

CP1479 DECISION PAPER

MEETING NAME	BSC Panel
Date of meeting	9 March 2017
Paper number	264/11
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Purpose of paper	Decision
Classification	Public
Summary	This paper invites the Panel to approve Change Proposal (CP) CP1479 'Updates to the Defined Metering Points in Codes of Practice 1, 2, 3, 5 and 10'.

CP1479 was presented to the Imbalance Settlement Group (ISG) and to the Supplier Volume Allocation Group (SVG) for decision. The SVG unanimously approved CP1479 on 28 February 2017. At its meeting on 21 February 2017, the ISG was unable to make a unanimous decision but recommended by majority (all but one) that CP1479 is approved. Under the ISG's and SVG's Terms of Reference, CP1479 therefore reverts to the Panel for final decision.

1. Background

- 1.1 ELEXON raised [CP1479 'Updates to the Defined Metering Points in Codes of Practice 1, 2, 3, 5 and 10'](#) on 23 November 2016 following the [Issue 54 'Discrepancies between the points of measurement required in the BSC and the CoPs and the physical points of connection'](#) recommendations.
- 1.2 CP1479 proposes to change the Defined Metering Point (DMP) between a Distribution System of a Licensed Distribution System Operator (LDSO) (with no other parties connected) and the Transmission System to the point of connection; change the DMP for where Generating Plant connects to the Transmission System to be the point of connection; and make the DMP between an External Interconnector and the Transmission System the point of connection, rather than specify all the existing External Interconnectors.
- 1.3 The ISG is responsible for CoPs 1 and 2, the ISG and the SVG jointly own CoP3 while the SVG owns CoPs 5 and 10. Therefore, CP1479 was presented to both the SVG and the ISG in February 2017 for decision.
- 1.4 The ISG was unable to make a unanimous decision at its meeting on 21 February 2017 but recommended (by majority (all but one member) that CP1479 is approved ([ISG191/05](#)). The SVG unanimously approved CP1479 on 28 February 2017 ([SVG193/04](#)).
- 1.5 The Panel sets the Terms of Reference (ToR) for the ISG and SVG. Section 4.4.1¹ of the SVG ToR and the ISG ToR, states that if a matter is required to be voted upon by two (or more) Panel Committees, and those Committees have conflicting views, then the matter shall revert to the Panel for final decision. Moreover, section 5.5.2 requires that all matters shall be decided by unanimous agreement. As the ISG could not be unanimous in its decision, the Chair, in accordance with section 5.5.5, has decided that the matter shall be referred to the Panel for determination.

¹ [SVG Terms of Reference](#) / [ISG Terms of Reference](#), 4.4.1 'Notwithstanding paragraph 5.5, where a matter is required to be voted upon by two or more Panel Committees and those Panel Committees have a conflicting view when determining the matter then such delegated matter shall revert back to the Panel for final decision.'

CP1479 DECISION PAPER

2. Committee decisions

ISG

- 2.1 The ISG agreed by majority that CP1479 should be approved; however, one ISG member disagreed. The ISG member who disagreed considered that CP1479 would not facilitate an equitable allocation of transmission losses in support of Balancing and Settlement Code (BSC) Objective (c) relating to competition. The ISG member believed that if a Modification is raised in the future to change the Boundary Point (BP) used by Settlement and/or the allocation of relevant losses in pursuit of Objective (c), this CP would be an obstacle.
- 2.2 The ISG member added that this CP promotes BSC Objective (d) concerning administration of the BSC against the current baseline, but if a more equitable allocation of losses were developed, for example with individual generators taking responsibility for losses in transformation to transmission voltages, CP1479 could then act against BSC Objective (d) by requiring more compensation adjustments. To move from the current DMP could remove opportunity to allocate losses more consistently.
- 2.3 The ISG member also noted that if a generator connects to a transformer and that transformer is in the transmission/distribution regulatory asset base then the generator would have less control overall, putting the generator at the mercy of the transmission/distribution company. This ISG member noted that this all relates to who owns what asset and the definition of Total System², and is partly a function of the different voltage that transmission is defined at. The ISG Member added that if a Party does not own the transformer itself it is exposed to extra risk and would still have local connection charges.
- 2.4 The full ISG discussion can be found in Attachment A.
- 2.5 The ISG member that disagreed with the CP provided a post-meeting note to describe his rationale, which is included in Attachment I.
- 2.6 ELEXON notes the views of the ISG member, who does not support CP1479, but still recommends that CP1479 is approved because the CP should be assessed against the current baseline. The proposal itself will remove any ambiguity about whether a 'power transformer' that is actually a transmission asset is considered a 'generator' transformer or not (in Case 1) and provide clarity to Registrants about where Settlement Metering Equipment should be located in Cases 1, 2 and 3. The CP should also help reduce the number of Metering Dispensations we receive and have to process in Cases 1, 2 and, potentially, 3 as the (generic) DMP for Interconnectors is not clear to Metering System designers as currently set out in Appendix A of the CoPs.
- 2.7 ELEXON also notes that if future Modifications will require a BSC change to the allocation of transmission losses, the CMA's Order on transmission losses means this could not be implemented before 1 April 2018 (i.e. after [P350 'Introduction of a seasonal Zonal Transmission Losses scheme'](#) is implemented). ELEXON is not clear at this stage what industry codes would be affected by the suggested change to make the treatment of losses more equitable in the future and any future BSC change could amend the CoP wording implemented by CP1479.

SVG

- 2.8 The SVG unanimously approved CP1479. It agreed with the arguments in the paper in favour of the CP (see Attachment A) and believed that the proposed solution will give more flexibility for complex sites.

² Section X, Annex X-1, defines the Total System as the Transmission System, each Offshore Transmission System User Asset and each Distribution System.

CP1479 DECISION PAPER

- 2.9 The SVG considered the ISG member's reasons for believing that this CP should not be approved. It noted that the ISG and SVG are required to assess whether the CP would better facilitate the achievement of the Applicable BSC Objectives when compared with the current BSC baseline. It noted that the ISG member appeared to agree that the CP was better than the baseline, and that their concerns related to possible future Modifications to the BSC and/or other Codes regarding the definition of transmission and generation assets. The SVG believed that this was not an appropriate argument against approving the CP, noting that any future BSC Modification Proposal or CP could amend the CoP provisions implemented by CP1479.
- 2.10 The full SVG discussion can be found in Attachment A.

3. Recommendations

- 3.1 We invite you to:
- NOTE** that the ISG did not make a unanimous decision on 21 February 2017, but recommended by majority (all but one ISG member) that the Panel approves CP1479;
 - NOTE** that the SVG unanimously approved CP1479 on 28 February 2017;
 - APPROVE** CP1479 for implementation on 2 November 2017 as part of the November 2017 BSC Release;
 - APPROVE** the proposed changes to CoPs 1, 2, 3, 5 and 10 as contained in Attachments C-G.

Attachments

- Attachment A – CP1479 Assessment Report
Attachment B – CP1479 Proposal Form
Attachments C-G – CP1479 Proposed Redlining
Attachment H – CP1479 Consultation Responses
Attachment I – Detailed rationale provided by the ISG member who did not support CP1479

For more information, please contact:

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