

The table below outlines the proposed progression plan for CP1531:

Progression Timetable	
Event	Date
CP Progression Paper presented to SVG for information	7 July 2020
CP Consultation	13 July 2020 – 7 August 2020
CP Assessment Report presented to SVG for decision	1 September 2020
Proposed Implementation Date	1 April 2021

CP Consultation questions

We intend to ask the standard CP Consultation questions for CP1531. We do not believe any additional questions need to be asked for this CP.

Standard CP Consultation Questions
Do you agree with the CP1531 proposed solution?
Do you agree that the draft redlining delivers the CP1531 proposed solution?
Will CP1531 impact your organisation?
Will your organisation incur any costs in implementing CP1531?
Do you agree with the proposed implementation approach for CP1531?

7 Recommendations

We invite you to:

- **NOTE** that CP1531 has been raised;
- **NOTE** the proposed progression timetable for CP1531; and
- **PROVIDE** any comments or additional questions for inclusion in the CP Consultation.

Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BM Unit	Balancing Mechanism Unit
BSCP	Balancing and Settlement Code Procedure
BSUoS	Balancing Services Use of System
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
ESO	Electricity System Operator
II	Interim Initial Settlement Run
RF	Reconciliation Final Settlement Run
SCR	Significant Code Review
SF	Settlement Final Settlement Run
SVAA	Supplier Volume Allocation Agent
TCR	Targeted Charging Review
TUoS	Transmission Use of System

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	Connection and Use of System Code	https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc/code-documents
3	Ofgem's Targeted Charging Review (TCR) Significant Code Review (SCR)	https://www.ofgem.gov.uk/electricity/transmission-networks/charging/targeted-charging-review-significant-code-review
3	Ofgem's TCR SCR Decision	https://www.ofgem.gov.uk/system/files/docs/2019/12/full_decision_doc_updated.pdf
3, 5, 7	CMP333: 'BSUoS – charging Supplier Users on gross demand (TCR)'	https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp333-bsuos

SVG233

CP1531
CP Progression Paper

30 June 2020

Version 1.0

Page 10 of 11

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External Links		
Page(s)	Description	URL
6	BSCP508 'Supplier Volume Allocation Agent'	https://www.elexon.co.uk/csd/bscp508-supplier-volume-allocation-agent/
6	ELEXON Portal	https://www.elexonportal.co.uk/

SVG233

CP1531

CP Progression Paper

30 June 2020

Version 1.0

Page 11 of 11

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