Issue Form - BSCP40/04

Issue Title

Clarification of BSC Arrangements relating to Complex Sites

Issue Description

BSC Procedures BSCP502 ('Half Hourly Data Collection for SVA Metering Systems Registered in SMRS') and BSCP514 ('SVA Meter Operations for Metering Systems Registered in SMRS') include provisions for metering of so-called "**complex sites**". These are defined as 'sites' at which the Metering Technical Details (which provide the Half Hourly Data Collector with the information needed to collect data from the meters and allocate it to Metering Systems for purposes of Settlement) are too complex to be captured in the standard D0268 'Half Hourly Metering Technical Details' data flow. The BSC Procedures provide guidance and clarification on the appropriate Settlement arrangements for various types of complex site.

Recently we have received questions (from Suppliers and other interested parties) on the scope of these arrangements. Our attempts to answer these questions have identified a number of issues and ambiguities relating to the complex site arrangements, as described below.

<u>Issue 1 – Combining multiple Boundary Points into a single SVA Metering System</u> <u>may not be consistent with the BSC</u>

The majority of the complex site arrangements¹ in the BSC Procedures include various forms of 'totalisation', in which Imports (or Exports) measured at multiple Boundary Points are aggregated and allocated to a single SVA Metering System:

- Off-site Totalisation (BSCP514 section 8.4.1)
- On-site Totalisation (BSCP514 section 8.4.2)
- Feed Through Sites (BSCP514 sections 8.4.4 8.4.6)
- Separate Meter Points for Export and Import (BSCP514 section 8.4.7)
- Network Flows Impacting Settlement Metering (BSCP514 section 8.4.8)

However, we have received legal advice indicating that it is unclear whether the BSC permits multiple connections to the Distribution System (i.e. Boundary Points) to be combined into a single SVA Metering System (i.e. Metering Point). Specifically:

• BSC section K1.6.1(d) requires (subject to the provisions for Shared SVA Metering Arrangements) that there should be a one-to-one correspondence between SVA Metering Systems and Metering Points:

where the Metering System is or is to be registered in SMRS, the commissioned Metering Equipment installed for the purposes of measuring the quantities of Exports and Imports for which a Party is responsible at a Metering Point shall be a single Metering System (but subject to paragraph 2.5).

¹ Some of these totalisation arrangements are not Complex Sites, strictly speaking, as they do not require a "Complex Site Supplementary Information" form. But they are included in the Guide to Complex Sites in BSCP502 & BSCP514.

- The definition of Metering Point requires them to be "determined according to the principles and guidance given at schedule 8 of the Master Registration Agreement".
- The guidance in Schedule 8 of the MRA consists of a number of examples, none of which show multiple Boundary Points being combined into a single Metering Point (other than in the context of Unmetered Supply). There is a reference to 'totalisation' in example 6, but the implications of this for how Metering Points are defined is not explained.
- Some of the language in Schedule 8 also suggests that a Metering Point should (except in a private wires case) serve only one premises and one customer.

Clearly it was intended (in 2003, when provisions for complex sites were first included in the BSC Procedures) that totalisation should be permitted. But as the BSC takes precedence over the BSC Procedures, this legal advice potentially calls into question the validity of such arrangements. Assuming that BSC Parties wish to continue using this type of complex site arrangement, some clarification of the BSC and/or MRA may be required in order to bring them in line with arrangements in the BSC Procedures.

<u>Issue 2 – It is unclear whether Export and Import can be netted as part of a complex</u> <u>site arrangement</u>

The complex site arrangements described in BSCP514 sections 8.4.1 and 8.4.2 are clear that Export and Import should not be netted off each other i.e. any Import should be allocated to an Import Metering System, and any Export allocated to an Export Metering System (rather than submitting the net quantity into Settlement). However, some of the other complex site arrangements do include aggregation rules in which Import is subtracted from Export, or vice versa. We believe this may have caused uncertainty about whether (and under what circumstances) netting of Import and Export is permitted as part of a complex site arrangement.

This issue was raised during the industry impact assessment of Change Proposal <u>CP1338</u> 'Guidance for Complex Sites - Network Flows affecting Settlement Meter Readings', which introduced section 8.4.8 into BSCP514 in 2010. As explained in SVG paper SVG115/05 a respondent to the Change Proposal Circular (CPC0686) stated that:

4.3.2 The respondent believes that CP1338 will net the imports and exports thus not recording the true import and export total sites values for each half hourly period. It will only record a single import or export value but not both, therefore actual import and export from both feeders will be netted together within each half hour period, thus reducing import volumes and consequently reducing the renewable obligation payable on import supplies and also reducing the VAT to be charged on both imports and exports.

The ELEXON response (as reported in paper SVG115/05) suggested that there was no intention to allow netting of Import and Export:

4.3.3 We clarified that there is no "netting". The CP1338 changes would remove any embedded generation that is used within the site thus giving a fully reflective Import or Export Value. As the true values will be calculated under the CP1338 solution, there will be no incorrect reduction of import values and/or reduction on the VAT to be charged for Imports to and/or Exports from the site. Despite this clarification in the SVG paper, we believe further clarification on the netting of Import and Export would be helpful. The Issue Group may also need to consider what data settlement processes need to report for purposes of network charging and calculating final consumption levies.

<u>Issue 3 – The concept of 'site' is not clearly defined</u>

The term 'site' (in the context of complex sites) is not defined, either in the BSC Procedures or the BSC itself, and there is therefore uncertainty about what can be treated as a single site.

Given this lack of clarity about what constitutes a site (in the SVA context) we believe it is likely that different Suppliers and Supplier Agents may have different views on the extent to which nearby demand and generation can be treated as forming a single Complex Site.

BSC Section K1.6.1 does include a definition of the term 'Site', but this is in relation to specific CVA-related paragraphs, and so does not apply to the complex site arrangements. It also gives the Central Data Collection Agent (CDCA) discretion to decide (in their "reasonable opinion, having regard, among other things, to their physical proximity") which demand and generation can be treated as forming a Site, which is appropriate for CVA but not for SVA.

Issue 4 - Process Improvements

Through various industry groups and committees (such as TAMEG, TDC and PAB) BSC Parties and Party Agents have raised multiple queries and issues with the Complex Sites processes and requirements. Confusion over the current Complex Site procedures was also identified as a key factor in the lessons learned session related to a high materiality Trading Dispute.

The Issue Group may also wish to consider the issues below and decide whether improvements could be made to the process. The issues identified with the Complex Sites processes are outlined below:

- There is no current obligation for a Single Line Diagram (detailing all relevant Metering Systems) to be mandated as part of the required documentation in relation to a Complex Site. This makes it difficult for a party to validate the Meter Technical Details and Complex Site Supplementary form (BSCP514/8.4.8) as any circuits which should be associated under the Complex Site rule, but are not, can go unnoticed.
- There is no requirement to provide an Effective From Date on a Complex Site Supplementary form. This can make it difficult for a party to validate which information held on the Complex Site Supplementary form is still valid; particularly where the "site" has gone through multiple additions/removals of associated Metering Systems and/or circuits (e.g. for embedded generation).
- Where a Complex Site involves embedded generation, the current requirements state that the same complex site rule should be used against the Import MSID and the Export MSID. Should the result of the calculation related to the Boundary Point MSID(s) be positive (+) then the resultant values of the rule should be submitted into Settlement against the Export MSID. Should the result of the calculation related

to the Boundary Point MSID(s) be negative (-) then the resultant values of the rule should be submitted into Settlement against the Import MSID. However, most HHDC systems are unable to process and validate negative values. ELEXON are aware that as a workaround some HHDCs apply a "* -1" function at the end of the Complex Site rule associated with the Import MSID to ensure that the HHDC system only processes positive values.

• There are no clear communication processes outlined between the Suppliers associated with the different MSIDs relating to a Complex Site. This makes it difficult for the Suppliers to ensure that all additions/removals of Metering Systems and/or circuits are captured and the relevant Complex Site Supplementary form(s) are updated. The lack of clarity around communication processes also makes it very difficult for Suppliers to ensure that the same MOA and DC are appointed all MSIDs related to the "Complex Site" as per the requirements of BSCP514.

Justification for Examining Issue (*Mandatory by originator*)

ELEXON believes that, as a result of the current lack of clarity, different Suppliers and Supplier Agents are likely to be operating with different interpretations of what is permitted under the complex site arrangements. This has the potential to create distortions in the supply market, with certain customers potentially incentivised to take their supply from a Supplier with an interpretation of the rules that favours their own situation.

We consider that this type of market distortion could be particularly significant if different Suppliers have different interpretations of the rules regarding netting of Import and Export (as these may have a material impact on liability for final consumption levies and Value Added Tax).

Two recent high materiality Trading Disputes were identified to be the result of additional Metering Systems and/or circuits having been added to a private network associated with a Complex Site but where the Complex Site Supplementary form was not updated.

As a result the Performance Assurance Board (PAB) asked ELEXON to raise a BSC Issue to discuss and provide a solution to the identified root causes of the Trading Disputes and the wider issues related to the Complex Sites process discussed by various industry bodies in recent times.

Potential Solution(s) (Optional by originator

To ensure clarity (and a level playing field between all Suppliers and Supplier Agents) we propose that an Issue Group should:

- Consider whether it is appropriate to clarify BSC Section K1.6 (and/or propose amendments to Schedule 8 of the MRA) to support 'totalisation' of Imports (or Exports) at multiple Boundary Points into a single SVA Metering System (Meter Point);
- Consider whether clarification is needed (in Section K of the BSC or elsewhere) of the circumstances under which Import and Export can be netted off each other; and

• Agree an appropriate definition of 'site' (i.e. the circumstances under which nearby demand and/or generation can be treated as forming a single 'complex site' for purposes of BSCP502 and BSCP514).

If the Issue Group discussions lead to proposals that are inconsistent with the interpretations currently taken by some or all Suppliers, they may also wish to consider 'grandfathering' arrangements for existing sites that could be affected by the change.

The below are potential solutions to Issue 4 – Process Improvements. These are intended to inform and spark discussion and debate are not an exhaustive list

- Mandate Single Line Diagram
- Mandate EFD for Complex Site Supplementary Information forms
- Change BSCP514/02 'Guide to complex site' sections to make it clear that rules for Import MPANs should use a "* -1" function.
- Mandate "MTC 996 Boundary Meter Private Network" for Boundary Point MSIDs and make it clearer in BSCP514 that embedded MSID should use "MTC 997 ENO – Private Network".

Proposer's	Details
-------------------	---------

Name

Colin Berry

Organisation

ELEXON

Email Address

colin.berry@elexon.co.uk

Telephone Number

020 7380 4112

Date

18 March 2020