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## IDNO SITE SPECIFIC LLF CALCULATION PROCESS

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### Supplier Volume Allocation Group (SVG)

Date of meeting	<b>03 November 2020</b>	Paper number	<b>237/02</b>
Owner/author	<b>Sedef Kiris</b>	Purpose of paper	<b>Decision</b>
Classification	<b>Public</b>	Document version	<b>V1.0</b>

Summary **Following a request from an Embedded LDSO who wishes to calculate their own Site Specific LLFs this year, the timeline for the LLF Audit in BSCP128 will require a change to account for IDNOs work flow processes.**

### 1. Background

- 1.1 In accordance with BSC Section K1.7.7, we performed the annual review of the Line Loss Factor (LLF) methodology statements submitted by each Licensed Distribution System Operator (LDSO). The methodology review follows the procedure set out in [BSC Procedure \(BSCP\) 128 'Production, Submission, Audit and Approval of Line Loss Factors'](#).
- 1.2 In accordance with BSCP128 2.2, where LDSOs operate an embedded network within a distribution area there is an alternative review process. These Embedded LDSOs have to state the areas in which they will operate. They do not need a methodology if they mirror the Host LDSO's LLFs for the relevant area.
- 1.3 This year's methodologies will apply to LLFs calculated for the 2021/22 BSC Year.
- 1.4 We have received and completed reviews of all methodologies and MSADs and are satisfied that they are compliant with BSC Section K1.7.7 (a) and (b).
- 1.5 15 of the Embedded LDSOs will mirror the Host LDSO methodologies and one Embedded LDSO will calculate their own Site Specific LLFs. Therefore, this Embedded LDSO will be part of the LLF Audit this year to validate the calculation of the Loss Adjustment Factors they have set out within the methodology they have provided.

### 2. IDNOs calculating their own Site Specific Line Loss Factors

- 2.1 This is the first instance where Elexon have received notice from an IDNO that it intends to calculate its own site specifics instead of mirroring host LDSOs.
- 2.2 Currently, Host LDSOs internal work flow has been adjusted to the BSCP128 timelines. A new process, where IDNOs which will be calculating their own Site Specific LLFs, will not be aligned with the timelines stated in BSCP128. This is because the IDNO will need to wait for Host LDSOs to provide the details of their losses at the boundary points, in order for the IDNO to calculate a boundary equivalent profile. In addition to this, the IDNO will not have the required historical metered readings available due to new connections being introduced. For this reason, the IDNO is not able to submit its calculated Site Specific LLFs by the end of September as host LDSOs will do. Therefore, the IDNO would be non-compliant against the BSCP128 timescales.
- 2.3 BSCP128 paragraph 2.3.14 states that if a Party is found non-compliant during the Audit checks, the Performance Assurance Board (PAB) should be provided a copy of the final report, giving details of any non-compliance(s).
- 2.4 A change to the timelines of the LLF Audit process will be required to resolve this.

- 2.5 Elexon provided an update to the October SVG meeting on the changes to the LLF Audit process for to accommodate this approach.
- 2.6 Elexon subsequently requested advice on the situation from its legal team. They advised that the SVG is not able to make a change to the LLF Audit timescales, and a Change Proposal (CP) would be required to do so.
- 2.7 If the timescales in BSCP128 are strictly adhered to, it will not be possible to audit the IDNO's LLF submission. Elexon believes that the risk posed by following a non-compliant timescale is significantly less than the risk posed by not conducting the audit at all. Therefore, Elexon recommends that the SVG take the former approach and Elexon conducts the audit in an alternative timescale.
- 2.8 Elexon will also separately progress the raising of a CP to permit this alternative approach to be used in future years.

### **3. Next Steps**

- 3.1 Elexon is currently performing all Host LDSO's audits remotely during October and November 2020.
- 3.2 Once the audit is complete for both Host and Embedded LDSOs, we will ask the ISG and the SVG to approve the final LLF values at their March 2021 meetings, with the LLFs then to go live on 1 April 2021.
- 3.3 Elexon will be implementing a long term plan to address IDNOs that do not mirror which requires more investigation considering both LDSO and IDNO processes. As such, Elexon will raise a Change Proposal for this, which should be in place by the next Audit, if needed.

### **4. Recommendations**

- 4.1 We invite you to:
  - a) **NOTE** that the Site Specific Calculation Model will be audited this year by applying Host LDSO process; and
  - b) **APPROVE** the audit method outlined in the paper for next year's submissions.

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### **Attachments**

Attachment A - Current Timeline

Attachment B - Proposed Timeline

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

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