P349 'Facilitating Embedded Generation Triad Avoidance Standstill'

This Report Phase Consultation was issued on 19 April 2017, with responses invited by 8 May 2017.

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
TMA Data Management Ltd	0/1	Supplier Agent: HHDC, HHDA, NHHDC, NHHDA
E.ON Energy Solutions	1/0	Supplier
EDF Energy	6/0	Generator and Supplier
National Grid Electricity Transmission	1/0	Transmission Co.
Npower Group PLC	6/0	Generator, Supplier and Non Physical Trader
ScottishPower	2/2	Generator, Supplier and Supplier Agent: HHDA

© ELEXON Limited 2017

Question 1: Do you agree with the Panel's initial majority recommendation that P349 Alternative Modification should be approved and P349 Proposed Modification should be rejected?

Summary

Yes	No	Neutral/No Comment	Other
2	4		

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	We support P349 proposed modification (option 2), it is a common solution for P348 and P349, has the lowest costs and lowest impact on the Industry.
E.ON Energy Solutions	Yes	We agree with the Panel's recommendation that the alternative Modification (option3) provides the better solution for the longer term and thereby meets the BSC objectives.
EDF Energy	No	The Workgroup noted that, although Option 2 (Simple SVAA) is the preferred option as it is simpler, cheaper and with a shorter implementation timeline, this Option does not cover all the WACMs – it doesn't cover those numbered above WACM11, which have grandfathering (which seem unlikely to prevail). The Workgroup agreed that Option 2 should be considered by the BSC Panel and by the Authority. Therefore, the Proposers of P348 and P349 agreed to adopt Option 2 as a Proposed Modification for both P348 and P349. This enabled the BSC Panel and the Authority to consider all three options developed by the workgroup as potential solutions once the outcome of CMP264 and CMP265 is clear. The P349 Alternative Modification (*Option 3; rather than create new parallel processes for SVAA to perform, this option introduces new Measurement Classes and Consumption Component Class (CCC) IDs so that existing registration and Settlement processes can be used to identify and aggregate existing Settlement Data to calculate values of Affected and Grandfathered Export Volumes*), which Panel favoured in its initial recommendatory vote, covers all WACMs associated with CUSC Modification CMP264, including those with grandfathering. It is not the best option unless one of these variants with grandfathering is passed.

© ELEXON Limited 2017

Respondent	Response	Rationale
National Grid Electricity Transmission	No	We understand why the alternative has been recommended however we strongly support Option 2 (proposed option) and think this should be the approved modification as Ofgem have highlighted in their minded to position, their preferred option of WACM4 and we do not anticipate them to review their position on grandfathering. Without the additional historic data provided under Option 2, we will be significantly constrained in our ability to accurately forecast the volume of embedded generation for the first year of implementation for CMP264/265 which will result in an increased risk of a mid-year tariff change to industry, and/or significant over or under-recovery of revenues through TNUoS resulting in volatility and instability in TNUoS tariffs for consumers.
Npower Group PLC	No	Npower does not agree with Panel's decision that Option 3 (P349 Alternative Modification) should be approved as a solution. Option 3 proposes to introduce new measurement classes and consumption component classes, which we may or may not use. However, the process of implementing this solution will be time consuming and expensive, and would have a huge impact on the industry in general. Also in their Minded To decision, Ofgem did not indicate that Option 3 was their preferred solution to CMP 264. We therefor feel that that it would be preferable if Elexon and the BSC Panel were aligned with Ofgem's views on this solution, as it would mean less confusion and duplication of work for the industry.
ScottishPower	Yes	As the proposed mod does not cover all proposals raised in accordance with CUSC Modifications, the P349 Alternative Modification (Option 3) is better than the Proposed Modification and therefore should be approved. However, depending on which CUSC option is approved by the Authority, the Proposed Modification may provide the most effective solution.

© ELEXON Limited 2017

Question 2: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P349 Proposed Modification?

Summary

Yes	No	Neutral/No Comment	Other
6			

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	
E.ON Energy Solutions	Yes	We agree that the redlining adequately matches the intent of option 2.
EDF Energy	Yes	The redlined changes to the BSC legal text would deliver the intention of P348 Proposed Modification
National Grid Electricity Transmission	Yes	The changes appear to deliver the intention of P349 Proposed Modification.
Npower Group PLC	Yes	The redlined text appears to deliver the intention of the Proposed solution (option 2).
ScottishPower	Yes	

© ELEXON Limited 2017

Question 3: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P349 Alternative Modification?

Summary

Yes	No	Neutral/No Comment	Other
6			

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	
E.ON Energy Solutions	Yes	We agree with the Panel that the redlined changes to the BSC deliver the intention of P349 Alternative Modification (option 3).
EDF Energy	Yes	The redlined changes to the BSC legal text would deliver the intention of P348 Alternative Modification.
National Grid Electricity Transmission	Yes	The changes appear to deliver the intention of P349 Alternative Modification.
Npower Group PLC	Yes	The redlined text for the Alternative Solution appears to deliver the intent of Option 3.
ScottishPower	Yes	

© ELEXON Limited 2017

Question 4: Do you agree with the Panel's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment	Other
2	3		1

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	
E.ON Energy Solutions	No	Whilst we agree that the Alternative Modification (option 3) is a better solution for the longer term, this has a greater impact and will take longer to implement. We therefore do not agree with the proposed Implementation for the February 2018 Release. Our preference would be for this to be Implemented in the February 2019 Release. This would provide all BSC affected Parties suitably adequate time to prepare for and deliver the necessary changes. If this is not possible we suggest a minimum 12 months lead time from modification approval will be required to design build and test and implement all of the changes necessary. We outlined in our responses to the CUSC modifications CMPs 264 & 265 that we would need at least a year in order to make the requisite changes, and that was stated prior to the release of this consultation which provides a recommended solution that is particularly broad in its impact to our systems. We consider that the cost of implementing the system changes is fairly significant but the OPEX implications of fulfilling the requirements to maintain the appropriate Measurement Class will vary based on whether we are required to do so before February 2018 or February 2019. These costs are ultimately borne by customers. We are concerned that all potential changes to BSCPs may not have been considered. For example there may need to be changes to BSCP502 for export MPANs. The requirements on suppliers to allocate the correct measurement class on an ongoing basis would not be picked up by the Maximum Permissible Energy by Metering System Code of Practice processes under BSCP 502, as

© ELEXON Limited 2017

Respondent	Response	Rationale
		most Half Hourly export Metering Systems have Code of Practice 5 & above metering. Also it may not become evident that an Export Half Hourly Metering System is listed on a suppliers initial registration into Supplier Meter Registration Agent (SMRS). For example a medium scale Photo Voltaic system exporting through a Current Transformer metering system is less likely to exceed 100KW in the winter months. In addition changes to BSCP550 may not have been considered. Processes for primary and secondary pseudo metering systems defined in BSCP550 may need review to ensure that allocation schedules to individual metering systems do not have unforeseen impacts on both measurement class and Licensed Distribution System Operators when assigned Line Loss Factor Codes, as a result of these proposals.
EDF Energy	Yes	The workgroup originally hoped to use the November 2017 batched BSC system changes release at least for P349 Option 2 (Proposed Modification), but with February 2018 as part of the February 2018 BSC System Release for P349 option 3 (alternative Modification). It was then told this is no longer an option for P349 option 2 due to the amount of changes which are already targeted in this Release. Therefore, it proposes an Implementation Date of 22 February 2018 as part of the February 2018 BSC System Release for both Option 2 and Option 3; we agree.
National Grid Electricity Transmission	Other	A November 2017 date would be preferable, however as part of Option 2 (proposed option), we understand that we will be provided with historic metering data for embedded generation, which will allow us to carry out our forecasting more effectively. Not being able to forecast effectively will lead to the risk of a mid-year tariff change. Also, not receiving historic data will present risks within tariff setting and could lead to over/under recovery, leading to volatility and instability in TNUoS tariffs. Therefore, we strongly support Option 2 (proposed option) being approved.
Npower Group PLC	No	As per our previous response to the AP consultation, we suggest three years from the date of Ofgem's decision to the implementation of the modification. Any modification that makes significant changes to the demand charging principles as P349 proposes to do, should give the industry sufficient time to prepare for the implementation. This delay is

© ELEXON Limited 2017

Respondent	Response	Rationale
		necessary for suppliers and consumers because it enables systems and processes to be updated to accommodate the changes required. In addition it will enable current contractual agreements to unwind which will allow the required changes to be factored into future contracts. The Panel have recommended that implementation is on 22nd February 2018. We feel that this timescale will be too tight to implement this change, given the complexities involved. Our business has said they will require an absolute minimum of 12 months from the date of Ofgem's decision on this modification. We would also like to reiterate that ELEXON is consulting on the options for implementing this modification, before Ofgem have published their decision on how they feel CMP 264/265 should be implemented. Npower's view is that it would be better to wait until we know Ofgem's view of how they wish to proceed, and whether their decision lends itself to these solutions.
ScottishPower	No	With CMP264 & CMP265 currently within the Consultation phase with Ofgem and that we would also require at least 6 months' notice to deliver the change, we therefore believe that the intended recommended implementation date of 22 February 2018 is possibly not achievable at this stage.

© ELEXON Limited 2017

Question 5: Do you agree with the Panel's initial view that P349 should not be treated as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
6			

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	
E.ON Energy Solutions	Yes	With the scale of change and potential impacts to consumers resulting from implementing the proposed changes it is right that the Authority has oversight.
EDF Energy	Yes	BSC P349 does not appear to meet the criteria for a Self-Governance Modification.
National Grid Electricity Transmission	Yes	
Npower Group PLC	Yes	We agree that P349 should not be a self-governance modification.
ScottishPower	Yes	

© ELEXON Limited 2017

Question 6: Will your organisation be impacted by the implementation of the P349 Proposed Modification?

Summary

Yes	No	Neutral/No Comment	Other
5	1		

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	
E.ON Energy Solutions	Yes	If the proposed modification (option 2) in its initial form were to be implemented, there would be system changes needed.
EDF Energy	Yes	As a Supplier, we will be impacted, both through reduced demand side TNUoS charges as a result of the implementation of CUSC CMP264/BSC P349, and through our potential involvement, via offtake contracts, with SVA-metered embedded generation in the capacity market, from April 2018 when CMP264 comes into force.
National Grid Electricity Transmission	Yes	As the recipient of the P02010 file we would be required to review and update a number of systems to allow this data to be received and processed into our core TNUoS billing system. The proposed solution is our preferred option as it will be the most economic option to implement. This option also provides historic data which will allow us to effectively forecast tariffs for the first year of implementation and so lead to a smoother impact on TNUoS tariffs through decreasing instability in our forecasts.
Npower Group PLC	Yes	Yes, Npower will be impacted by the implementation of Option 2 as the solution to P349. Whilst we do not support any of the proposed solutions to facilitate the implementation of P349, we prefer Option 2 as the preferred solution, as it is likely to have a smaller impact than Option 3. Implementing this option would mean that the impacts to suppliers would be limited to having two sets of Demand TNUoS tariffs (Import and Embedded Generation). This option is also in line with the Ofgem Minded To position on CMP264. However, since no final decision has been made we feel it would be prudent to wait until Ofgem make

© ELEXON Limited 2017

Respondent	Response	Rationale
		their final ruling in May rather than start developing either of the other options. However, whichever option is chosen to implement this modification, the complexities involved would mean that the process would have lengthy timescales and will incur significant costs.
ScottishPower	Yes	There will be an impact on our current system involving a change to validation and would also require to create new Measurement Classes and CCCs.

© ELEXON Limited 2017

Question 7: Will your organisation be impacted by the implementation of the P349 Alternative Modification?

Summary

Yes	No	Neutral/No Comment	Other
6			

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	
E.ON Energy Solutions	Yes	As stated our preference is that Option 3 is implemented. However this brings with it significant change and impacts to business processes and back office systems which will carry a significant impact to our organisation, both as a Supplier and as a HHDA. We are facing an unprecedented number of regulatory changes, across various codes in a short period of time, the consequences of which are ultimately borne by consumers. Whilst we remain supportive of P349 aims and objectives and in particular Option 3 as the most appropriate solution we believe it would be prudent to delay its implementation (and consequently the related CUSC CMPs).
EDF Energy	Yes	As a Supplier, we will be impacted, both through reduced demand side TNUoS charges as a result of the implementation of CUSC CMP264/BSC P349, and through our potential involvement, via offtake contracts, with SVA-metered embedded generation in the capacity market, from April 2018 when CMP264 comes into force.
National Grid Electricity Transmission	Yes	This will change will impact how we bill customers based on their usage tariff and impact our ability to forecast and calculate tariffs accurately for 2018/19 as no historic data will be provided with this option it will make forecasting tariffs much harder and less effective.
Npower Group PLC	Yes	Npower will be impacted by implementing Option 3 as the solution for P349. These changes need to be accommodated in the timeline for implementation as our internal pricing and billing systems would require changes along with customer contractual arrangements. Using Option 3 as the solution to P349 would also result in significantly high impact

© ELEXON Limited 2017

Respondent	Response	Rationale
		on systems and costs across our business. Introducing new Measurement Classes and Consumption Component Classes (CCC) would result in us having to change our systems for forecasting and to allow for the new data to flow into the system and for validation purposes. We would also see very high impact from this on our business segments who would have to change systems and processes across their sales, operations and commercial functions as well as make IT changes. On a higher level, we do not support CMP 265 and feel it would be best addressed through a Significant Code Review or a Targeted Charging Review, rather than as a code modification.
ScottishPower	Yes	There will be an impact on our current system involving a change to validation and would also require to create new Measurement Classes and CCCs.

© ELEXON Limited 2017

Question 8: Will your organisation incur any costs due to the implementation of the P349 Proposed Modification?

Summary

Yes	No	Neutral/No Comment	Other
5	1		

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	
E.ON Energy Solutions	Yes	Costs will be incurred implementing changes to systems and processes will be required to implement Option 2.
EDF Energy	Yes	Minor. As a Supplier, we have not yet identified any systems or agent costs that would result from the implementation of either of the P348 proposed solutions, nor do we anticipate having to recruit extra staff to deal with it.
National Grid Electricity Transmission	Yes	The costs we incur will have an impact on our TNUoS billing system and so we will need to ensure the information can feed into it. This will return the lowest cost of both options.
Npower Group PLC	Yes	Yes, we will incur significant costs on implementing Option 2. However, the costs for implementing this solution will be lower than implementing Option 3.
ScottishPower	Yes	

© ELEXON Limited 2017

Question 9: Will your organisation incur any costs due to the implementation of the P349 Alternative Modification?

Summary

Yes	No	Neutral/No Comment	Other
6			

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	Our HHDA system and procedures would be affected by the implementation of P349 Alternative solution
E.ON Energy Solutions	Yes	Yes, Implementing Option 3 will incur significant system and business process changes and therefore significant costs, due to the creation of new Measurement Classes and Component Class Identifiers.
EDF Energy	Yes	Minor. As a Supplier, we have not yet identified any systems or agent costs that would result from the implementation of either of the P349 proposed solutions, nor do we anticipate having to recruit extra staff to deal with it.
National Grid Electricity Transmission	Yes	The costs we incur will have an impact on our TNUoS billing system and so we will need to ensure the information can feed into it, these will be significantly larger compared to the proposed modification.
Npower Group PLC	Yes	We can state that we will incur significant costs in order to make changes required to our IT systems in order to implement this solution within the proposed deadline. However, we are reluctant to comment any further on costs until we have a final decision from Ofgem on how they wish to proceed. Without further granularity of the implementation requirement, we are not in a position to comment on costs at this time.
ScottishPower	Yes	

© ELEXON Limited 2017

Question 10: If your business is impacted by the implementation of any of these BSC options, can you please provide best estimate of the costs and details of how you will be affected?

Summary

Yes	No	Neutral/No Comment	Other
3	1		2

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	Medium one off costs for development, testing and implementation, on-going running costs would be absorbed with other operational costs
E.ON Energy Solutions	Other	Confidential response received
EDF Energy	Other	See replies to questions 8 and 9
National Grid Electricity Transmission	Yes	We have an initial cost of £1.5million for the proposed option and for the alternative option due to their complexities, however this is a best estimate at this time and the actual impacts on our systems are being discussed in the near future. These costs are inextricably linked to CMP264/265 as the cover the complete implementation of these mods within our internal systems.
Npower Group PLC	No	As per our response to the previous question, at this time we are unable to provide further estimates of costs or details of how we will be affected.
ScottishPower	Yes	We anticipate that the cost of the changes would be in the region of between £7,500 - £17,500.

© ELEXON Limited 2017

Question 11: The central implementation costs, included in the Assessment Report to the Panel, are £143k and £117K for options 3 (Alternative Modification – Initial Panel recommendation for approval) and 2 (Proposed Modification) respectively. Does this information change your answer to question one?

Summary

Yes	No	Neutral/No Comment	Other
	6		

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	No	
E.ON Energy Solutions	No	
EDF Energy	No	No, the effect of the distortion in transmission charging that BSC P348/9 are needed to address as the CUSC mods can't work without a BSC solution, is vastly more material than this.
National Grid Electricity Transmission	No	We still strongly support Option 2 (proposed option) and that this should be the approved modification as costs to National Grid will be lower and so impact on the end consumer will be lower. It provides historical data which will allow us to effectively forecast tariffs after implementation.
Npower Group PLC	No	No, the central implementation costs are not material to our response, as our costs as a business will be significantly higher.
ScottishPower	No	

© ELEXON Limited 2017

Question 12: Do you have any further comments on P349?

Summary

Yes	No	Neutral/No Comment	Other
3	3		

Responses

Respondent	Response	Rationale
TMA Data Management Ltd	Yes	P348 and P349 have been raised to cope with potential CUSC changes that have yet to be approved. We understand the timing issue as there would not be enough lead time between the CUSC changes approval and the necessary BSC approval; it is rather difficult to see P349/P348 has having any merit on their own, against the applicable objectives at this stage. We cannot support P349 alternative or P348 alternative based on the information provided so far.
E.ON Energy Solutions	Yes	We have based our responses to the questions in this consultation on the assumption that a Data Transfer Network change has been raised under option 3 and will be implemented. Our assumption is that changes will be made to the D0289 dataflow to update the dataflow so that only measurement class is provided on Export Metering Systems, as per the estimated data method's defined in BSCP 502, which denote that Profile Class and Estimated Annual Consumption cannot be used for data estimated under Half Hourly export Metering Systems. There may also be a requirement resulting from this change to ensure the Meter Operator Agent receives the Export Measurement class via the D0289 from the supplier. This is currently a requirement for Non Half Hourly to Half Hourly Change of Measurement Class activities but is not defined under Half Hourly to Half Hourly Change of Measurement Class events. As a result we have not considered Meter Operator systems changes and impacts in our assessment.
EDF Energy	No	
National Grid Electricity Transmission	No	

© ELEXON Limited 2017

Respondent	Response	Rationale
Npower Group PLC	Yes	Through the proposed solutions, ELEXON state they are implementing a flexible solution to allow for future changes to TNUoS charging. However, we do not believe that the parameters of such future required flexibility are known, and that we should not try to pre-empt future Ofgem strategy by developing a solution based on adding additional Measurement classes, which are not a feature of the option Ofgem favours. This would likely be a regret spend, and in order to deliver a solution as early as possible, it would therefore make sense to wait to see what the final decision is in order to develop an optimal solution. We would like to reiterate once again we are currently in the process of waiting for Ofgem's final decision, which is expected this month. We once again would like to say that in our view, it would have been better for the BSC Panel to wait until that decision had been published to consult on P348 and P349, so that the industry would have the opportunity to reply holistically to the CUSC and BSC modifications. We also do not think that it is prudent for ELEXON or the BSC Panel to make a decision on these modifications, until we know how Ofgem would like to proceed, to ensure that the proposed solutions for P349 and CMP 264 are aligned together.
ScottishPower	No	

© ELEXON Limited 2017