

CP Progression Paper

CP1539 'Inclusion of LCCC as an Affected party in Metering Dispensation applications'

ELEXON



Committee

Imbalance Settlement Group
Supplier Volume Allocation Group



Contact

Nathan Flood

020 7380 4130

BSC.change@elexon.co.uk

nathan.flood@elexon.co.uk



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) CP1539 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 Imbalance Settlement Group (ISG) on 1 December 2020 and the Supplier Volume Allocation Group (SVG) on 1 December 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 CP1539 proposal form.
- Attachment B contains the proposed redlined changes to deliver the CP1539 solution.

SVG238/02, ISG236/01

CP1539
CP Progression Paper

24 November 2020

Version 1.0

Page 1 of 10

© ELEXON Limited 2020

1 Summary?

Why change?

Under [Balancing and Settlement Code Procedure \(BSCP\) 32](#) there is currently no mechanism to ensure that the Low Carbon Contracts Company (LCCC) is informed of Metering Dispensations applications related to generation sites where there are Contracts for Difference (CfD) arrangements in place. As such the LCCC may be missing critical opportunities to have clarity in Metering Dispensation applications being considered by the BSC Panel Committees ([ISG](#) and/or [SVG](#)) on behalf of the BSC Panel so that they do not conflict with the requirements and ethos of the CfD arrangements.

Solution

This change proposes to include the LCCC as an Affected party for future Metering Dispensations by including them in the List of Definitions in BSCP32.

It also proposes to modify the BSCP32 section 4.1 application form to seek confirmation from the applicant that they have engaged with the LCCC (where applicable).

Impacts and costs

This CP will impact market participants seeking to apply for Metering Dispensations. It will also impact the LCCC. Implementation costs to be <£1k.

Implementation

This CP is recommended for implementation on 30 April 2021 as part of the ad hoc April 2021 BSC Release.



What is the issue?

BSCP32 requires parties applying for a Metering Dispensation to notify and seek endorsement from Affected parties before an application is submitted, as the arrangements proposed in the Metering Dispensation may have a material impact on an Affected Party so they need to be in agreement with the proposal. Applicants are not required to provide proof of endorsement however they do need to seek the views of any Affected party. If it is shown that the views of Affected parties are not sought the Metering Dispensation may be rendered void.

For site specific Metering Dispensations, Affected parties may include: customers; NETSO; LDSOs; and any Party other than the Registrant responsible for Aggregation Rules relating to such Metering Equipment.

Applications for Metering Dispensations may relate to generation sites where there are also be Contracts for Difference (CfD) arrangements in place. The Low Carbon Contracts Company (LCCC) is not currently listed as an Affected party and so there is no mechanism to ensure that they are informed of Metering Dispensations applications at such sites.

The LCCC does have the option of reviewing published applications (included as published committee papers) and granted Metering Dispensations, though only where the application is not confidential. Nevertheless, at this stage it may be too late for the LCCC to highlight any areas of conflict with the CfD arrangements to the Applicant.

As such the LCCC may be missing critical opportunities to have clarity in the Metering Dispensations granted by the BSC Panel Committees (ISG and/or SVG) on behalf of the BSC Panel so that they do not conflict with the requirements and ethos of the CfD arrangements.

Background

A Metering Dispensation allows for Metering Equipment to deviate from some or all of the requirements of the applicable Code of Practice. It can be agreed where the reasons for deviation are financial or for reasons of practicality.

Contracts for Difference is one of the arrangements that came out of the EMR regulations. CfD, in the majority of cases, rely of the BSC Settlement Metering System (with the exception of any Private Network Agreement awarded). Under the BSC a Metering System can be subject to a Metering Dispensation and this would also be applicable to the CfD as it relies on the same Metering System.

LCCC's primary role is to manage CfDs with low carbon generators throughout their lifetime, which involves management of the contracts as well as the Supplier Obligation Levy that funds CfD payments.

CfD obligations

There are metering obligations that are required in the CfD Agreement and part of LCCC's role is to confirm that those obligations have been met prior to the generator's Start Date, under CfD, being authorised by LCCC. Where a Metering Dispensation is granted under the BSC it may unintentionally prevent the metering obligations being met under the CfD. LCCC being made aware of an application for a Metering Dispensation being made will

What is the Low Carbon Contracts Company (LCCC)?

LCCC's primary role is to manage CfDs with low carbon generators throughout their lifetime, which involves management of the contracts as well as the Supplier Obligation Levy that funds CfD payments.

allow them to assess any potential issues with the Metering Dispensation with regards to compliance with the CfD and advise the generator accordingly.

SVG238/02, ISG236/01

CP1539

CP Progression Paper

24 November 2020

Version 1.0

Page 4 of 10

© ELEXON Limited 2020



Proposed solution

Include the LCCC as an Affected party

We propose to include the LCCC as an Affected party for future Metering Dispensations by including them in the List of Definitions in BSCP32 paragraph 2.2.

Amend the application form for Metering Dispensations

We also propose modifying the application form contained in BSCP32 section 4.1 to include confirmation that the applicant has engaged with the LCCC (where applicable).

Proposer's rationale

The solution will allow LCCC to request relevant information from the Applicant relating to associated 'aggregation rules' for each Metering Dispensation in situations likely to affect the LCCC as CfD Counterparty. The benefit for LCCC is that it promotes discussion between LCCC and the Applicant to ensure clarity of compliance

Proposed redlining

The proposed redlining to deliver this CP is included in Attachment B.

What is a Metering Dispensation?

If you're the Registrant of a Metering System, you can apply for a Metering Dispensation, if for financial or practical reasons the associated Metering Equipment is not compliant with the applicable Code of Practice.

4 Impacts and Costs

BSC Party & Party Agent impacts and costs

BSC Party & Party Agent Impacts	
BSC Party/Party Agent	Impact
Parties applying for Metering Dispensation	Requirement to complete additional parts of the application form and to engage with LCCC (if applicable)

Central impacts and costs

Central impacts

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none">• BSCP32• Local Working Instructions	<ul style="list-style-type: none">• None

Impact on BSC Settlement Risks

Impact on BSC Settlement Risks
None

Central costs

The central implementation costs for CP1539 will be <£1k

5 Implementation Approach

Recommended Implementation Date

We are targeting the ad hoc April 2021 BSC Release. This is the earliest Release that the CP can be implemented in and will better engage the LCCC as an Affected party in the Metering Dispensations process, ensuring it's aware of site specific Metering Dispensations that have a CfD arrangement, in time for their contract run in September 2021.

6 Proposed Progression

Progression timetable

The table below outlines the proposed progression plan for CP1539:

Progression Timetable	
Event	Date
CP Progression Paper presented to ISG for information	1 Dec 20
CP Progression Paper presented to SVG for information	1 Dec 20
CP Consultation	7 Dec 20 – 6 Jan 21
CP Assessment Report presented to ISG for decision	2 Feb 21
CP Assessment Report presented to SVG for decision	2 Feb 21
Proposed Implementation Date	Apr 21 Ad hoc Release

CP Consultation questions

We intend to ask the standard CP Consultation questions for CP1539. We do not believe any additional questions need to be asked for this CP.

Standard CP Consultation Questions
Do you agree with the CP1539 proposed solution?
Do you agree that the draft redlining delivers the CP1539 proposed solution?
Will CP1539 impact your organisation?
Will your organisation incur any costs in implementing CP1539?
Do you agree with the proposed implementation approach for CP1539?

7 Recommendations

We invite you to:

- **NOTE** that CP1539 has been raised;
- **NOTE** the proposed progression timetable for CP1539; and
- **PROVIDE** any comments or additional questions for inclusion in the CP Consultation.
- **NOTE** that CP1539 will be presented to:
 - the SVG on 1 December 2021; and
 - the ISG on 1 December 2021.

Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BSCP	BSC Procedure
CfD	Contracts for Difference
CP	Change Proposal
CPC	Change Proposal Circular
ISG	Imbalance Settlement Group
LCCC	Low Carbon Contracts Company
LDSO	Licensed Distribution System Operator
NETSO	National Electricity Transmission System Operator
SVG	Supplier Volume Allocation Group

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
2	BSCP32 'Metering Dispensations'	https://www.elexon.co.uk/documents/bsc-codes/bscps/bscp32-2/
2	Imbalance Settlement Group	https://www.elexon.co.uk/group/imbalance-settlement-group-isg/
2	Supplier Volume Allocation Group	https://www.elexon.co.uk/group/supplier-volume-allocation-group-svg/