CP Progression Paper

'Clarification on the Site Specific Line Loss Factor Calculation Process for Embedded Licensed Distribution System Operators'

ELEXON

Contents

About This Document

This document provides information on a new Change Proposal (CP) 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 ISG and SVG on 6 July 2021 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 CP proposal form.

- Attachment B contains the proposed redlined changes to deliver the CP solution.

1   Summary?

Why change?

The Balancing and Settlement Code Procedure (BSCP) that details methodologies for calculating Line Loss Factors (LLFs) and Mirroring is BSCP128 'Production, Submission, Audit and Approval of Line Loss Factors'. Mirroring is where the Embedded Licensed Distribution System Operator (LDSO) replicates the LLFs of the relevant Host LDSO.

Usually an Embedded LDSO would Mirror the LLF values of the Host LDSO, except under specific circumstances. Within BSCP128 it is stated that Host LDSOs and Embedded LDSOs should follow the same LLFs calculation and audit process. However, through discussion with Embedded LDSOs, Elexon has been made aware of some confusion over the process and timelines for these calculations. This confusion indicates that additional clarity is required for Embedded LDSOs moving from generic LLFs to Site Specific LLFs.

A lack of clarity surrounding the requirements and timelines for Embedded LDSOs can result in incorrect LLF calculations using insufficient data, and missed deadlines. This can pose a risk to the accuracy of Settlement.

Solution

This CP proposes to make changes to BSCP128 to provide more clarity for Embedded LDSOs calculating site specific LLFs. This includes clarification that standard submission deadlines for all LDSOs will apply to Embedded LDSOs that choose to calculate Site Specific LLFs, and that Settlement data from a 12-month period is required.

These clarifications will give Embedded LDSOs a transparent view of the timeline and deliverable requirements, ensuring they provide the required data files within the defined timescales, and establishing a better understanding of the audit process.

Impacts and costs

This CP will have a positive impact on Embedded LDSOs by clarifying the process and timeline for the calculation of LLFs.

This change will only affect BSCP128, with no central system changes required.

The central implementation costs for this CP will be less than £1,000 to implement the relevant document changes.

Implementation

The CP is proposed for implementation on 4 November 2021 as part of the November 2021 Balancing and Settlement Code (BSC) Release, in order to implement this change at the earliest opportunity so that clarity can be provided to Embedded LDSOs.

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2   Why Change?

What is the issue?

[BSCP128 'Production, Submission, Audit and Approval of Line Loss Factors'](#) details methodologies for calculating LLFs and Mirroring, where the Embedded LDSO replicates the LLFs of the relevant Host LDSO. Usually an Embedded LDSO would Mirror, except under specific circumstances. These circumstances include where the site is connected at Extra High Voltage (EHV), or where the customer requests a Site Specific LLF and the LDSO is in agreement. If either of these criteria are met then the Embedded LDSO can calculate Site Specific LLFs.

Within BSCP128 it is stated that Host LDSOs and Embedded LDSOs should follow the same LLFs calculation and audit process. However, through discussion with Embedded LDSOs, Elexon has been made aware of some confusion over the process and timelines for these calculations. This confusion indicates that additional clarity is required for Embedded LDSOs moving from generic LLFs to Site Specific LLFs.

A lack of clarity surrounding the requirements and timelines for Embedded LDSOs can result in incorrect LLF calculations using insufficient data, and missed deadlines. This can pose a risk to the accuracy of Settlement.

Background

A Host LDSO operates a distribution network that is directly connected to the Transmission System in their own Distribution Licence area. An Embedded LDSO operates an independent distribution network connected to a Host LDSO's distribution network. LDSOs calculate LLFs to scale energy consumed or generated to account for losses on the UK's Distribution Networks.

BSCP128 defines the procedure by which LLF methodologies submitted by LDSOs are reviewed by the Balancing and Settlement Code Company (BSCCo), presented to the Panel for approval and, where appropriate, reported to the Performance Assurance Board (PAB). It also defines the auditing procedure for the LLF values and describes the key interfaces, timetables, and responsibilities for the main parties involved.

The calculation and audit of LLFs is an annual process. LDSOs must submit proposed LLF calculation methodologies by 1 August. Calculated LLFs must then be submitted by 30 September in accordance with an approved methodology. These deadlines apply to both Host LDSOs and Embedded LDSOs that do not Mirror.

Misunderstandings are occurring where Embedded LDSOs were moving from generic LLFs to Site Specific LLFs. In order to calculate LLFs, 12-months of Settlement data is required, and where this is not available, the site must continue to Mirror. However, even once this data becomes available, the Embedded LDSO would have to wait for the next yearly LLF calculation and audit cycle, and would not be able to transfer to Site Specific LLFs immediately.

Additional clarification around these timelines and requirements for Embedded LDSOs who wish to calculate their own Site Specific LLFs are necessary to ensure the process is clear.

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3   Solution

Proposed solution

This CP proposes to make changes to [BSCP128 'Production, Submission, Audit and Approval of Line Loss Factors'](#) to provide more clarity for Embedded LDSOs calculating site specific LLFs. This includes clarification of the following:

- For new sites energised mid-year there will be no previously approved Site Specific LLFs, and so the approved Generic Line Loss Factor Class Group LLFs for the equivalent voltage level should be applied;

- Embedded LDSOs wishing to calculate Site Specific LLFs require Settlement data from a 12-month period, and so LLF values can only be submitted after this data is available;

- The standard submission deadlines for all LDSOs will apply to Embedded LDSOs that choose to calculate Site Specific LLFs, meaning they must submit a methodology for approval by 1 August and calculated LLF values by 30 September;

- If the Embedded LDSO cannot meet these deadlines for any reason, including 12-month data not yet being available, they will need to continue to Mirror the Host LDSOs Generic LLFs for the year.

These clarifications will give Embedded LDSOs a transparent view of the timeline and deliverable requirements, ensuring they provide the required data files within the defined timescales, and establishing a better understanding of the audit process.

Proposer's rationale

Clarification of the LLF calculation requirements for Embedded LDSOs within BSCP128 would ensure that the process is understandable, usable, and applied consistently. BSCP128 currently does not provide clear guidance to the Embedded LDSO on the timeline and deliverable requirements, demonstrated by the numerous questions Elexon has received. The clarification would ensure Embedded LDSOs who do not Mirror will follow the BSCP128 requirements in a consistent manner to those followed by a Host LDSO. This would reduce the risk of incorrect LLF calculations using insufficient data, and missed deadlines.

Proposed redlining

The CP proposes to update BSCP128. The redlining to support this change can be found in Attachment B.

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4   Impacts and Costs

BSC Party & Party Agent impacts and costs

This CP is expected to have a positive impact on Embedded LDSOs by clarifying the process and timeline for the calculation of LLFs. This may result in an increase in Embedded LDSOs calculating the Site Specific LLFs rather than Mirroring.

BSC Party & Party Agent Impacts	
BSC Party/Party Agent	Impact
Embedded LDSOs	The change will clarify the process and timelines for LLF calculations.

Central impacts and costs

Central impacts

The solution in this CP only affects BSC documentation, specifically BSCP128. Therefore no BSC Central Systems or Agents will be impacted.

Central Impacts	
Document Impacts	System Impacts
• BSCP128 'Production, Submission, Audit and Approval of Line Loss Factors'	• None

Impact on BSC Settlement Risks

Impact on BSC Settlement Risks
Elexon anticipate no impact on Settlement Risks associated with this change.

Central costs

The central implementation costs for this CP will be less than £1,000 to implement the relevant document changes.

5 Implementation Approach

Recommended Implementation Date

This CP is recommended for implementation on 4 November 2021 as part of the November 2021 BSC Release to ensure the change is implemented and clarity is provided to Embedded LDSOs at the earliest opportunity.

6 Proposed Progression

Progression timetable

The table below outlines the proposed progression plan for the CP:

Progression Timetable	
Event	Date
CP Progression Paper presented to ISG for information	6 Jul 21
CP Progression Paper presented to SVG for information	6 Jul 21
CP Consultation	12 Jul 21 – 6 Aug 21
CP Assessment Report presented to ISG for decision	7 Sep 21
CP Assessment Report presented to SVG for decision	7 Sep 21
Proposed Implementation Date	4 Nov 21 (Nov 21 Release)

CP Consultation questions

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

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

7   Recommendations

We invite you to:

- **NOTE** the proposed progression timetable for the CP; and

- **PROVIDE** any comments or additional questions for inclusion in the CP Consultation.

- **NOTE** that the CP will be presented to:

    o   the ISG on 6 July 2021; and

    o   the SVG on 6 July 2021.

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Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BSC	Balancing and Settlement Code
BSCCo	Balancing and Settlement Code Company
BSCP	Balancing and Settlement Code Procedure
CP	Change Proposal
CPC	Change Proposal Circular
EHV	Extra High Voltage
ISG	Imbalance Settlement Group
LDSO	Licensed Distribution System Operator
LLF	Line Loss Factor
PAB	Performance Assurance Board
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, 3, 4, 5	BSCP128 'Clarification on Site Specific Line Loss Factors Calculation Process for Independent Distribution Network Operators'	https://www.elexon.co.uk/csd/bscp128-production-submission-audit-and-approval-of-line-loss-factors/